

# **ENTERPRISE AND LIFELONG LEARNING COMMITTEE**

Friday 5 May 2000  
*(Morning)*

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## ENTERPRISE AND LIFELONG LEARNING COMMITTEE

### 11<sup>th</sup> Meeting 2000, Session 1

#### CONVENER

\*Mr John Swinney (North Tayside) (SNP)

#### DEPUTY CONVENER

\*Miss Annabel Goldie (West of Scotland) (Con)

#### COMMITTEE MEMBERS

\*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

Nick Johnston (Mid Scotland and Fife) (Con)

\*Marilyn Livingstone (Kirkcaldy) (Lab)

George Lyon (Argyll and Bute) (LD)

Ms Margo MacDonald (Lothians) (SNP)

\*Mr Duncan McNeil (Greenock and Inverclyde) (Lab)

Dr Elaine Murray (Dumfries) (Lab)

Elaine Thomson (Aberdeen North) (Lab)

\*Allan Wilson (Cunninghame North) (Lab)

\*attended

#### WITNESSES

Bruce Armitage (Scottish Enterprise Grampian)

Peter Duncan (Glasgow Chamber of Commerce)

Dr Bobby Gordon (Scottish Enterprise Fife)

Declan McGrath (Scottish Trades Union Congress)

Paul McKelvie (Scottish Power)

Fiona Malcolm (Scottish Enterprise Grampian)

Gail Sibbald (Scottish Enterprise Fife)

Grahame Smith (Scottish Trades Union Congress)

David Stewart (Scottish Executive Enterprise and Lifelong Learning Department)

Doug Wilkie (Federation of Small Businesses)

Mr Allan Wilson (Scottish Executive Enterprise and Lifelong Learning Department)

Stephanie Young (Glasgow Learning Inquiry)

#### CLERK TEAM LEADER

Simon Watkins

#### SENIOR ASSISTANT CLERK

David McLaren

#### ASSISTANT CLERK

Mark MacPherson

#### LOCATION

Committee Room 1



## Scottish Parliament

### Enterprise and Lifelong Learning Committee

Friday 5 May 2000

(Morning)

[THE CONVENER opened the meeting at 09:02]

### Education and Training (Scotland) Bill: Stage 1

**The Convener (Mr John Swinney):** Good morning. This is the 11<sup>th</sup> meeting of the committee this year. Today we begin stage 1 consideration of the Education and Training (Scotland) Bill. The bill was introduced by the Executive on 28 April. Papers are available for members.

The first evidence that we will hear this morning is from Mr Allan Wilson and Mr David Stewart of the Scottish Executive—both of you are very welcome. I invite the witnesses to make a statement to the committee, after which I will invite members to ask questions.

**Mr David Stewart (Scottish Executive Enterprise and Lifelong Learning Department):** As members know, ministers pledged in the partnership document to promote lifelong learning through the introduction of individual learning accounts. In "Making it work together: A programme for government", a target of opening 100,000 such accounts by 2002 was set. The overall policy objective is to help people to overcome financial barriers to learning and to encourage them to invest in learning throughout their lifetimes with help from the state and, where appropriate, employers.

The objective of the bill is to enable ministers to pay grants and financial incentives, such as the £150 that is available for ILAs, or to give discounts and to set the conditions for such grants. Ministers intend that people will get information about learning opportunities and ILAs from the Scottish university for industry helpline; they will be able to book courses through the helpline and apply for ILAs.

Individual learning accounts are intended to be a membership scheme for people aged 18 and over. The first 100,000 account holders will, if they commit £25, be entitled to £150 to spend on learning. Thereafter, people will be entitled to a 20 per cent discount on most types of learning and an 80 per cent discount on courses such as basic computer literacy.

Employers will be able to claim tax relief on contributions to ILAs and people will not need to open a separate bank account for them. On costs, the initiative will be demand led—current indications are that for the first two years the costs might be about £16.5 million for incentives, £4 million for the contract to administer the system and £2.5 million for marketing, evaluation, research and so on, making a total of £23 million.

The legislation that is required is slightly complex because it involves both reserved and devolved powers. Changes to tax relief and national insurance arrangements are in the UK Finance Bill. The provisions on grants and qualifying arrangements are in the Education and Training (Scotland) Bill. Provisions that define a new kind of financial account are in the Westminster Learning and Skills Bill, because financial instruments are a reserved matter.

As members know, it is proposed that—subject to Parliament's agreement—the regulation-making powers in the Learning and Skills Bill be devolved to Scottish ministers. Mr McLeish has written to the Subordinate Legislation Committee including in his letter an illustration of the regulations that might be brought forward under the Scottish bill to implement the ILA proposals if Parliament passes the bill.

Ministers view ILAs as one of a number of key initiatives in the Scottish university for industry that will encourage people back into lifelong learning, enhance people's employability and promote social inclusion.

