

Department of  
Social Protection

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**A Review of the  
Back to Work  
Enterprise  
Allowance**

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February 2017



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## Executive Summary

This report presents the findings from a review of Back to Work Enterprise Allowance (BTWEA), which was undertaken during 2016. The review focused on assessing the extent to which the BTWEA is meeting its objectives and identifying best practice.

Overall, the review found that the scheme offers effective support for people who are long-term unemployed and other welfare recipients who are interested in self-employment as a route to entering, or re-entering, the labour market. It recommends, therefore, that the scheme should be continued. The scheme plays a useful role in supporting the development of new enterprises. Feedback from the customer survey with scheme participants indicated that the opportunity to support themselves and their families through self-employment was clearly welcomed in many cases. The assistance received via the scheme was highlighted in many of the responses; in particular, the combination of mentoring support and the financial assistance was seen as a key element of the scheme's effectiveness and success.

This is supported by the findings from the counterfactual review which demonstrates the numbers returning to welfare from the BTWEA are low. Based on the comparison of the BTWEA participants to the control group of comparable Live Register jobseekers who did not choose the BTWEA as an option, the BTWEA participant was over twice as likely to remain off the live register six months after the end of participation on the BTWEA. This trend continues following an 18 month period after the BTWEA payments ceasing.

The Report acknowledges that while the Department of Social Protection plays an important part in encouraging people to consider self-employment, the expertise required to nurture the business idea and encourage a new start-up is held within the network of Local Development Companies (LDCs) and Local Enterprise Offices (LEOs). The LDCs play a key part in supporting local communities and entrepreneurs to develop new business ideas and to enhance existing enterprises. Equally, the LEOs provide a range of complementary supports to people wishing to start up or grow a business.

Although the implementation of the BTWEA is considered broadly effective, the review identified a number of areas where improvements could be made:

- It is considered that enhancing the relationships and providing clarity in terms of the roles and responsibilities of DSP case officers involved in the BTWEA and the Enterprise Officers in the LDCs and LEOs will contribute to the overall effectiveness of the scheme. Guiding

principles and clarity on roles are set out in the recommendations in order to enhance these relationships.

- Follow-up engagement with participants, once they commence on the scheme in the first few months of their new business venture, was also found to be very important. This follow-up is considered necessary, both in terms of identifying where referral to further supports and mentoring may be required and also to establish progress with the new enterprises.
- The report also makes a number of other recommendations in relation to the scheme, details of which will be set out in the revised guidelines to issue to DSP staff over the coming weeks.

Finally, it should be noted that throughout this report, there are a number of examples given of projects where the promoters availed of the BTWEA when starting their enterprises. These give a snap-shot of the variety of businesses that the BTWEA has helped to kick-start and support and are tangible examples of the success of the scheme. All of these projects qualified for the final of the National Local Development Enterprise Awards, organised by the Irish Local Development Network, in September 2016.

# 1

## Introduction

## Introduction

The Back to Work Enterprise Allowance (BTWEA) was introduced in September 1993. The scheme was designed to encourage people who are long-term unemployed to take up self-employment opportunities by allowing them to retain a reducing proportion of their social welfare payment, plus secondary benefits, over two years. Since early 2009, the allowance is paid on a reducing scale over a two year period i.e. 100% of a person's social welfare payment in year one and 75% in year two. The BTWEA is a non-statutory scheme approved by Government.

The terms of reference for the review, which was undertaken over the course of 2016, were to:

- examine the current validity of the BTWEA's objectives against current and emerging Government & DSP priorities for supporting the long-term unemployed and enterprise supports, based on identified outputs and outcomes;
- evaluate the recent performance of the programme, including conducting a counterfactual analysis;
- within the BTWEA, identify the factors giving rise to success or failure of supported enterprises;
- with respect to programme delivery, determine the efficiency and effectiveness of the current arrangements and management indicators. Where similarities are identified, benchmark with similar schemes in other jurisdictions; and
- In light of the findings of the review, identify the changes needed and make appropriate recommendations.

The research undertaken as part of this review aimed to understand the experiences and views of BTWEA stakeholders and participants. The research design was conducted via internal and external stakeholder focus groups and engagement sessions, customer surveys and examination of processes throughout the Department.

In addition, a counterfactual study was undertaken on BTWEA participants and non-participants in the period 1st May 2009 and 31st December 2011 to estimate the effect of the BTWEA on the employment status of these groups, following a 6 and 18 month period from scheme completion. The results are outlined in the report.

The review was overseen by a Steering Group chaired by the Department of Social Protection. Membership of the Group is set out in Appendix 1.

# 2

## Context of the BTWEA

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### BTWEA and how it operates

While primary responsibility for stimulating job creation rests with the Department of Jobs, Enterprise and Innovation, the Department of Social Protection (DSP) has a key part to play in supporting people to move from welfare to work. One of the goals of the social welfare system is to be responsive to the needs of people who are unemployed and to facilitate them in taking up relevant employment or self-employment opportunities.

The DSP's INTREO service is a single point of contact for all employment and income supports and is designed to provide a more streamlined approach. INTREO offers practical, tailored employment services and supports for jobseekers and employers alike. The Department operates a range of employment support measures designed to encourage and support social welfare recipients to return to work and take up self-employment opportunities, including the back to work enterprise allowance (BTWEA).

The BTWEA and the short term enterprise allowance (STEA) have been in existence in their current format since early 2009. The purpose of these schemes is to encourage people who are unemployed, lone parents, people with disabilities and other social welfare customers to become self-employed and, ultimately, to no longer be dependent on welfare.

The STEA is payable to a person who qualifies for Jobseeker's Benefit (JB) and who wishes to commence in self-employment. This allowance may be availed of immediately after commencing on JB. There is no minimum eligibility period attached to the scheme - once a person is in receipt of JB they may apply immediately for the STEA. This allowance is payable for the duration and at the rate of JB entitlement.

In December 2016, there were 11,386 participants on the BTWEA, including 409 on the STEA. Expenditure on the Scheme in 2016 was €126.2m.

The package of supports available to participants under the BTWEA consists of:

- A weekly payment equivalent to the full value of the main social welfare payment in the first year, tapering to three-quarters of the value in the second year of operation.
- Removal of the requirement to satisfy the condition of genuinely seeking work to receive the weekly allowance;
- Retention of secondary benefits; including medical card;



- Access to support, advice and mentoring by the DSP Case Officer and/or an Enterprise Officer in a Local Development Company (LDC); and
- Access to the Enterprise Support Grant (on approval by a DSP Case Officer). This is a DSP funded scheme.

The BTWEA provides a level of security for a person who is unemployed wishing to commence a new enterprise. It provides a guaranteed income for the first two years of their business. This, along with the package of other supports available, should increase the opportunity for success in a new enterprise.

The BTWEA is payable to applicants who satisfy the following conditions immediately prior to commencing self-employment:

- under the age of 66 - the BTWEA is only payable up to a person's 66th birthday;
- setting up a self-employment business which has been approved, in writing, in advance by a Local Development Company (LDC), Partnership Company or a DSP Case Officer; and
- 12 months (312 days) getting JB or Jobseeker's Allowance (JA)(or another qualifying payment). A person on JB must have an underlying entitlement to JA. If there is no JA entitlement, an applicant must be two out of the last 3 years on a qualifying payment; or
- in receipt of Illness Benefit for three years or more.

Budget 2017 has introduced a change to the eligibility conditions for the BTWEA. From January 2017, jobseekers taking up self-employment will be able to access the BTWEA after 9 months, down from 12 months currently. This will enable access to the supports of the BTWEA to those wishing to commence self-employment at an earlier stage of their unemployment.

#### **Walter Ryan Percell - Loughbeg Farm Ltd – Skibbereen, Co Cork**

Prior to setting up his own business as Loughbeg Farms Ltd, Walter Ryan Percell worked in industrial composting and renewable energy industries. He has an Agricultural Science Degree from University College Dublin and completed a Management course with Boston College.

Loughbeg Farm started researching gluten free bread in 2014 and due to constant demand from their customers, they started selling the bread in shops from March 2015. Previously they were making jams, chutneys and ice cream and selling these products locally at farmer markets. They are now selling their gluten free oat bread and tea bracks in over a hundred SuperValu supermarkets around Ireland. A recent appearance on the TV show Dragon's Den has trebled sales.

## **Other agencies/programmes providing support for business start-ups**

As well as the BTWEA, there are a number of other agencies and programmes that also provide support for persons wishing to start their own businesses. These include:

- Local Enterprise Offices;
- Local Development Companies through (i) the LEADER Programme and (ii) the Social Inclusion & Community Activation Programme; and
- Micro-Finance Ireland.

### **Local Enterprise Offices (LEOs)**

The LEOs provide advice, information and support to people in starting up or growing a business. They operate through the Local Authority network across the country and provide a wide range of experience, skills and services to people wishing to become self-employed. As part of their services, they provide a range of financial supports designed to assist with the establishment and/or growth of enterprises which employ up to 10 people. These include feasibility/innovation grants and business expansion grants.

