

National Assembly for Wales

ReAct and ProAct January 2011

The paper provides information on the ReAct, ReAct II, ProAct and Skills Growth Wales programmes. ReAct is a programme of funding for training for individuals facing redundancy, and ProAct a financial support package to help viable businesses fund training during quiet time to up-skill staff in readiness for the upturn. ReAct II and Skills Growth Wales are successor programmes to ReAct and ProAct.

This paper is intended to be a policy guide and constituents should seek individual advice where necessary.

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ReAct and ProAct
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Members'
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ReAct and ProAct

1. ReAct

The Welsh Government Redundancy Action Scheme (ReAct) was launched in its current form in October 2008¹.

The scheme provides funding for training for individuals facing redundancy, and can also assist employers downsizing or recruiting new staff.²

ReAct is part-financed by European funds and has received £5.4m European Social Fund Regional Competitiveness & Employment Programme funding (national funding £14m) and £18.7m from the European Social Fund Convergence Programme (national funding £23m).³

On 9 December 2010, the Deputy Minister for Science, Innovation and Skills, Lesley Griffiths AM announced the launch of a ReAct II programme that will come into force on 1 April 2011 and will replace the existing ReAct programme.

Information relating to both the existing ReAct programme and the recently announced ReAct II programme is set out below.

¹ Welsh Government press release, [ReAct Positively](#), 15 October 2008.

² [Redundancy Action Scheme \(ReAct\)](#), [Accessed 2 December 2010]

³ [ESF Regional Competitiveness & Employment Programme 2007-2013: List of EU Beneficiaries as at 07/10/2010](#), and [ESF Convergence Programme 2007- 2013 Approved Projects: List of EU Beneficiaries as at 04/11/2010](#), [Accessed 2 December 2010].

2. ReAct: Individuals

Support for individuals is available for eligible applicants to increase their skills and remove barriers to learning, or returning to work, and the three elements to the ReAct scheme for individuals are:

- Recruitment & Training Support;
- Discretionary Award - Vocational Training
- Discretionary Award - Miscellaneous⁴.

Applicants have their training needs assessed by Careers Wales, which will also advise on suitable training courses and training venues, and under this part of the scheme the following financial support is available:

- 100 per cent of training costs to acquire new skills (up to a maximum of £2,500)
- help with the cost of special equipment required for training
- reimbursement of travel costs to training courses
- overnight accommodation costs, where appropriate
- a contribution towards the cost of materials required for training
- reimbursement of childcare costs (subject to limits and conditions).⁵

The ReAct scheme is available for individuals who:

- have become unemployed in the last six months as a result of redundancy, are currently unemployed, and who have not been in continuous employment for 6 weeks or more since being made redundant; or
- are currently under notice of redundancy; and
- have not undertaken any publicly funded training since being made redundant, including the work-based learning suite of programs.⁶

The Welsh Government has produced a document entitled [ReAct Guidance Notes: information to help you complete your application](#), which provides some further information on eligibility. This states that support is available if you are a

⁴ [Redundancy Action Scheme \(ReAct\)](#), [Accessed 2 December 2010].

⁵ Ibid.

⁶ Ibid.

resident in Wales on the date of issue of notice of redundancy, although an application will be considered if you live outside Wales on this date but are being made redundant from a company in Wales. Individuals must apply while still under notice of redundancy and once made redundant should seek advice from their Learning Skills Council office. Individuals must be aged 25 or over, although those under 25 will be considered if not entitled to New Deal.

Individuals are only eligible for funding for up to six months after they have been made redundant and will not be eligible for ReAct funding if they start working for another employer before registering for ReAct funding.⁷

Further information is available at the following link:

[Redundancy Action Scheme \(ReAct\). How to apply](#)

⁷ [Are you eligible?](#) [Accessed 26 January 2011].

3. ReAct: Employers

The elements of support offered by ReAct to employers for taking someone on who has been made redundant are as follows:

Employer Recruitment Support funds employers who recruit individuals made redundant in the past six months. The award offers up to £2,080 paid in four instalments as a contribution towards wage costs.⁸

Employer Training Support can fund up to 70 per cent of any training costs, up to a maximum of £1,000.

The amount payable will be based on the costs an employer has to pay towards providing the training, in line with the following conditions.

- Training must be relevant to the job and approved by the Welsh Government.
- Training must improve the skills of the individual

Where possible, the employer must make every effort to provide training to at least NVQ level 2 (or equivalent).⁹

Recruitment Consultancy Support can include advice on issues such as the local job market and skills availability, and further information on this is available at the following link:

[Redundancy Action Scheme \(ReAct\) Recruitment Consultancy Support](#)

Employers can choose whether to apply for Recruitment Support alone or Recruitment and Training Support. Employer Training Support can only be used in conjunction with Employer Recruitment Support.