**The Convener:** Thank you, Mr Stewart. Would you like to add anything at this point, Mr Wilson?

**Mr Allan Wilson (Scottish Executive Enterprise and Lifelong Learning Department):** Not at this time.

**The Convener:** That was a helpful introduction. Members have had a chance to examine the papers.

I would like clarification on a point relating to the contents of the Learning and Skills Bill and the provisions in that bill for the creation of bank accounts. Ministers want access to that type of power, but would it be fair to say that that is not the mainstream route through which they believe ILAs will be developed?

**David Stewart:** Yes. The intention is that people will not need to open a bank account to have access to ILAs. The qualifying arrangements in the Education and Training (Scotland) Bill will allow people to have access to a membership scheme, but the power in the Westminster bill will, as you say, allow for the creation of a financial account that people could use if they wanted to open a savings account that was separate to the

individual learning account. Currently, it is not the intention that people will be required to open a bank account. That power would be available for use in a wider sense, if required, but it is not part of the initial scheme.

**The Convener:** I have seen reference to the development of the initiative through a customer service provider. Has such an organisation been identified or is there a type of organisation that ministers envisage would undertake that task?

**Mr Wilson:** We have—with our colleagues in the Department for Education and Employment—been involved in procurement. We are talking to a private sector company about that and are close to concluding contract arrangements. We hope that the arrangements will be finalised sometime in June. The company has been heavily involved in developing some of the details of how the arrangements will operate. It was always intended that a partnership approach would be taken whenever possible.

**The Convener:** Is there a close proximity between that type of work and the work of the Scottish university for industry? I expected you to say that SUFI would be that body.

**David Stewart:** The Scottish university for industry will run the helpline that will give people information on courses and the individual learning accounts. However, we do not intend the Scottish university for industry to operate the individual learning account system. The university already has a substantive task and we would not want to overload its remit. The helpline will act as a one-stop shop for the individual who wants information about access to learning and finance. The behind-the-scenes arrangements with the contractor to which my colleague Allan Wilson referred will not impinge on the way in which the individual learner can access information and act on it.

**Mr Wilson:** The best way of describing it is to say that SUFI will provide the front office service and that the customer service provider will do the back office work.

**Allan Wilson (Cunninghame North) (Lab):** As a consequence of the experience of the pilot projects, the requirement to open a bank account was dropped. However, it is still impossible to enter into contractual arrangements with others—employers and trade unions—who might want to make the initial contribution on behalf of the individual learner. Does not that mean that there is still a fairly substantial obstacle for individuals, because they either have to make the initial contribution or enter into another arrangement with a third party? It would be better if the arrangement with the service provider could be made directly with the trade union or the employer.

**Mr Wilson:** We expect the learning provider to

share out the bill. If the employer voluntarily agrees to contribute a certain sum, they will be billed for that. Similarly, if another party wanted to contribute, they would do so through the same mechanism. There is no intention to put that money into a bank account. We do not think that that will cause any difficulty for employers; indeed, we expect it to make the scheme more attractive. We are not convinced that employers would be keen to put money into someone's bank account, because they might be concerned about how it was used. However, if it were going directly to the purpose for which it was intended, there would be no room for doubt. That would also simplify the tax relief that the employer would get on that money.

**Allan Wilson:** The individual would still have to pay the first £25.

**Mr Wilson:** That is correct. One of the major policy intentions behind ILAs is to encourage individuals to share in the investment in their learning. If they do not contribute, it could be argued that they are not investing themselves in the scheme. The minimum of £25 is required for the first year, after which their contribution will depend on the balance of the fee paid after the discount.

**The Convener:** I want to clarify that point. If someone on a low income cannot afford £25 and a trade union or a friendly society offers to pay the money on that person's behalf, does that leverage out the contribution from the public purse? We have been given evidence that poses the question: "If the payment for courses is going directly to a provider, how do we know whether the £25 has come from a trade union, and is that an impediment to the individual learner?" That touches on the social issues of broadening access to learning.

**David Stewart:** If the individual committed £25, they would be able to access the incentives. If that money were given to the individual by a relative, a friend or another organisation, they would still be able to access the incentives. The individual must commit the £25 in order to lever in the public money. We would not expect the employer to contribute the £25; the employer would be eligible for tax relief on any contribution over and above the £25 paid by the individual and the incentives from the Government.

09:15

**The Convener:** Are you making a distinction between an employer and a third party?

**David Stewart:** Yes.

**Miss Annabel Goldie (West of Scotland) (Con):** Mr Stewart mentioned regulations. Have those been drafted?

**David Stewart:** Mr McLeish wrote to the convener of the Subordinate Legislation Committee with draft illustrative regulations to show the sort of regulations that might be made under the bill.

**Miss Goldie:** Convener, I suggest that it might be helpful for us to have a copy of those regulations.

**The Convener:** We already have a copy.

**Miss Goldie:** Are they attached to a letter?

**The Convener:** They came with the rest of the committee papers. The specific paper is headed: "Memorandum to the Subordinate Legislation Committee by the Scottish Executive".