### **Local Development Companies (LDCs)**

The LDCs operate both the LEADER Programme and the Social Inclusion & Community Activation Programme (SICAP). Both programmes provide a range of supports to people wishing to become self-employed:

- One of the 3 themes in the LEADER Programme relates to Economic Development, Enterprise Development and Job Creation. This theme focuses on driving continued local economic development, including diversification of the rural economy and the creation of employment opportunities for the local community, including those from disadvantaged groups. Under the Enterprise Development sub-theme, supported actions can include investment support or sector-specific training programmes for aspiring entrepreneurs, early stage promoters, social enterprises, start-ups and established SMEs.
- SICAP - The self-employment supports available under SICAP (goal 3 of the Programme) aim to assist individuals into self-employment and make this a viable and sustainable route. People are referred from their local Intreo Office to the LDC which assists them in talking through their options, exploring the viability of their business idea, preparing a business plan and BTWEA application and then working with them across the two years. In 2015, almost 10,000 individuals received self-employment supports in SICAP such as sessions on the

BTWEA, assistance with generating business ideas and a business plan, assistance with BTWEA and STEA forms, tax and business name registration, referrals to enterprise courses, advising on marketing research. Almost 2,000 clients received follow-up supports, the majority of which were related to day-to-day running of the businesses, such as giving advice on administration, book keeping and social media. SICAP also provided assistance through business skills workshops, enterprise information and mentoring sessions, marketing workshops and tax seminars.

## **Micro-Finance Ireland**

Micro-Finance Ireland provides small loans through the Government's Microenterprise Loan Fund. The purpose of the Fund is to help start-ups and established businesses to start-up a small business or expand your existing business. A micro-enterprise is a small business that has less than 10 employees and an annual turn-over of less than €2m. Micro-Finance Ireland helps these businesses by providing unsecured business loans of €2,000 to €25,000 for commercially viable proposals. Sole traders, Partnerships and Limited Companies are all eligible to apply. It works closely with LEOs and LDCs as well as the major banks, to provide viable businesses with the support they need to grow their business and create jobs.

### **Mari Donelan - Dan & Monstro – Rathmichael, Co Dublin**

Mari Donelan had a dream, inspired by her own family, to create, produce and sell fresh pasta sauces for children and, in May 2014, her Dan & Monstro range was born. Starting with placing one type of sauce in a few local shops, Mari has added a curry sauce to her range and Dan & Monstro is now available in 14 Supervalu outlets. By the end of 2016, it was expected that Dan & Monstro will be available in all 42 Dublin Supervalu stores, with an expanding product range and target market in Mari's future plans.

Marie explained how the BTWEA had helped greatly when launching her products into the supermarkets, saying she would have "struggled immensely to purchase my ingredients" without the support.

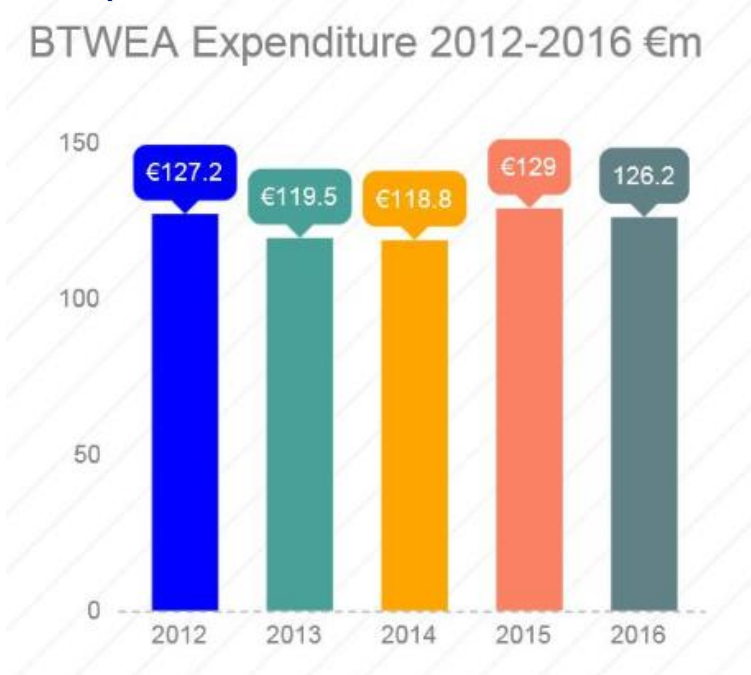
# 3

## Profile of current BTWEA Participants

## Profile of current BTWEA Participants

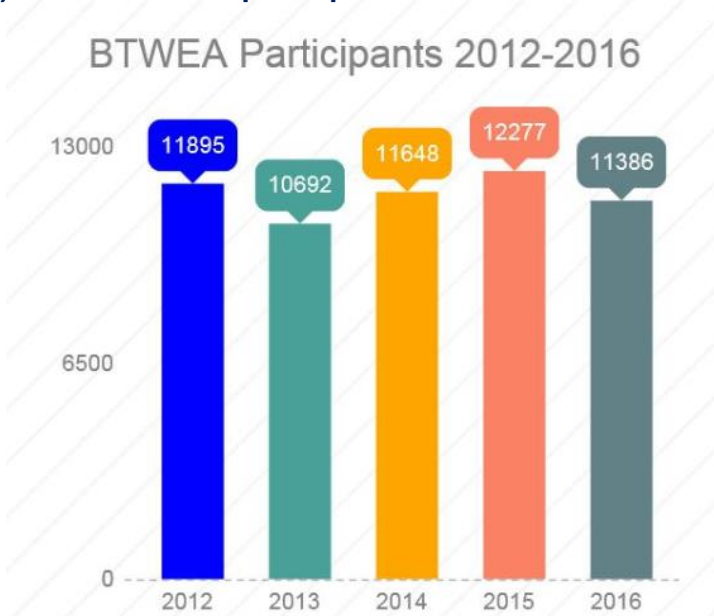
This chapter examines the profile of current BTWEA participants and examines this data relative to those on the Live Register (more than one year).

### (i) Expenditure



Expenditure for 2016 was €126.2m. This expenditure represents the overall cost of weekly payments to participants.

### (ii) Numbers of participants



The number of participants for the 5 year period has remained relatively consistent.

In December 2016, there were 11,386 scheme participants, including 406 on the STEA. Analysis indicates that 91% of BTWEA participants were on a jobseeker's payment prior to commencing their new business, with illness and one parent family payments accounting for approx. 4% each.

### Age and gender of participants (all data from May 2016)

Age Profile	BTWEA Participants	% of total BTWEA	Live Register >1yr	% of total LR >1Yr
<21	-	0%	8,159	3%
21 – 25	168	1%	29,522	10%
25 – 35	3,802	33%	80,253	26%
35 – 45	4,241	37%	71,586	23%
over 45	3,337	29%	117,539	38%
	<b>11,548</b>		<b>307,059</b>	

This data indicates that the typical BTWEA participant has an average age above that of the general Live Register, with 70% of participants between 25 and 45 years, compared with 49% of the general Live Register over 1 year in this age range. This suggests an unemployed person, with greater life experience, is more likely to seek to start their own enterprise.

Based on the gender analysis below, the BTWEA attracts a greater portion of male participants when compared to the general Live Register.

Gender	BTWEA Participants	% of total BTWEA	Live Register >1yr	% of total LR >1Yr
<b>Male</b>	8623	75%	181335	59%
<b>Female</b>	2925	25%	125724	41%
	<b>11548</b>		<b>307059</b>	



### (iii) Family composition of participants

Dependants	BTWEA Participants	% of total BTWEA	Live Register >1yr	% of total LR >1Yr
<b>No Deps</b>	5,839	51%	219,112	71%
<b>ADA only</b>	660	6%	16,183	5%
<b>ADA + CDA</b>	3,150	27%	41,125	13%
<b>CDA only</b>	1,899	16%	30,639	10%
	<b>11,548</b>		<b>307,059</b>	

The data on the profile of a BTWEA participant illustrates that almost 50% of participants have adult and/or child dependents, when compared with 29% of the general LR population. This is consistent with the analysis of the age profile of the BTWEA participant when compared to the Live Register.

#### **Jonathan & Mary Elizabeth Weir , Tastys, Inishowen, Donegal**

Jonathan & Mary have three successful, profit making, quick service restaurants in the North East of the Inishowen Peninsula, offering employment to 19 people in what is considered an isolated yet beautiful landscape. The business prides itself on providing a good range of food, with menus that vary seasonally as they use local suppliers for Fish and Meat products. The Fish, Quarter Pounder Burger and Chicken Wraps are their bestsellers. The company aims to focus always on quality food, value for money and staff who are well trained. Jonathan & Mary have proven that even in the most challenging of locations businesses can thrive to create employment and provide quality goods and services by utilising the assets and resources of the area.

### (iv) Payment rates and duration

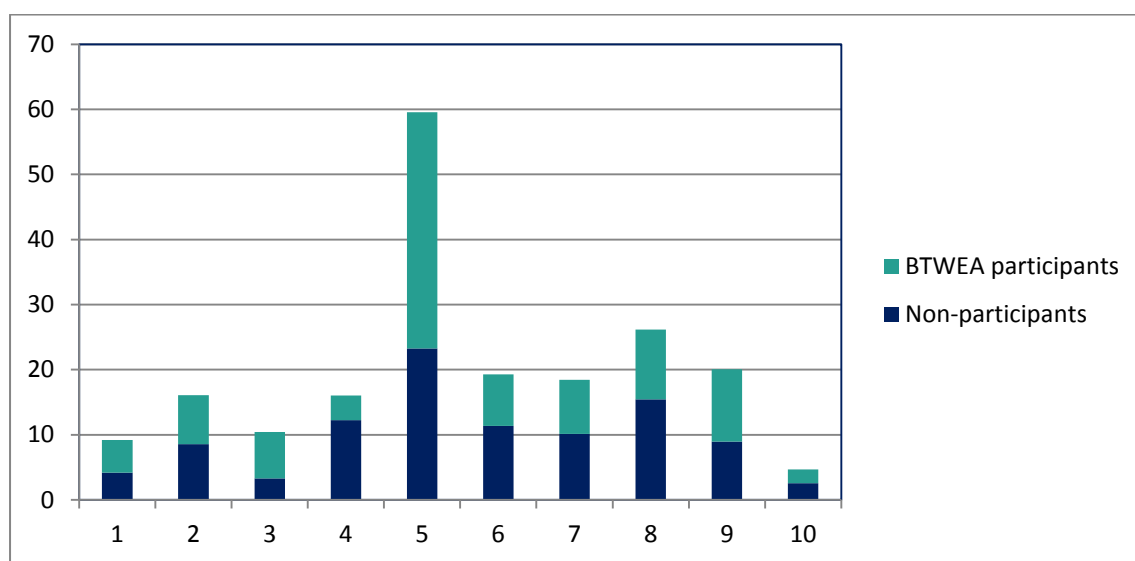
Analysis of the data available on BTWEA participants in May 2016 indicates that the average period in payment on a DSP scheme (across Jobseekers and One Parent Family) prior to the BTWEA was 1,193 days, or approximately 4 years.