Employer Recruitment and Training Support is available if:

- The business is expanding and the post is new; or
- The individual seeks a justifiable replacement for a vacant post;
- The job is at least 16 hours per week;
- The job is expected to last for at least 12 months;
- The job is not being supported by any other public or European Fund; and
- The business has not reached the 'de minimis' threshold for State Aid rules.¹⁰

⁸ [Redundancy Action Scheme \(ReAct\), \[Accessed 20 December 2010\].](#)

⁹ Ibid.

¹⁰ The *de minimis* rule relates to aid given to an enterprise that is below a certain threshold and that respects certain conditions and that does not constitute State aid under EU law since it is deemed not to affect trade or distort competition. For further information please see European Commission publication: [Vademecum: Community law on state aid](#)

Individuals who might otherwise have been eligible are disqualified for funding if they have:

- Started working for the business before the application for ReAct funding has been approved;
- Received paid employment of any kind continuously for six weeks or more in the six months prior to applying for support; or
- Undertaken any publicly-funded training, including Work Based Learning programmes, since being made redundant.

Information on support provided for companies who are downsizing is available at the following link: [Redundancy Action Scheme \(ReAct\): Downsizing?](#)

A number of employer case studies on the working of the scheme are available from the Welsh Government website and are available at the following link: [Redundancy Action Scheme \(ReAct\). Employer Case Studies.](#)

4. ReAct II

On 9 December 2010, the Deputy Minister for Science, Innovation and Skills, Lesley Griffiths AM announced the launch of a ReAct II programme that will come into force on 1 April 2011 and will replace the existing ReAct programme:

The new programme represents a change of emphasis from training aimed at updating the skills of redundant workers to an enhanced support structure to encourage more companies to take on more people who have been made redundant and create jobs.

To do this I will be increasing the wage subsidy on offer to employers who recruit a redundant person as long as the job provides a minimum of 25 hours work a week or more. The subsidy will increase from £2,080 to £3,000 and will continue to be paid over the first year of employment. I am retaining the £1,000 maximum contribution towards the training costs of new employees while our contribution will be 50% rather than 70%. The subsidy for employers recruiting a redundant worker on a part-time basis, working for between 16 and 24 hours a week, will be £1,500. Finally, the maximum vocational training grant available to individuals will be £1,500 instead of the £2,500 currently available through ReAct.¹¹

5. ReAct: data

The office of the Deputy Minister for Science, Innovation and Skills has provided the Members' Research Service with the following up-to-date data relating to the ReAct scheme:

¹¹ Welsh Assembly Government, Lesley Griffiths (Deputy Minister for Science, Innovation and Skills), *Development of ReAct II*, Cabinet Written Statement, 9 December 2010.
<http://wales.gov.uk/about/cabinet/cabinetstatements/2010/101209act/?lang=en> [Accessed 20 December 2010].

ReAct Statistics from 01/10/08 to 30/09/10: Delivery by Unitary Authority Area

	ReAct Vocational Training Starts (INDIVIDUALS)	ReAct Wage Subsidy Starts (EMPLOYERS)	ReAct Leavers	ReAct Committed Expenditure	ReAct Actual Expenditure to Date
Blaenau Gwent	593	107	583	£1,244,190	£974,866
Bridgend	1,235	149	1,120	£2,314,086	£1,813,169
Caerphilly	1,433	131	1,221	£2,861,946	£2,242,434
Cardiff	1,503	242	1,046	£3,229,073	£2,530,090
Carmarthenshire	969	104	565	£1,884,148	£1,476,294
Ceredigion	105	44	37	£189,524	£148,498
Conwy	281	61	144	£459,000	£359,642
Denbighshire	287	49	109	£560,202	£438,938
Flintshire	749	96	563	£1,271,330	£996,131
Gwynedd	267	74	134	£496,441	£388,980
Isle of Anglesey	261	60	79	£567,645	£261,505
Merthyr Tydfil	407	67	323	£805,372	£631,037
Monmouthshire	283	49	175	£587,732	£460,509
Neath Port Talbot	985	129	736	£1,958,383	£1,534,461
Newport	739	110	418	£1,431,364	£1,121,524
Outside Wales	156	8	109	£88,465	£244,713
Pembrokeshire	861	59	479	£1,507,939	£1,181,521
Powys	472	143	192	£929,541	£728,328
Rhondda Cynon Taff	1,516	181	1,218	£3,020,725	£2,363,387
Swansea	948	170	715	£1,828,027	£1,432,320
The Vale of Glamorgan	680	80	505	£1,469,053	£1,151,054
Torfaen	476	70	335	£930,738	£729,267
Wrexham	678	77	536	£1,170,005	£916,739
UA Total	15,884	2,260	11,342	£30,804,929	£24,125,407

