This memorandum relates to the Education and Training (Scotland) Bill (SP Bill 14) as introduced in the Scottish Parliament on 28 April 2000

EDUCATION AND TRAINING (SCOTLAND) BILL

POLICY MEMORANDUM

INTRODUCTION

1. This document relates to the Education and Training (Scotland) Bill introduced in the Scottish Parliament on 28 April 2000. It has been prepared by the Scottish Administration to satisfy Rule 9.3.3(c) of the Parliament’s Standing Orders. The contents are entirely the responsibility of the Scottish Administration and have not been endorsed by the Parliament. Explanatory Notes and other accompanying documents are published separately as SP Bill 14–EN.

POLICY OBJECTIVES OF THE BILL

2. The objective of the Bill is to enable the Scottish Ministers to pay, as part of a UK-wide lifelong learning initiative, grants to or in respect of individuals. Grants will be payable to two categories of individuals: those who are parties to “qualifying arrangements”; and those who hold a “qualifying account”. Both the accounts and the arrangements are likely to be referred to as “learning accounts”.

3. In May 1999, in the Partnership for Scotland agreement, the Scottish Executive made a commitment to promoting lifelong learning through the introduction of learning accounts. Later that year, in the September 1999 Programme for Government, the Scottish Executive made a further commitment to deliver 100,000 learning accounts by 2002. Learning accounts are a mechanism by which people, when paying for learning, can seek to access contributions towards the cost of that learning from the state and possibly from a third party such as an employer.

4. The aim is to help overcome financial barriers to learning faced by individuals, and to widen participation in learning, by offering them incentives to invest in their own learning both now and in the future. A small number of grants (informally known as learning accounts) are already being made available in a limited form through the Enterprise Network in Scotland using their resources and under their own operating powers.
5. Learning accounts form a central part of the Scottish Ministers’ vision for a new framework which aims to stimulate a culture of lifelong learning within society. Lifelong learning encompasses basic literacy to advanced scholarship. As part of this vision the Scottish Executive is firmly committed to empowering people to take greater responsibility for investing in their own learning.

6. The Scottish Executive wants to develop a “learning society” in Scotland in which everyone, from whatever background, routinely expects to learn and upgrade skills throughout life. This should result in considerable change in attitudes to learning, in participation levels and in delivery methods. The concept underlying learning accounts is to encourage individuals to take responsibility for their own development and learning. To enable this change in culture, or learning revolution, learning accounts will make it easier for individuals to fund their own learning and monitor their expenditure throughout their lifetime. They are based on two key principles: first, that individuals are best placed to choose what and how they want to learn; and second, that responsibility for investing in learning is shared.

7. Empowering individuals to take greater responsibility for investing in their own learning, possibly with support from their employer, are key features of the learning account. Accordingly learning accounts are seen as a mechanism to co-fund and promote learning, with the long terms aims of:

- contributing to creating a better equipped workforce;
- enabling people to have a personal stake, with greater control over their personal development;
- increasing levels of private investment and participation in learning activities; and
- raising individual expectations of the benefits which learning can create.

8. The intention is that learning accounts will be a card-based membership scheme which will act as a gateway to a range of incentives or support that can be added to or changed as the overall approach to lifelong learning develops. It will allow individuals to use their existing financial mechanisms to invest their money in learning. At the initial stage of learning accounts development special bank accounts will not need to be opened unless individuals seek a credit or savings facility. The key benefit of learning accounts will be that they will make it easier for people to finance their learning regardless of whether they prefer to save, budget or borrow when they wish to learn.

9. It is intended that all people aged 18 and over who are not in receipt of any scholarship, grant, or other allowance paid out of public funds in respect of their
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chosen learning opportunity, will be eligible for the financial incentives that are to be made available to individuals who have learning accounts. The first 100,000 learning account holders will receive a £150 incentive if they commit to spend £25 on eligible learning. Thereafter they will be entitled to a discount on their learning after a given period. Anyone who joins the programme after the first 100,000 accounts have been opened will be entitled to a discount on the costs of eligible learning once they have made their application. The Scottish Ministers will wish to be able to vary the conditions that apply. The levels of discounts, the learning to which they will apply and the individuals who will be eligible to receive them will therefore be defined by regulations.

ALTERNATIVE APPROACHES

10. In order to achieve the change of culture in attitudes to lifelong learning outlined above it would not be sufficient simply to adjust existing arrangements for support to learners or the funding of learning providers. The key to the proposed policy is joint responsibility of the individual, the state and (wherever possible) the employer for lifelong learning. A UK-wide framework was adopted for reasons of consistency in relation to matters such as the tax framework and treatment of employers. Other ways of achieving the policy were not considered to be appropriate. The Bill will enable the Scottish Ministers to meet the distinctive needs of Scotland through exercise of the powers conferred: in particular by setting out the types of eligible education and training, the financial incentives and other aspects of the new arrangements.

CONSULTATION

11. In May 1999 the Secretary of State for Education and Employment issued a document summarising progress in the development of learning accounts. This was circulated widely and was used as the basis of a consultation exercise in Scotland, being issued with an accompanying questionnaire in June 1999 by the then Business and Industry Minister, Lord Macdonald. There was strong support for the proposals from the organisations approached which included businesses, learning providers, local authorities, community groups, careers services and adult guidance networks.

12. As a result of the consultation exercise and further feedback from various focus groups organised by Scottish Enterprise, the design has developed and a more comprehensive explanation of how learning accounts will operate was published on 31 March. This booklet *Introducing Learning Accounts in Scotland* has been distributed widely and copies have been provided to all MSPs.
EFFECTS OF THE BILL

13. It is not envisaged that this Bill will have any adverse effect on equal opportunities, human rights, island communities, local government or sustainable development.
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