This would indicate that the BTWEA scheme is a strong instrument in assisting people who are long-term unemployed to re-engage with the labour market through self-employment.

In general, the probability of exit, in other words the likelihood of a person becoming independent of welfare and exiting the Live Register, for people who are dependent on welfare for 4 or more years is low.

**(v) Previous occupation**

The table below represents information gathered during the counterfactual research on the previous occupation of BTWEA participants and a control group of eligible non-participants. It shows that participants on the BTWEA are more likely to have experience in construction-related occupations and less likely to have experience in the process, plant and machine operatives occupations<sup>1</sup>.



<sup>1</sup> 1 - Managers, Directors and Senior Officials/ 2 - Professional Occupations/ 3 - Associate Professional And Technical Occupations/ 4 - Administrative And Secretarial Occupations/ 5 - Skilled Trades Occupations/ 6 - Caring, Leisure And Other Service Occupations/ 7 - Sales And Customer Service Occupations/ 8 - Process, Plant And Machine Operatives/ 9 - Elementary Occupations/ 10 - Unknown, no stated occupation or never worked.



### (vii) Types of businesses

Current departmental data on the nature of the businesses supported under the BTWEA is somewhat limited and is an area that needs to be addressed in the future. However, the following table gives some information on business sector start-ups based on data captured by Pobal under the SICAP in respect of BTWEA start-ups.

#### Business sector details for new start-ups – 2015 & 2016

Sector	2015	2016
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	5.2%	4.0%
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	1.5%	1.1%
AGRICULTURE, FORESTRY AND FISHING	2.7%	1.9%
ARTS, ENTERTAINMENT AND RECREATION	9.6%	8.4%
CONSTRUCTION	22.3%	24.8%
EDUCATION	1.5%	1.0%
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	0.8%	0.7%
FINANCIAL AND INSURANCE ACTIVITIES	1.0%	0.6%
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	4.1%	4.4%
INFORMATION AND COMMUNICATION	3.9%	3.4%
MANUFACTURING	2.2%	2.1%
OTHER SERVICES*	31.8%	36.1%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	3.2%	2.0%
TRANSPORTATION AND STORAGE	2.9%	2.2%
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	7.4%	7.3%

Source - data from Pobal collected through the Iris system for SICAP on BTWEA start-ups in 2015 & 2016

\*The other services category is made up of numerous different small business types. This data would suggest that the highest number of businesses commenced in 2015 & 2016 were in the construction sector.

**(viii) Geographic breakdown of BTWEA participants by county**

As the table below shows, participants on BTWEA are dispersed across the entire country. Dublin represents the highest number followed by Cork and Galway. This would be expected given the population concentrations in those areas.

County Name	Number Participants	Percentage of Live Register for County
<b>CARLOW</b>	194	8.7%
<b>CAVAN</b>	275	11.1%
<b>CLARE</b>	412	12.4%
<b>CORK</b>	770	6.2%
<b>DONEGAL</b>	413	6.0%
<b>DUBLIN</b>	2833	8.0%
<b>GALWAY</b>	612	8.9%
<b>KERRY</b>	390	9.3%
<b>KILDARE</b>	425	7.3%
<b>KILKENNY</b>	297	11.8%
<b>LAOIS</b>	220	6.9%
<b>LEITRIM</b>	130	12.4%
<b>LONGFORD</b>	160	8.2%
<b>LOUTH</b>	509	9.1%
<b>MAYO</b>	384	9.3%
<b>MEATH</b>	475	14.0%
<b>MONAGHAN</b>	162	8.8%
<b>OFFALY</b>	198	5.7%
<b>ROSCOMMON</b>	158	11.3%
<b>SLIGO</b>	194	10.6%
<b>TIPPERARY</b>	406	7.3%
<b>WATERFORD</b>	375	8.2%
<b>WESTMEATH</b>	235	5.9%
<b>WEXFORD</b>	369	5.5%
<b>WICKLOW</b>	546	12.9%
Total Participants and national Percentage	11548	8.2%

### **Derek Walker Simply Natural Health – Letterkenny, Co Donegal**

Derek is a young twenty- eight year old man who has found it impossible to gain employment as he is registered blind. His business involves wheatgrass production and the wholesale of frozen wheatgrass shots. He started his business from a spare bedroom and due to the success of his business he now operates from a 10,000 sq. ft. unit that he rents and is strategically five minutes' walk from his home so he can be independent and walk to and from work each day.

Derek has now also developed a very popular/successful 'Artisan Food & Craft Market' with over 40 exhibitors each week attending. Derek has just secured a large substantial contract with 'Tesco Ireland' to supply their stores with his product.

### **Summary**

Overall, therefore, it should be noted that:

- Expenditure on the BTWEA scheme was €126.2m in 2016;
- At end December 2016, there were 11,386 participants on the Scheme, which is roughly the same over the last 4/5 years;
- 75% of participants are male & 25% are female. This compares with 59% and 41% on the Live Register;
- The average age of participants at their time of commencement on the scheme is 39.4 years;
- 33% of participants are aged 25-35 and 66% are aged over 35. This compares with 26% and 61% on the Live Register;
- Almost 50% of participants have adult and/or child dependents, compared with 29% of the general Live Register population;
- The average length of time a BTWEA participant has spent on the Live Register prior to going on the Allowance is 4 years; and
- Based on Pobal data for 2015 and 2016, the highest number of businesses commenced are in the construction sector,

### **Michael McGreal - The Wild West Ltd – Westport, Co Mayo**

The Wild West Limited was set up by Michael McGreal in Westport in July 2014. Michael worked in project management for a number of years and identified a niche market and business opportunity for the establishment of an indoor themed facility open all year round. The Wild West is a themed indoor play village aimed at local community, school tours and tourists. The Wild West is Ireland's only indoor themed play village and offers a daily programme devoted to the physical, emotional and social development of children in a fun environment.

To date, the business has over 100,000 visitors to the centre, a five-star average rating from customers, established synergies with local hotels and businesses and has become a significant positive contribution to tourism promotion in Westport and Mayo. The future plans for the business include the provision of a wedding nanny service to the local hotels, enhanced external activities to the centre and projects to grow by 25% in year 2 of trading.

The company presently employees 16 part-time and full-time staff and projects to employ a further 6 staff in the coming 12 months.

# 4

**Findings from research  
on BTWEA scheme**

## Findings from research on BTWEA scheme

This chapter sets out the findings from the research on the current scheme which was undertaken via a customer survey, a counterfactual evaluation and focus group sessions with DSP Case Officers and LDCs Enterprise Officers.

### (i) Customer Survey

In this section, the results of a survey of participants on the BTWEA which was undertaken in mid-2016 are set out. The objective of the survey was to gather data from existing participants that would be of assistance to the review of the scheme.

The sample of participants for the survey was selected by DSP's Statistics Unit from all participants on the BTWEA from 1st Jan 2014 to the 31st Dec 2015. The recipients selected for the survey were proportionally representative (based on age profile, geographic location and gender) of the population of BTWEA participants for this period.

The survey was conducted by post. Participants were issued a letter from the Department's Chief Statistician, along with a FAQ fact sheet. A copy of the survey is included in Appendix 2.

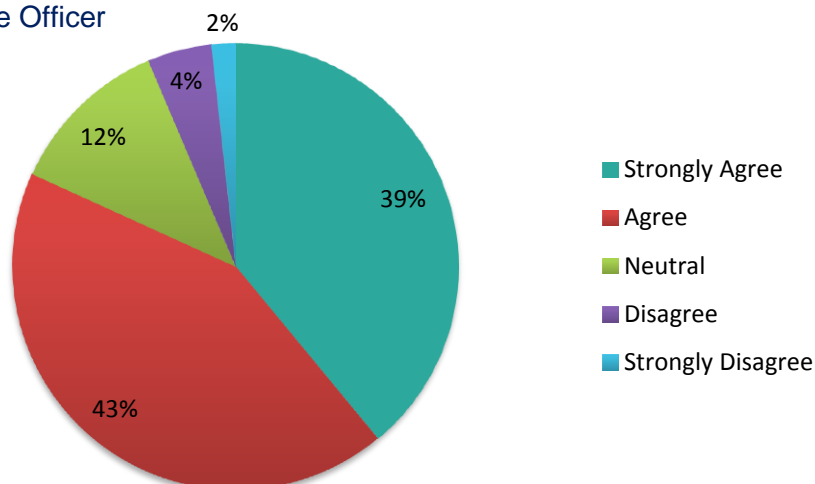
#### Survey Stats:

- Number of surveys issued – 2,010 (73.7% male and 26.3% female); and
- Number of responses received – 472 completed responses.