Source: Office of the Deputy Minister for Science, Innovation and Skills

ReAct Statistics from 01/10/08 to 30/09/10: ReAct Starts, Leavers and expenditure

	ReAct Vocational Training Starts (INDIVIDUALS)	ReAct Wage Subsidy Starts (EMPLOYERS)	ReAct Leavers	Total ReAct Participants
C/F from Old Programme				2,368
Oct-08	411	29	271	2,537
Nov-08	469	36	227	2,815
Dec-08	320	20	240	2,915
Jan-09	973	98	240	3,746
Feb-09	762	112	722	3,898
Mar-09	1,082	235	638	4,577
Apr-09	1,052	145	606	5,168
May-09	988	108	324	5,940
Jun-09	1,016	118	366	6,708
Jul-09	903	154	405	7,360
Aug-09	802	191	595	7,758
Sep-09	869	111	596	8,142
Oct-09	709	101	691	8,261
Nov-09	727	78	656	8,410
Dec-09	498	69	638	8,339
Jan-10	529	89	501	8,456
Feb-10	577	105	539	8,599
Mar-10	599	98	662	8,634
Apr-10	521	110	506	8,759
May-10	436	71	448	8,818
Jun-10	406	49	481	8,792
Jul-10	403	41	428	8,808
Aug-10	425	52	333	8,952
Sep-10	407	40	229	9,170
TOTAL	15,884	2,260	11,342	

Total ReAct Spend (01/10/08 to 30/09/10):	£24,125,407
ReAct committed expenditure in addition to above (01/10/08 to 30/09/10):	£6,679,522

Source: Office of the Deputy Minister for Science, Innovation and Skills

ReAct Statistics from 01/10/08 to 30/09/10: Delivery by Assembly Constituency Area

	ReAct Vocational Training Starts (INDIVIDUALS)	ReAct Wage Subsidy Starts (EMPLOYERS)	ReAct Committed Expenditure	ReAct Actual Expenditure to Date
Aberavon	562	73	£1,137,204	£917,095
Aberconwy	146	19	£224,169	£163,368
Alyn and Deeside	382	99	£729,102	£546,914
Arfon	159	101	£429,928	£213,382
Blaenau Gwent	584	77	£1,151,064	£965,461
Brecon and Radnorshire	202	60	£435,650	£247,606
Bridgend	607	97	£1,226,611	£994,969
Caerphilly	706	58	£1,336,790	£1,240,326
Cardiff Central	316	44	£664,305	£530,416
Cardiff North	360	38	£713,924	£563,374
Cardiff South and Penarth	580	87	£1,177,441	£960,699
Cardiff West	390	29	£773,942	£640,507
Carmarthen East and Dinefwr	264	46	£519,225	£356,537
Carmarthen West and South Pembrokeshire	398	24	£727,298	£581,845
Ceredigion	111	33	£239,599	£135,304
Clwyd South	354	14	£573,096	£505,396
Clwyd West	157	19	£292,188	£211,793
Cynon Valley	480	73	£957,727	£834,771
Delyn	370	61	£671,166	£489,392
Dwyfor Meirionnydd	103	13	£182,156	£128,129
Gower	336	41	£651,145	£471,185
Islwyn	634	63	£1,257,480	£1,050,471
Llanelli	626	179	£1,220,672	£704,298
Merthyr Tydfil and Rhymney	516	63	£1,014,445	£805,592
Monmouth	265	24	£511,762	£391,519
Montgomeryshire	267	94	£625,725	£376,014
Neath	426	62	£863,475	£634,030
Newport East	352	16	£641,732	£584,260
Newport West	442	68	£870,103	£713,514
Ogmore	779	127	£1,512,143	£1,292,730
Outside Wales	156	8	£88,465	£244,713
Pontypridd	479	66	£963,934	£792,804
Preseli Pembrokeshire	549	19	£966,880	£675,529
Rhondda	419	33	£782,015	£677,154
Swansea East	339	56	£679,110	£460,201
Swansea West	265	40	£513,749	£387,702
Torfaen	426	76	£858,324	£689,825
Vale of Clwyd	224	26	£412,449	£318,199
Vale of Glamorgan	536	31	£1,070,754	£950,772
Wrexham	356	43	£570,337	£416,106
Ynys Mon	261	60	£567,645	£261,505
UA Total	15,884	2,260	£30,804,929	£24,125,407

Source: Office of the Deputy Minister for Science, Innovation and Skills

6. ProAct

ProAct was a financial support package ‘designed to help viable businesses cope with the downturn and use quiet periods to upskill staff to prepare them for when the upturn comes’.¹²

It was available to businesses which had introduced short time working and faced the threat of redundancies and, broadly, offered:

- Up to £2000 per individual towards training costs
- A wage subsidy of up to £2000 (at a rate of £50 a day) per individual whilst this training is being undertaken (up to 12 months)¹³

In a Welsh Government Decision Report of 28 June 2010, the Deputy Minister for Science, Innovations and Skills agreed the closure of the ProAct panel on the 30th June 2010. It was also agreed that the remainder of the funding available under the ProAct scheme would be made available for the successor scheme to **ProAct Skills Growth Wales**.

