



# New Deal of the Mind Entrepreneurs

## *FSB one page briefing*

As the economy is likely to remain unstable over the coming months, self-employment will undoubtedly increase and it is vital that Government provides the right conditions for people to start and run their own business.

The FSB and New Deal of the Mind believe that those on Jobseeker's Allowance (JSA) should be encouraged to set up their own business rather than remain on benefits.

Under the New Enterprise Allowance Scheme, financial support will consist of a weekly allowance payable at a level broadly equivalent to JSA payments for three months, and then at half that rate for a further three months. If start-up capital is needed, a loan up of up to £1,000 may be available.

In order for more unemployed people claiming benefits to set up on their own and to support entrepreneurs, the following conditions should be put in place:

- Jobseekers' Allowance (JSA) equivalent payments should be made for one year under the New Enterprise Allowance Scheme (NEAS) combined with a guarantee of a loan of up to £2,000 for all credible applicants, if required
- Government must ensure that access to NEAS is available to all potential applicants in England, Scotland and Wales and available with immediate effect - as soon as an applicant has proved themselves to be capable of starting their own business - instead of after six months of claiming JSA. The Northern Ireland Assembly should also consider introducing an Enterprise Allowance Scheme in Northern Ireland.
- The Government must ensure that the self-employed are not disadvantaged by the benefits system throughout the life cycle of their business. Universal Credit awards should be based on actual earnings, rather than an assumed floor of the National Minimum Wage.

## Key Statistics

- 52% of young people have considered setting up their own business, but 7% have actually done so
- Self-employed people contribute £21 billion in added value to the UK's GDP every year
- Self-employment is most pronounced in North America, with 26 per cent identifying themselves in this category, compared with 19 per cent in Asia Pacific, and 17 per cent in Europe
- People who became self-employed in the first six months of unemployment are more likely to survive two years after startup than those who remained unemployed for longer
- The New Enterprise Allowance scheme is available in England, Scotland and Wales for people who have been unemployed for six months or more

### For further information:

Marie-Claude.Hemming@fsb.org.uk  
Tel: 020 7592 8100.  
[www.fsb.org.uk/policy](http://www.fsb.org.uk/policy)