This is considered a good response rate for surveys of this nature and provides sufficient information to draw robust conclusions.

Respondents were asked to rate their experience with DSP Case Officers and/or their LDC or LEO Enterprise Officer.

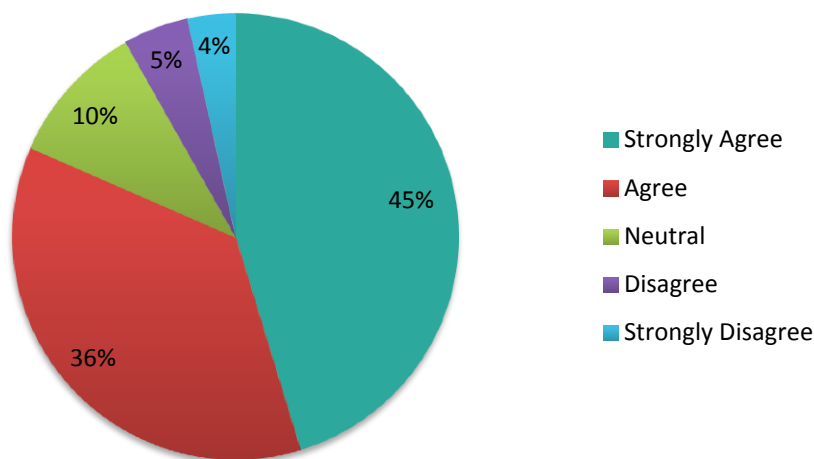
**Question 1** The BTWEA application process was easy and I received clear information from my DSP Case Officer



- 82% of respondents agreed that the current application process is clear and precise. This reflects positively on the liaison between DSP Case Officers and the BTWEA participant.

The results of this question correlate strongly with the responses offered by respondents to the final survey question seeking their suggestions for improvements to the process, where 11% of the respondents suggested that increased communication and clarity would be helpful during the application process.

**Question 2** The financial assistance of the BTWEA gave me the security to try setting up my own business

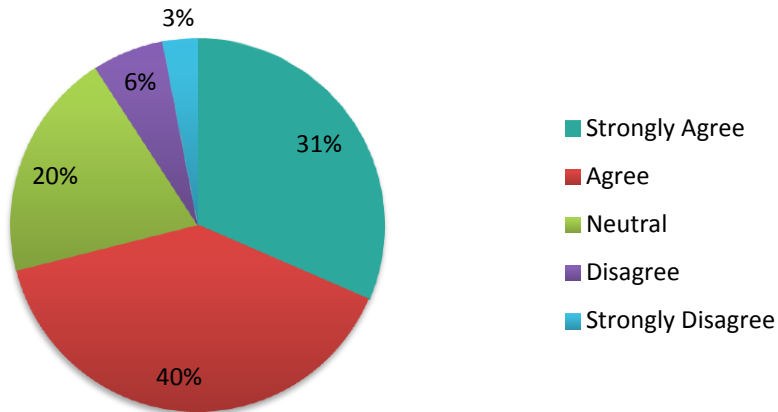


- 81% of respondents indicated the importance of the financial assistance available through the BTWEA payment. The BTWEA payment is spread over 2 years and reduced to 75% rate of payment in year 2.
- The response to this question correlates with the responses offered to the final survey question seeking suggestions for improvements whereby 17% suggested that consideration should be given to extending the period of the scheme beyond the current 2 years.
- A further 9% of respondents suggested awarding greater financial support, although not all of these suggestions were in respect of increasing the weekly rate of payment. Many respondents were seeking options for capital investment to support their business start-ups.

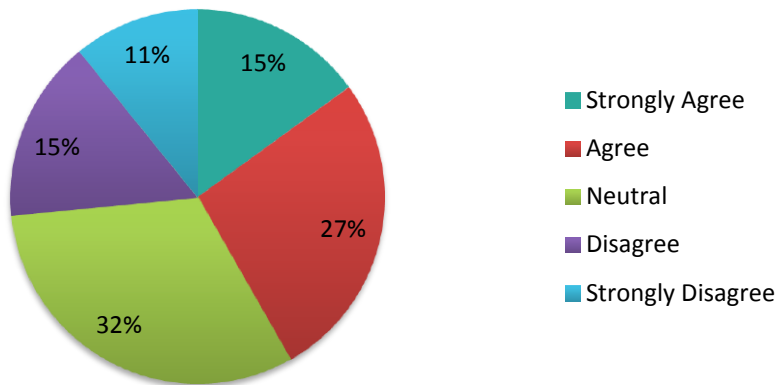
### Questions 3 & 4

Support provided by my Local Development Company (LDC) or Local Enterprise Office (LEO) with my business planning gave me the confidence that I could start my own business. On-going business support or mentoring by my LDC or LEO during my initial year of trading assisted me in developing my business.

### Question 3



### Question 4

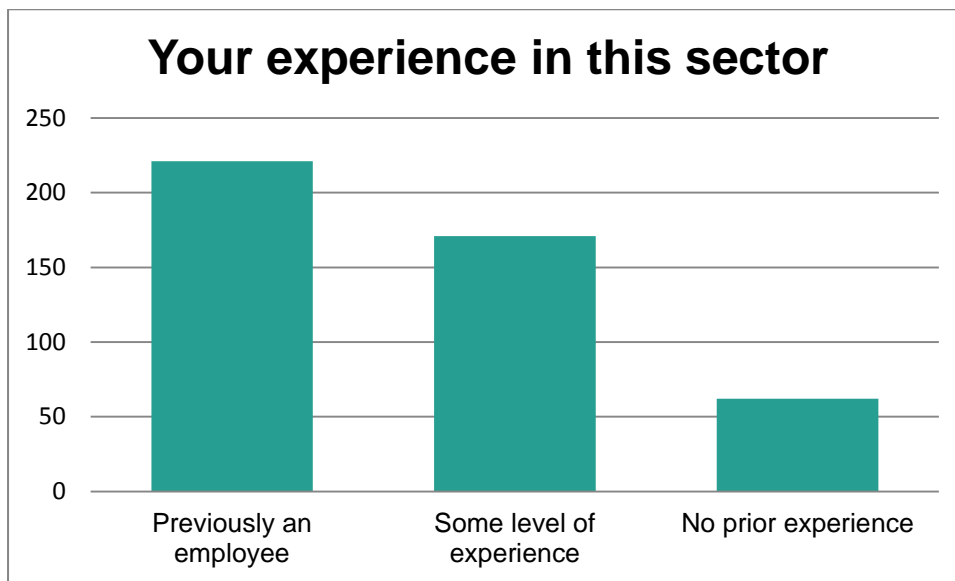


#### Overall:

- Respondents were very positive about their dealings with the LDC and LEO staff in relation to the planning stages during the BTWEA application process, with 71% of respondents expressing satisfaction. This was reflected in the responses offered to the final question of the survey.
- The satisfaction levels for on-going supports available were not as high, with only 41% of respondents expressing their satisfaction with the level of support they perceived to be on offer.



**Past Experience** - What experience had you in your business sector prior to commencing your enterprise?



**Overall:**

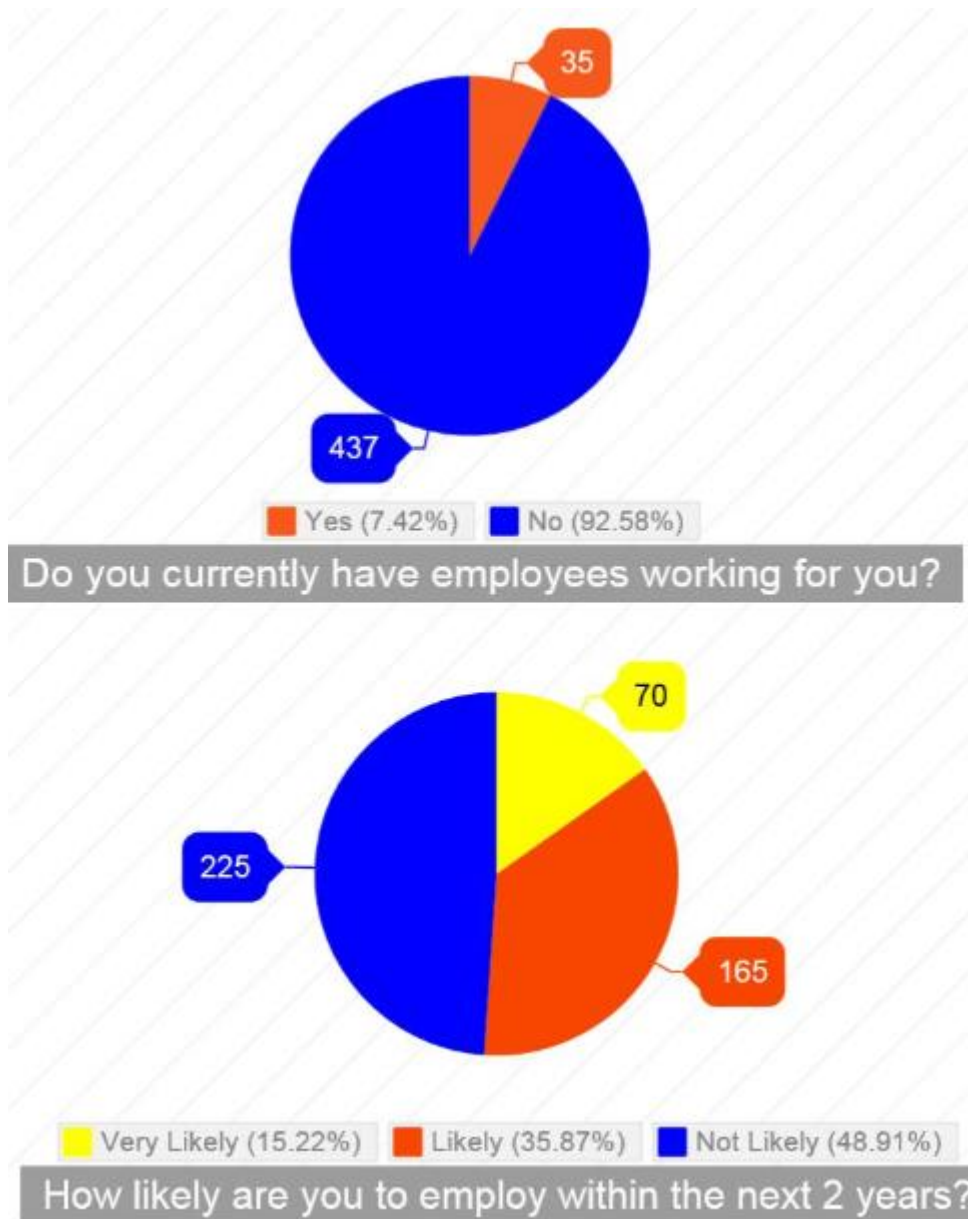
- 87% of those commencing a business had some experience in their sector prior to deciding to set up a new business; and
- 13% of respondents indicated they had no prior experience with the sector which highlights the importance of monitoring and mentoring to ensure that the business is given the best opportunity to succeed.