The office of the Deputy Minister for Science, Innovation and Skills has provided the Members’ Research Service with data relating to the ProAct scheme, and this is set out below. These figures relate to ProAct only and do not include information on ProAct Skills Growth Wales. Separate data on ProAct Skills Growth Wales is set out in Section 7 below.

¹² [ProAct. Funding to upskill during the downturn.](#)

¹³ [ProAct – funding to up-skill staff affected by short-term working](#), , [Accessed 23 December 2010].

ProAct application breakdown 27th October 2010

Unitary Authority	Approved application	funding committed	Training £ committed	Number of employees supported
Anglesey	5	£180,381	£95,531	62
Blaenau Gwent	13	£1,589,926	£900,114	570
Bridgend	7	£246,820	£149,795	83
Caerphilly	9	£1,926,798	£1,159,156	819
Cardiff	21	£1,437,583	£682,534	495
Camarthen	19	£2,783,871	£1,472,757	773
Ceredigion	1	£31,680	£15,680	8
Conwy	3	£45,086	£28,036	24
Denbigshire	9	£1,485,584	£944,260	594
Flintshire	8	£1,556,090	£1,010,422	752
Gwynedd	8	£166,814	£110,714	103
Merthyr	6	£1,174,301	£583,340	525
Monmouthshire	5	£539,453	£259,028	167
Neath Port Talbot	18	£3,214,266	£2,413,887	1,719
Newport	10	£1,506,129	£900,528	552
Pembrokeshire	10	£610,252	£301,386	172
Powys	17	£1,828,864	£950,339	523
RCT	22	£2,728,672	£1,416,374	796
Swansea	31	£2,129,268	£147,628	710
Torfaen	11	£865,170	£486,070	729
Vale of Glamorgan	6	£147,021	£70,498	42
Wrexham	11	£974,365	£554,090	417
TOTALS	250	£27,168,394	£14,652,167	10,635

Source: Office of the Deputy Minister for Science, Innovation and Skills

7. ProAct Skills Growth Wales

ProAct – Skills Growth Wales is a ‘financial support package designed to help Welsh companies grow by funding high level or new technology skills training’.¹⁴

Funding is available at an average of £3000 per person to pay for high level and new technology training ‘that will directly help to bring about growth – in turnover, profit and/or employment’. It is available for growing companies that can show how the funding will help them grow, or companies that have identified a significant growth opportunity and need training to take advantage of it. The funding ‘is for companies who would not otherwise have been able to fund this training or undertake it as they would desire’. Eligibility criteria is as set out below, and applications can be submitted from 1st April 2010 until 31st March 2011:

A predicted growth over the next 12 months of ONE of the following:

- 10% increase in turnover
- 10% increase in profit
- Increase of at least 10 employees

The scheme is a selective scheme¹⁵ and the Welsh Government [ProAct Skills Growth Wales flyer](#) advises those wishing to apply or find out more to contact the Welsh Government Business and Skills hotline on 0845 60 661 60 or their Welsh Assembly Government Relationship Manager.

Further information on the scheme, including more detailed information on the application process, is available in the Welsh Government document: ProAct Skills Growth Wales [ProAct Skills Growth Wales Frequently Asked Questions](#).

Data relating to ProAct Skills Growth Wales is set out below:

¹⁴ [ProAct Skills Growth Wales](#), [Accessed 2 December 2010].

¹⁵ [Frequently Asked Questions](#), [Accessed 2 December 2010].

Skills Growth Wales Application Breakdown 6 December 2010

Unitary Authority	Approved application	Funding committed (£)	Number of employees supported
Anglesey	0	£0	0
Blaenau Gwent	0	£0	0
Bridgend	3	£885,839	661
Caerphilly	1	£46,545	16
Cardiff	3	£181,855	368
Carmarthen	0	£0	0
Ceredigion	0	£0	0
Conwy	0	£0	0
Denbigshire	0	£0	0
Flintshire	2	£381,006	257
Gwynedd	1	£24,470	20
Merthyr	1	£46,204	42
Monmouthshire	0	£0	0
Neath Port Talbot	1	£176,080	61
Newport	3	£964,306	440
Pembrokeshire	1	£22,710	8
Powys	0	£0	0
RCT	2	£259,760	114
Swansea	3	£198,780	67
Torfaen	0	£0	0
Vale of Glamorgan	0	£0	0
Wrexham	0	£0	0
TOTALS	21	£3,187,555	2,054

Source: Office of the Deputy Minister for Science, Innovation and Skills