

Review of Andover Skills Training Fund January 2014

Introduction

Since successfully launching the Andover Skills Training Fund in June 2011 approximately half of the £500,000 has been committed. It was always envisaged that operation of the fund would be subject to regular review as there are no comparable council training funds elsewhere in the country on which to model ASTF. Two reviews have taken place so far: the first in June 2012 and the second in April 2013, approved by Cabinet in May 2013. Each review introduced relatively minor modifications to how the grant operates.

This, third, review is prompted by reaching the half way stage in the funding and also to address issues raised by three recent applications worth £25,000 for leadership and management training for company owners and directors.

The report reviews progress in operating the grant and recommends changes to how it is managed.

In particular, it recommends that the grant should focus on employees who require genuine upskilling rather than senior company directors and managers who may have access to other forms of assistance www.growthaccelerator.com This is so as many Andover residents employed by Andover businesses are supported with the remainder of the fund.

This rationale is entirely consistent with the information put forward to justify the Section 106 contribution for upskilling in order to lift the skills base of Andover residents. Grants under the fund are routed through small to medium-sized Andover businesses.

Performance data

- 142 approved applications (plus 54 either rejected or withdrawn)
- 317 grants
- £252,962 committed comprising £172,000 paid and £80,962 committed but not yet paid
- £39,0000 of matched-funding attracted
- 92 businesses supported
- 318 Andover residents trained

Operational issues and trends

Take up

Take up of the fund reflects many factors: awareness of it among Andover's business community and the initiative of employers, employees and training providers in using it. For example, in the first 12 months one training provider submitted 15 applications worth £26,400 for business management training for smaller Andover businesses. More recently a health and beauty training provider has submitted 6 applications worth £5,500.

Multiple applications

About 41% of the funding committed (£103,200) has gone to 20 businesses which have submitted more than one application. One applicant has submitted 10 whilst most have made between 2 and 4 applications.

Applications over time

On average the Council receives about 5 grants per month worth about £5000 together. It also shows that whilst 63% of grants have been for to £2,000 16% have been for grants worth more than £5,000.

Main sectors of businesses applying

- Engineering £82,127 - 19 businesses
- Business services £26,778 – 10 businesses
- Building Trades £16,070 – 8 businesses
- Service engineers £9,000.
- Hair and beauty £8,042 - 9 businesses
- Driver training £4,627 - 7 businesses

Funding per application by type of training

Although not a condition of a grant, where possible it makes financial sense that a training provider trains as many people as possible at any one session, rather than on a one to one basis. However, this is more practical for some kinds of training than others e.g. it is easier to conduct forklift driver training collectively than say management training.

Where types of training have attracted more than one application it is possible to compare the average contribution per person trained, although as with an average it combines expensive and cheaper training.

Grant per person trained

£2,997 - Microsoft IT (£5,995 for 2 persons)

£1,918 - Management (£19,176 for 10 persons)

£1,638 - Business Accelerator programme (£6,550 for 4 persons)

£1,196 - Leadership & Management (£33,505 for 28 persons)

£1,156 CAD (£32,368 for 28 persons)

£763 - Electrical contracting (£19,069 for 25 persons)

£755 - Hair & Beauty (£9,062 for 12 persons)

£665 - IT (£16,647 for 25 persons)

£627 - Driver training (£4,540 for 8 persons)

£270 - Fitness (£2,167 for 8 persons)

£215 - Forklift driver training (£3,232 for 17 persons)

Survey of major beneficiaries

In a recent study of the 9 Andover businesses which have received most from the fund:

- 6 replied that the training made possible by the Fund had generated £93,000 worth of additional business by improved productivity;
- 7 told us that the Grant had enabled them to retain valued employees
- 7 said it had allowed the businesses to employ at least an extra 13 staff, with 4 companies not saying exactly how many and
- 5 companies stated that the training allowed staff to raise the company profile through social media and web promotion.

Amendments to operation of the Grant

1. To reduce the annual allowance per business from £15,500 to £10,000.

Reason: To ensure a better balance between smaller and larger employers with the remainder of the fund.

In the light of experience gained in the first 12 months the matched-funding requirement was applied as an “allowance” per employee (£1,000) rather than per employer but with a £15,500 annual cap for each employer to ensure larger employers didn’t draw down too much. A subsequent review raised the threshold from companies employing 50 to 100 persons.

2. To increase the applicant’s matched-funding contribution

Band	Current Situation		Proposed Change	
	ASTF Grant	Applicant’s Matched Funding	ASTF Grant	Applicant’s Matched Funding
up to £1,000	100%	0	100%	0
£1,001-£10,000	75%	25%	50%	50%
£10,001-£25,000	50%	50%	25%	75%

Reason: To ensure greater accessibility for smaller employers with the remainder of the fund.

About 40% of applications have been for sums of up to £1,000 so the proposed changes do not represent a major change of direction.

3. To restrict use of the fund for leadership and management or similar business mentoring for senior managers e.g. company owners and senior directors etc.

Reason: The fund was always to support the upskilling of Andover residents either self employed or in Small to Medium Sized Enterprises (SMEs). If qualifications are an indicator of skills then the 2011 Census shows that Andover residents remain slightly behind other areas in terms of skills.

Andover Qualifications 2011 Census

	No qualifications	Levels 1 and 2	Level 4
Andover	21.5	34.7	21.0
Test Valley	18.4	30.1	30.5
South East	19.0	29.4	29.9
England	22.5	28.5	27.4

Several applications have been received for training on leadership, management and business growth for owners and senior directors. However, with the availability of funding for such high level training for business leaders from the Government's Growth Accelerator Scheme (www.growthaccelerator.com), which includes a £2,000 allowance per person on a matched-funding basis, it is recommended ASTF plays a complementary role by focusing on employee skills, as originally intended. The agents for the delivery of Growth Accelerator in Hampshire (Oxford Innovation) support this change in order to avoid a double public subsidy.

Inevitably this revised focus involves a degree of subjectivity so it will need to be carefully administered with a degree of discretion by those responsible.

4. To require applicants for non-accredited qualifications to identify a bench mark and identify the level of improvement which will result from the funded training.

Reason: It is the Council's intention to make ASTF as accessible to SMEs as possible – anyone can apply (employees, employers, trainers etc) as long as eligible beneficiaries are identified; the £1,000 allowance per employee remains; the training does not have to result in nationally-accredited qualifications etc.

However, a number of applications have been received which describe the purpose of the training as "to upgrade skills." Such ambiguity would allow unlimited future applications for the same training and therefore is incapable of monitoring. In future applications for such unaccredited training should define the pre-training benchmark and post training improved level of capability in order to ensure that any subsequent applications for training result in a definable improvement rather than repetition.

5. Invoices for approved applications should be submitted to the Council within 3 months of the completion of the training.

Reason: Efficient administration of the fund.