**Carmel Dunleavy - On the Way Café – Killala, Co Mayo**

A Mayo Community Futures report revealed that there was a need for a café/eatery in the Killala area. Carmel opened by the time the Community Futures plan was published and employed 4 full-time and many part-time staff in what was a derelict building in Killala. With the Mayo Power and the landing of transatlantic fibre optic cable at Ross, Carmel feels there will be an increase in local employment and intends to be providing breakfast, lunch and tea to all the hard workers! This is a café with character, a welcoming atmosphere and novel 'occasion days' such as Coffee and Pie Day on July 4th. Carmel has an accounts and payroll background and has worked in the hospitality industry for a number of years while her husband worked in the retail and customer service sector and together they provide a great service 6 days a week.

On the Way Café is extending into home bakery products and selling direct, as well as in the café. Their home-made jams and chutneys are also in demand and are negotiating with businesses with regard to providing on-site canteen and on-site food facilities.

**Staff and Employment prospects** - Do you have employees working for you? If so, how many?  
In your opinion, how likely are you to employ staff/additional staff within the next 2 years?



The response indicates that most BTWEA supported businesses tend to be sole traders or small employers (averaging 1-2 employees). A little over 7% of respondents to the survey, (35 participants) stated that have created employment with an accumulated staff force of 58 employees.

A positive indicator of business confidence is a business's intentions to create future employment. Just over half of the respondents anticipated that they may hire additional staff over the coming 2 years. Others indicated that their business would not require additional staff, due to the nature and size of their enterprises.

**As a final question in the survey, clients were given the opportunity to comment on the scheme overall** - Thinking about your experiences of the BTWEA scheme, both as a financial support and in terms of mentoring from LDCs or LEOs, what improvements could you suggest?

The response rate to this question was 80% - 379 of the 472 respondents provided an answer to the question seeking suggestions for improvements. The responses indicated a high demand for regular and continuing business support throughout the period of the scheme and quite a low level of responses seeking an increase in payment rates.

<b>Response given</b>	<b>% of responses to question</b>
<b>Respondent suggested more technical assistance should be offered</b>	31%
<b>Respondent suggested that we should consider extending the period of scheme</b>	17%
<b>Respondent indicated they had a positive experience while in receipt of BTWEA</b>	15%
<b>Respondent indicated that the scheme would benefit from clearer or better communication</b>	11%
<b>Respondent suggested that an increase in financial support should be considered</b>	9%
<b>Respondent suggested the application and payment process should be more efficient</b>	7%
<b>Respondent suggested that they should have been assisted in planning for early scheme exit</b>	1%
<b>Respondent had negative experience with BTWEA</b>	1%
<b>Respondent was unhappy with the loss of benefits at end of scheme (e.g. Medical Card)</b>	1%
<b>Other</b>	7%

## **(ii) Counterfactual Study**

The counterfactual evaluation of BTWEA participants examined the likelihood of participants being in employment following participation on the BTWEA, against a comparable group of non-BTWEA participants from the Live Register.

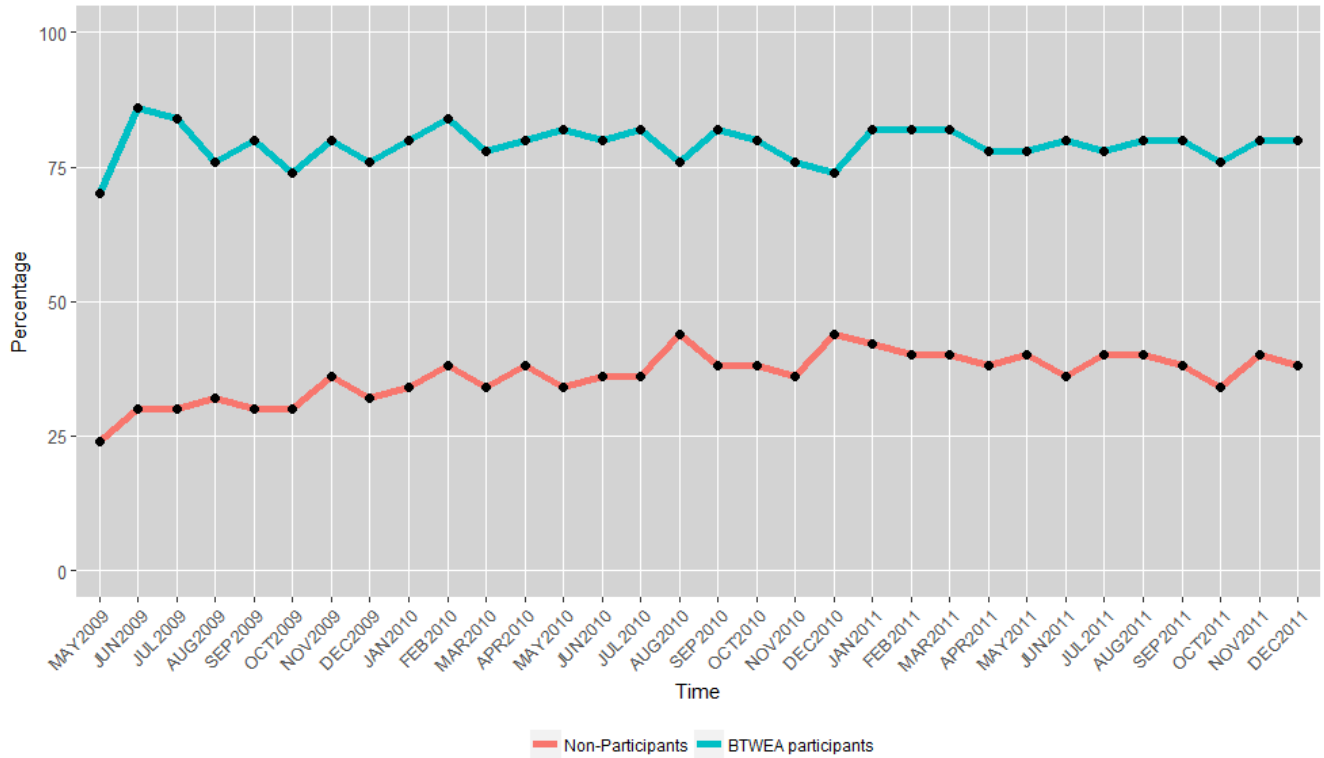
The DSP counterfactual review of the BTWEA compared participants' employment outcomes to those of a matched comparison group six months after the end of participation on BTWEA – see graph 1 overleaf. Based on the comparison with Live Register jobseekers who did not choose the

BTWEA as an option, the BTWEA participant was over twice as likely to be off the Live Register at this point.

This trend continues when the two groups are examined 18 months after BTWEA payments have ceased – see graph 2 below.

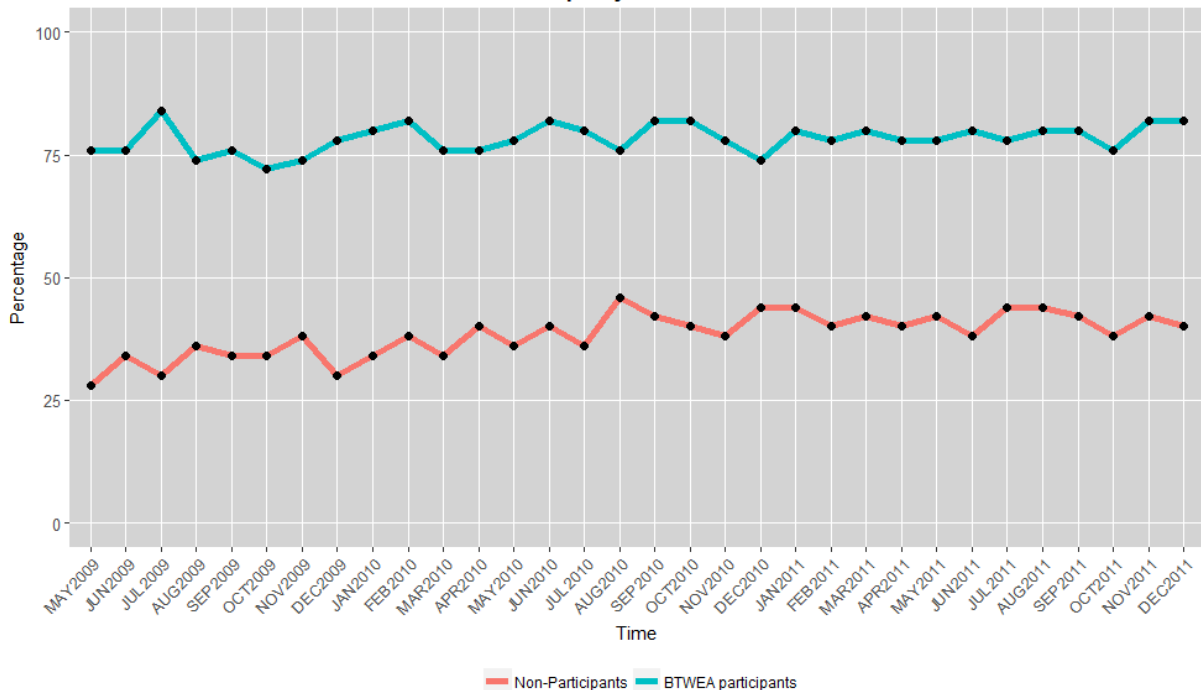
**GRAPH 1**

**Outcomes at 6 months, in Employment**



**GRAPH 2**

**Outcomes at 18 months, in Employment**



#### **(iv) Delivery approaches and relationships**

This section examines the administrative processes currently in place regarding the BTWEA. Analysis of the current processes was conducted through internal and external stakeholder engagement sessions and the customer survey outlined above. In addition, the existing guidelines for the scheme were examined.

Focus groups were held with DSP Case Officers and LDC Enterprise Officers to examine the processes in place. During these focus groups, discussions took place where Officers described the process from the initial enquiry from a potential BTWEA participant.

The process of screening or reviewing a potential BTWEA participant varies across the country. Broadly there are two methods currently in place:

##### **1. Strong DSP-led process:**

- Customer identifies a self-employment interest;
- Customer is interviewed by DSP Case Officer to establish suitability of business idea, including eligibility check of customer for BTWEA scheme;
- Customer is referred to LDC for mentoring and business planning by an Enterprise Officer;
- LDC makes a recommendation on business proposal; and
- Review and decision by DSP to award BTWEA.

##### **2. Strong LDC-led process:**

- Customer goes directly to a LDC;
- The LDC mentors customer, assists with business planning and makes a recommendation on business suitability to DSP;
- Case Officer processes the customer's claim for eligibility conditions etc; and
- BTWEA is awarded, if appropriate.

In a number of areas where there is more limited LDC coverage, the DSP Case Officer reviews the business plan before a decision on the BTWEA claim is made. The business plan includes a description of the business, market research, marketing plan, forward planning & business development and finance & budgeting.

In some areas, Department officials meet with LDC staff to discuss potential customers and appraise applications on a county/regional basis. It was agreed that this reflects best practice as it

allows greater sharing of information and examination of the business potential and avoids duplication of effort between the two organisations.

The variance in the quality of the interventions by LDCs was discussed during the focus group sessions. In some areas, where a DSP Case Officer deals with multiple LDCs, they can encounter a variation in the supports available.

Overall, it is important to note that the final decision on suitability of a business for support under the BTWEA scheme is the responsibility of the DSP Case Officer and the decision on eligibility remains solely with him/her.

Good practice would suggest that DSP should inform the LDC Enterprise Officers of the outcome of the BTWEA application and, where a business case is classified as not suitable for BTWEA, this should be communicated to the LDC.

#### **Shane Bonner - Newmarket Kitchen – Bray, Co Wicklow**

Newmarket Kitchen is a food incubator and kitchen facility for Irish food producers, founded in April 2015 when Shane identified a shortage of facilities for food businesses. Newmarket Kitchen provides space for food producers to prepare, cook and distribute their products. Newmarket Kitchen aims to further expand their premises, offering a range of consulting services to users and developing a food distribution service.

Commenting on the benefits of the Back to Work Enterprise Allowance, Shane asserted that “without the scheme I don’t think I would have been in a financial position to take such a risk and set up in business”.

#### **(v) Comparison with UK New Enterprise Allowance (NEA)**

In line with the Steering Group’s terms of reference, the BTWEA was benchmarked against similar schemes in other jurisdictions. In this context, the New Enterprise Allowance (NEA) in the UK was examined.

The NEA is aimed at supporting claimants to start their own business. It supports the creation of a business under any structure as long as the claimant has a genuine aspiration to build a sustainable business that will be based in Great Britain. Start-up support from the NEA is available to people

aged 18 and over and claiming Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support claimants who are lone parents or who are sick and some Universal Credit claimants.

After showing their business idea is viable, NEA participants are eligible for a weekly allowance worth up to £1,274 over 26 weeks for claimants to establish their start-up. The table below shows how the various elements of the BTWEA and the NEA compare and contrast.

<b>Allowance</b>	<b>Back To Work Enterprise Allowance Ireland</b>	<b>New Enterprise Allowance UK</b>
<b>Introduced</b>	1999	2011
<b>Annual Expenditure</b>	€126.2m 2016	€31m
<b>Numbers</b>	11,386 @ end of December 2016	Since the NEA was rolled out in April 2011. 160,420 starts have been made where people have begun working with a business mentor. During this period 80,830 have progressed to set up their own business.
<b>Eligibility</b>	BTWEA aims to help people who are long term unemployed to take up self-employment opportunities. Applicants must be under 66 and also be in receipt of certain specified welfare payments, primarily jobseekers and lone parent payments, as well as payments related to disability and long-term illness.	The NEA aims to help unemployed people claiming out of work benefits who wish to start up their own business. Start-up support from the NEA is available to people aged 18 and over and claiming Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support claimants who are lone parents or who are sick, and some Universal Credit claimants.
<b>Payments</b>	Participants in the scheme will receive support as follows: - 100% of their weekly social welfare payment for the first year; - 75% for the second year; An Enterprise Support Grant to a max of €2,500 over 2 years is also available.	An NEA weekly allowance of £65 is paid for the first 13 weeks of trading followed by a weekly allowance of £33 for the remaining 13 weeks (worth up to £1,274 over 26 weeks) If they need start-up capital, participants may also be able to access a start-up loan.
<b>Duration of scheme</b>	2 years	26 weeks
<b>Non-Financial Supports</b>	Case Officers providing advice in line with customer's personal progression plan. Non-financial business supports from LDCs also available	Mentoring throughout duration of claim with at least 4 structured interventions with a DWP officer or Business Advisor
<b>Review</b>	Currently no formal review period	Jobcentre Plus (JCP) will administer and review the entitlement to NEA allowance with the participant at week 6,12,19 of the 26 week trading period

The NEA is generally comparable to this Department's STEA scheme in duration. Similar to Irish procedures for both the STEA and the BTWEA, prior to receiving a payment for the initial 26 weeks of commencing a business under NEA, the proposal is examined on viability and sustainability grounds.

It is clear that an important part of the UK scheme is the in-built review process at 6, 12 and 19 weeks of the trading period. For those participants who successfully submit their business plan and start trading within the 13 weeks period, following the pre start-up period, DWP will continue to offer access to mentoring support for the first 26 weeks from the commencement of trading. The minimum requirement is the offer of at least two meetings with a Business Adviser and/or Volunteer Mentor during this period. This has been highlighted as a gap in the current BTWEA procedures and is considered later in the Report.



## Overall conclusions

In the main, the overall findings from the research are as follows:

- BTWEA supported businesses tend to be sole traders or small employers (averaging 1-2 employees);
- The current application process is clear and precise;
- The importance of the financial assistance available through the BTWEA payment was emphasised;
- Respondents were very positive about their dealings with the LDCs and Enterprise Officers in relation to the planning stages during the BTWEA application process;
- The importance of monitoring and mentoring to ensure the business is given the best opportunity for success was stressed and there is a strong demand for regular and continuing business support throughout the period of the scheme;
- Almost three-quarters of former participants of BTWEA are in self-employment or employment 18 months after the end of the period on BTWEA compared to non-participants; and
- The UK's NEA Scheme points to the need to provide mentoring and support, particularly following the business start-up phase, to increase the chances of success in the enterprise.

These findings have been used to inform the conclusions and recommendations in the report – see section 6 below.

# 5

**Other funding options  
available to BTWEA  
participants**

## Other funding options available to BTWEA participants

This chapter examines the variety of supports available to and used by BTWEA participants when starting their own business. Information was gathered through internal and external stakeholder engagement sessions and the customer survey.

### Enterprise Support Grant

The primary and widely available source of funding, in addition to the weekly allowance, for BTWEA participants is the DSP administered Enterprise Support Grant (ESG). The ESG allows the Department to provide other financial support, in addition to income support under BTWEA & STEA. The grant support available under the ESG is a maximum of €2,500 in any 24 month period. The level of funding that is granted, if any, is at the discretion of the DSP's Case Officers, based on the business needs. At present all expenditure on ESG is limited per category up to the accumulated €2,500 allowance. The current limit on grant aid for training is €250 from the potential €2,500 grant. Any funding granted has to be co-funded by the recipient.

ESG expenditure for 2016 was €4.5m (compared to €4.2m in 2015) and there were approx. 6,000 BTWEA participants who availed of the grant. The expenditure profile of the ESG is as follows:

Category	% of annual expenditure
Business Equipment	38.2%
Job Specific Tools/Equipment	28.3%
Public Liability Insurance	10.5%
Advertising & Marketing Aids	6.9%
Office Supplies/Stationery	3.7%
Accountancy & Related Services	3.1%
Website Design / Registration	2.5%
Signage	2.3%
Business Mentoring	1.3%
Upgrading to Premises	0.9%
Short-Duration Training	0.7%
Compliance, guidance & Training	0.6%
Personal Protective Clothing & Equipment	0.5%
Business Registration Costs and Fees	0.3%

The profile of expenditure indicates that there is a strong reliance on the grant for business equipment - rather than business supports and training to ensure business sustainability.

It is worth noting that prior to commencing on the BTWEA, all participants are required to attend a start your own business course which provides information in the area of business financing. In this context, there are a range of courses available depending on the nature and scale of the business being proposed and the person's readiness to get started. For example, the LEOs run courses such as their Start Your Own Business Programme which focuses on those with a business idea who are unsure as to how to develop the idea into a business plan. The objective is to assist a jobseeker in assessing their idea, its viability and to decide if they should proceed or take a step back.

Similarly, the LDCs also offer a Start Your Own Business Course for all those interested in considering the self-employment route.

### **Teagasc & on-line tool**

In terms of supports available to those considering the self-employment route, it is also noted that Teagasc are currently developing an online tool to assist with identifying the variety of courses available from all service providers throughout the country. Opt-In outlines the collection of courses and events aimed at helping rural dwellers to find the means and skills necessary to increase their income generating options. The website [www.opt-in.ie](http://www.opt-in.ie) provides more details.

**The customer survey asked the following question about supports available:**

If you required capital funding, who did you approach and how did you raise these funds? If you did not require such funding, why was this the case?

There were 230 responses to this question outlining where funding was obtained if needed – as set out below.

Funding Source	Number of Responses	% of responses
None needed	102	44%
ESG	37	16%
Savings	35	15%
Family Loan	30	13%
Partnership Company/ LEO/Other	9	4%
Credit union	6	3%
Microfinance	6	3%
Redundancy	4	2%
Crowd Funding	1	0%
Total	<b>230</b>	

The findings illustrate the small business nature of many of the BTWEA customers:

- 44% of responses said that they did not require capital funding, the main reason being that the business being started was considered small in nature; and
- Likewise, the participants who informed us that they used personal savings indicated this was possible as the level of funding required to start the business was low.

It is noted that the biggest criticism from participants in the customer survey is the lack of availability of business supports and technical assistance - yet only 1.3% of the ESG funding was awarded for business mentoring.

## Supports available from other agencies/programmes

As outlined in section 2 above, supports for start-up businesses are also available from other agencies and programmes such as the LEOs and the LDCs through both the LEADER Programme and SICAP. Micro-Finance Ireland also provides funding for business start-ups. It is important, therefore, that grants provided under the ESG do not duplicate what the other agencies and bodies are doing in the area of business supports, particularly around business mentoring.

## Overall conclusions

Although there is a variety of funding sources available for starting a business, given the scale and nature of start-up businesses supported by the BTWEA, the ESG is seen as a valuable and flexible support. The ESG is well positioned to address the need for targeted business mentoring. This can be achieved by ensuring that the current ESG limit for training and mentoring is increased and its availability is promoted by DSP Case Officers.

As outlined above, the current limit on grant aid for training is €250 from the potential €2,500 grant. It is considered that this limit should be increased to €500 with further consideration also to be given to reducing the co-funding requirement on this element to promote training opportunities. These issues will be addressed in more detail in the revised guidelines around the use of the ESG for mentoring and support of projects. These will be issued to DSP staff by the end of Q1 2017.

### **Katarzyna Gwis - K & T Bakery & K& T Restaurant – Caherciveen, Co Kerry**

Katarzyna is from Krakow in Poland and came to Ireland in 2006, initially for summer work but liked it so much, decided to stay for a few years. In Poland, she qualified in Sport & Tourism. Her husband and business partner, Tomasz, had qualified in computer programming. Katie worked in sales for two years before taken up a Community Employment placement which ended in 2014. From home, Katie grew the seeds for their new business, making breads and cakes and selling at car boot sales and country markets. Tomasz worked in construction for three years and later worked in the hospitality industry.

They opened their bakery in Caherciveen in October 2014 and subsequently opened their restaurant and café in early 2016. Currently, they employ 15 staff - 8 full-time & 7 part-time.

# 6

## Conclusions & Recommendations

## Conclusions & Recommendations

### Conclusions

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It is evident that there is a strong emphasis on generating new enterprises in Ireland with a view to increasing employment. Supporting the long-term unemployed to commence self-employment appears to be a valuable means to achieve new enterprise growth for this cohort, as illustrated by the number of participants on the BTWEA (approx. 12,000 each year in 2015 & 2016). Based on the findings of this review, it is considered that the BTWEA scheme is a valuable support to assist people who are unemployed and, in particular, people who are long-term unemployed, in becoming self-employed and should, therefore, be continued.

This is supported by the findings of the counterfactual review which demonstrate the numbers returning to welfare from the BTWEA are low. Based on the comparison of the BTWEA participants to the control group of comparable Live Register jobseekers who did not choose the BTWEA as an option, the BTWEA participant was over twice as likely to remain off the live register six months after the end of participation on the BTWEA. This trend continues when examined following an 18 month period after the BTWEA payments ceasing.

While DSP plays an important part in encouraging suitable people to consider self-employment, the expertise required to nurture the business idea and encourage a new start-up is held within the network of LEOs and LDCs. If we consider the current BTWEA objectives, it is evident that DSP, through this scheme, provides the financial support and that the existing support network - of the LDCs and the LEOs - are best placed to provide the other supports to enhance the rate of survival and growth.

Local Enterprise Offices provide a range of complementary supports to support people who want to start up or grow a business. The supports range from providing an initial "First Stop Shop" service where individuals can receive advice on the steps involved in setting up a business, to the provision of grants for feasibility studies, provision of financial support for the establishment of new businesses or expansion of existing ones and the provision of a range of soft supports such as training and mentoring.

In addition, LDCs play a key part in supporting local communities and entrepreneurs to develop new business ideas and to enhance existing enterprises. Typical enterprise supports which LDCs provide include enterprise training courses in areas such as starting your own business, business



planning, bookkeeping, sales and marketing, costing and pricing, health and safety, online strategy, social media and one to one mentoring and support from Enterprise Officers.

During the course of the review, various issues were considered in relation to the operation of the scheme. Overall, it was considered that the scheme is effective at removing participants from long-term unemployment and increasing their likelihood of remaining off welfare supports. It also allows an unemployed person the opportunity to take the first steps to self-employment with the security of a weekly allowance and access to other supports, through the ESG. Enhancing the relationship and providing clarity in terms of roles and responsibilities of DSP case officers involved in the BTWEA and LDCs and LEOs Enterprise Officers will contribute to overall effectiveness of the scheme.

While the evidence indicates that the scheme results in a positive experience for the participants, it has highlighted a number of areas that need rationalisation and improvement to ensure consistency of approach for the scheme participants.

#### **Michael O'Connor - The Red Door Coffee Shop & Deli – Carrig on Bannow, Co Wexford**

Michael O'Connor, the owner of The Red Door Coffee Shop & Deli, has extensive experience of the restaurant and hotel business and having been unemployed for a while, he decided to set up his own business. The Red Door Coffee Shop & Deli is a small thriving coffee shop, deli and restaurant in the heart of Carrig on Bannow with seating for approximately 26 people.

Open 6 days a week from eight till late they provide a wide variety of food serving breakfast, lunch and dinner with a wide range of homemade goods. Carrig on Bannow once a thriving little village had gone into decline with no coffee shop in the area. Michael saw the need for a place where people from the community, as well as tourists, could gather relax and enjoy the surroundings. The Red Door Coffee Shop & Deli fitted the bill perfectly where people can come, relax, and enjoy good food drink coffee and chat. Friday night dining at the Red Door Coffee Shop & Deli has proven to be very successful and after just a year opened

Michael is currently expanding the kitchen with the result of employing more kitchen staff and expanding the courtyard to hold an annual BBQ and other events throughout the year.

## Recommendations

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In light of the findings from the review, the following are proposed as the key guiding principles for the operation of the BTWEA into the future. These principles are in addition to the DSP Guidelines for processing BTWEA applications.

### (i) Guiding Principles

#### Co-operation between DSP and LDC

- Where it is possible, DSP and the LDCs should work together in examining applications for the BTWEA. DSP should utilise LDC expertise and ensure that there is no duplication of effort in the analysis of the customer's business plan.
- In this context, co-operation between the Department and the LDCs - whereby the DSP & the LDC agree jointly (by means of an appraisal panel meeting or a similar process) that the business is a suitable BTWEA proposal – is essential.

#### Role of a DSP Officer(s)

- To ensure that the customer is enterprise ready, the case officer should consider if the individual requires further training prior to becoming self-employed or if there is a more suitable activation route for him/her.
- Overall, case officers need to satisfy themselves that the person has a genuine business proposal and interest in self-employment.
- The case officer shall decide on the suitability of a proposal for BTWEA taking into consideration any input or recommendation from the LDC. This includes taking into account the following issues:
  - That there is clarity and understanding regarding what is a tangible new business/enterprise - as opposed to insurable employment.
  - Local displacement - this can prove difficult but must be a factor in the consideration of each business plan. In this context, it is important that the business proposal is considered in the area of the proposed business operation, rather than the area where the customer signs-on.
  - Market saturation - some areas may have to exclude certain business types from applying for BTWEA because of this issue.
- Mandatory follow-up by the case officer in terms of approved projects – case officers should provide support for the first 9 months after commencing on BTWEA<sup>2</sup> and have at least two

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<sup>2</sup> This is in line with commitments in the Pathways to Work Strategy

meetings (at 3 and 9 months) with the person in that period. These meetings should establish that the business is operating and trading in accordance with their business plan. Where a business is not operating in line with their business plan, consideration should be given to the person exiting the BTWEA and pursuing another activation path. This review should be conducted by means of a face-to-face desk review by a case officer or, in some situations, a case officer may need to request a Social Welfare Inspector to carry out a site visit to the business.

- At these sessions, a case officer should also consider if the person would benefit from ongoing business mentoring and, if so, a referral should be made to the LDC.

### **Role of the LDC Enterprise Officer**

- To mentor the customer and assist with the business planning etc. once the person's eligibility for the BTWEA has been established;
- To consider issues of local displacement and market saturation, as outlined above;
- To make a recommendation on the business suitability to DSP; and
- Ongoing business mentoring.

### **Communication**

- DSP should inform Enterprise Officers of the outcome of the BTWEA application and, where a business case is classified as not being suitable for BTWEA, this should also be communicated to the LDC.

### **Training and Mentoring**

- Training & support for BTWEA participants should be tailored to individual needs;
- Training can be recommended by a case officer during the support sessions over the first 6 months of trading. This is a key learning from the NEA Scheme in the UK; and
- The limit on grant aid for training under the ESG should be increased to €500 (from the potential €2,500 grant available) and further consideration should also be given to reducing the co-funding requirement to promote training opportunities. These issues will be addressed in more detail in the revised guidelines around the use of the ESG for mentoring and support of projects which will issue to DSP staff before the end of Q1 2017.

## **(ii) Policy issues considered**

In undertaking the review, a number of other policy issues were also examined and, after consideration, the following are the recommendations of the Steering Group:

### **a) Term of the Scheme**

As part of its work, the Steering Group considered the question of extending the term on the BTWEA. It was the general consensus that the viability of a business should be clear after 2 years and, therefore, to extend the allowance at a reduced rate beyond the current period is not considered appropriate. The current way the BTWEA operates is considered generous when compared with other countries in terms of duration of support (e.g. the UK).

### **b) Re-qualifying for the Scheme**

The Steering Group also considered the question of shortening the period in certain limited circumstances that a customer, previously on the BTWEA, has to wait before re-qualifying for the scheme again (currently 5 years). Overall, it was concluded that the support offered by the BTWEA is generous and that it was not unreasonable that this support should be limited to once every 5 years.

### **c) Definition of a new business**

In the past, there has been call for clarity on the definition of a new business and if someone taking over the family business, or someone setting up under a franchise, is eligible for BTWEA support. As outlined above, the BTWEA is a support to jobseekers wishing to take that first step into self-employment. It assists in alleviating the risks involved with a new venture and provides the jobseeker with an element of financial security along with business mentoring and supports.

The BTWEA should only be used to offer support to a new enterprise that is tradable and tangible. Where a business proposal does not involve the setting up of a new enterprise, it will not be eligible for BTWEA support. This includes businesses setting up under an already market-established brand (franchises or self-employed sales) or a business that has been operational prior to the application for BTWEA (being taken over by the participant or trading under the participant's management). Such a business can base its income potential from past experiences, thus mitigating the financial risks associated with commencing a new enterprise.

### **d) Displacement & Market**

When considering a business proposal under the BTWEA, a LDC or case officer will need to examine the displacement effect that the proposal may have on the local market. One major consideration in deciding upon a new proposal is the ease of entry to the market place. Where

the business sector is considered to be a relatively straightforward sector to commence trading in, the displacement effect could be considered low (i.e. new entrants could arise without the assistance of BTWEA). This would more often than not relate to a new business with low start-up capital needs, examples of which from around the country are coffee shops, hairdressers, painter & decorators, beauticians and cafes.

While the BTWEA payment replaces a participant's previous jobseekers payment on a reducing basis over two years, it does not provide capital support to the new business. The BTWEA awards a participant the security of this weekly payment as they begin their new enterprise journey with the hope that, following the end of the scheme, the unemployed person now has a successful business. Some of these businesses will also, in turn, begin to create employment locally.

Another consideration at the point of approval of a new proposal for BTWEA is market saturation. This will occur where an Enterprise Officer will not see potential for business sustainability of a new proposal due to an existing high level of operation within that sector locally. It is for this reason that taxi drivers are not supported under BTWEA for new business start-ups.

In this context, in order to ensure BTWEA resources are directed at the 'right' enterprises, there are certain sectors that cannot be approved. All of these issues will be clarified in the amended BTWEA guidelines – see below.

#### **e) Part time employment or education**

Currently, the BTWEA scheme guidelines do not adequately deal with the issue of part-time employment while on the scheme. Anecdotal evidence suggests that some case officers allow participants to engage in part-time employment while on BTWEA, while others do not. An STEA participant is not allowed to enter into paid employment as an employee, either in a full-time or part-time capacity while in receipt of STEA. It is considered appropriate that if someone is approved for the BTWEA/STEA, they should be fully dedicated to the business and, therefore, not engaged in other employments. Accordingly, it is recommended that participants should not be allowed to pursue part-time or temporary employment while participating on the Scheme. This will ensure that clients are devoting 100% of their time to the business venture to maximise the chances of success.

**g) Assessment of means from Qualified Adult**

Qualified adults are free to take up insurable employment without it affecting payment for both schemes. However, a qualified adult claiming social welfare in his/her own right - or taking up an employment scheme such as Community Employment - will result in the BTWEA payment being reduced accordingly. This is considered to be an anomaly that needs to be addressed.

Consequently, it is recommended that the circumstances of how qualified adults of a BTWEA participant are treated should be reviewed to ensure that means are fairly and correctly assessed.

**h) Business plans:**

The amended BTWEA guidelines will provide clarity on the minimum requirements from a new business plan when approving a new entrant.

**(iii) Data capture**

One of the issues identified in the course of this review is the lack of detailed information available in the Department on the nature of the businesses being supported by BTWEA. It is recommended that IT systems should be developed as quickly as possible to allow the central recording and analysis of data on the nature of businesses supported under the scheme and to record business success/failures. This should be advanced as the Department's systems are developed over the coming months. In the interim, a solution should be advanced to allow some basic data capture via the Department's divisional network. Currently, a mailshot is issued at 12 months to BTWEA clients. This will be reviewed by the Department to enhance the nature and quality of the data being gathered.

**BTWEA Guidelines**

It is planned to issue amended BTWEA guidelines in Q1 2017. These will include all of the recommendations outlined in this Report.

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**Department of Social Protection**  
**February 2017**

## Appendices

### Appendix 1

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#### Membership of the BTWEA Steering Group

Kathleen Stack (DSP) **Chair**

Deirdre Shanley (DSP)

Kasey Treadwell-Shine (DSP)

Hugh Cronin (DSP)

Ronan Harney (DSP)

Liam Murphy (DSP)

Frances Molloy (DSP)

Kevin Meaney, replaced by David Reilly (Dept of Public Expenditure & Reform)

Finola Moylette (Dept of Arts, Heritage, Gaeltacht, Regional and Rural Affairs)

Jerry Murphy (Pobal)

Clare Crowley (Dept of Jobs, Enterprise & Innovation)

Breda Murphy (Dept of Jobs, Enterprise & Innovation)

Maura O'Loughlin (Enterprise Ireland)

Michael Bowe (Tolka Area Partnership)

Pat Logue (Kildare Leader Partnership)

Barry Caslin (Teagasc)

Sean McKeown, replaced by Oisín Geoghegan (representing the LEO Network)

## Appendix 2

### Survey issued to BTWEA Customers

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The BTWEA application process was easy and I received clear information from my DSP Case Officer					
The financial assistance of the BTWEA gave me the security to try setting up my own business					
Support provided by my Local Development Company (LDC) or Local Enterprise Officer (LEO) with my <b>business planning</b> gave me the confidence that I could start my own business					
<b>On-Going</b> business support or mentoring by my LDC or LEO during my initial year of trading assisted me in developing my business					
I am confident that my business will be successful and will remain operational once my BTWEA entitlement ceases					
What experience had you in your business sector prior to commencing your enterprise?	Previously an employee		Some level of activity to examine business potential		No prior experience
Have you received other State supports for your business	Yes			No	
If yes give details (e.g. Jobsplus, Enterprise Support Grant, Pobal grant aid, Jobbridge, etc...)					
If you required capital funding, who did you approach and how did you raise these funds? If you did not require such funding, why was this the case?					
Do you have Employees working for you? If so how many	Yes			No	
In your opinion, how likely are you to employ staff/additional staff within the next 2 years?	Very Likely		Likely	Not Likely	
Thinking about your experiences of the BTWEA scheme, both as a financial support and in terms of mentoring from LDC's or LEO's, what improvements could you suggest?					