**Miss Goldie:** I have it.

I understand the concept of tax relief, and I take it that there is no danger of the payment made by the employer being regarded as a taxable benefit-in-kind to the employee.

**David Stewart:** Under the Finance Bill, the intention is that any employer's contributions will be tax exempt and that any such contribution will not be taxable in relation to the employee. Furthermore, such contributions will not attract national insurance contributions.

**Miss Goldie:** I refer you to the submission from Scottish Enterprise Grampian, which operates one of the pilot schemes in Scotland. Have the observations made by Scottish Enterprise Grampian in any way altered the department's attitude towards ILAs?

**Mr Wilson:** Yes. We are keen to learn from the Scottish pilots and those that have taken place in England. Early in the Grampian pilot, it emerged that having to open a bank account was a barrier for many individuals. That is one of the reasons why we adopted a membership model rather than a bank account approach.

Scottish Enterprise Grampian also made it clear that there was some difficulty in getting the message across to new learners. It is not so difficult to get the message across to current learners, because they are in contact with learning providers fairly regularly. We are examining ways in which to develop a marketing strategy to ensure that we have the right material to reach the right people.

**Miss Goldie:** I may be straying on to a subject about which Marilyn Livingstone will want to ask, but I would like Mr Stewart to clarify how accreditation or the portability of the additionality that the learner may acquire will be acknowledged. The scheme seems to be good and important, but it may be of limited significance if someone who has benefited from an ILA cannot demonstrate to a future employer that their abilities have been

increased by that experience.

**David Stewart:** That would depend on the type of learning opportunity taken up by the learner. If they undertake a form of learning that leads to certification, there will clearly be a record. If they undertake a taster course or a pre-access course that is not formally recognised, they will at least have a record of having undertaken that learning. The Scottish university for industry is in discussion with the Scottish Qualifications Authority to determine ways of recording such learning, even if it is not actually certified, so that learners will have a personal record that they can show prospective employers.

**Marilyn Livingstone (Kirkcaldy) (Lab):** What customer services provider are you negotiating with? Is it the enterprise company?

**Mr Wilson:** Scottish Enterprise is doing much of that work, but not the full range, as the national system is not yet in operation.

**Marilyn Livingstone:** Some of the evidence that we have taken has emphasised the importance of widening access to the adviser and to the guidance and support that is given. What role would the customer service provider have in relation to the individual learning account advisers?

A few organisations that have submitted evidence have spoken about their commitment to the concept of local flexibility. One of them, Glasgow City Council, told us that it has a

"strong concern that the potentially enforced structures of a nationally imposed, uniform model will prohibit the flexible response to local needs and circumstances".

I would like you to expand on the way in which a customer service provider would work and the influence that it would have.

**David Stewart:** The issue of advice might relate more to the Scottish university for industry. People will get from the helpline advice and information on learning and financial support. If it becomes clear that the individual needs more in-depth guidance than can be given by phone, they would be referred to a guidance provider in their area. Such guidance might or might not be free. If an in-depth discussion about the financial arrangements under the individual learning account was required, the person might be referred to the customer services provider. The guidance role would be played primarily by the Scottish university for industry, and then through local guidance provision.

The parameters of the scheme are flexible. The minister's intention is that most types of learning will be eligible for discount. The choice of that learning will be a matter for the individual. Certain types of learning, such as basic computer literacy, might get 80 per cent funding. The type of learning

that is to be followed is up to the individual; the scheme is not focused on specific types of learning.

**Mr Duncan McNeil (Greenock and Inverclyde) (Lab):** On the promotional aspects of encouraging people to call the network, you said that some groups of people—not necessarily the target group that we are considering—would find that beneficial. What efforts are being made to ensure that the target groups are encouraged to get involved? Who will ensure that they are?

**David Stewart:** The Scottish university for industry will have to get the message across about learning opportunities and the availability of ILAs. Both the Scottish university for industry and Scottish Enterprise are working up marketing strategies to get the message across to those who are not involved with learning and might not dream of going over the doorstep of a college or university. The marketing will be a big challenge, as we will have to engender a culture change. That will form a significant part of the expenditure that I mentioned.

**Mr McNeil:** What other agencies are involved in delivering that? Is the Benefits Agency involved, for instance, or are community groups?

**David Stewart:** The marketing strategy is being developed by Scottish Enterprise in consultation with the local enterprise companies, which will play a crucial role. It will be easy to get the message through to learning providers and employers. To involve the other group that we are talking about, we are examining ways in which the social inclusion partnerships and other community groups can be used. We want to find out what material they will need and how we can develop a strategy with them. We have involved the unions in discussions. They will be able to get the message across to their members, some of whom may not have been involved in learning opportunities before. Other routes will be developed as part of the overall strategy.

**Mr McNeil:** The main organisation is Scottish Enterprise, however. Has its role in the overall scheme been clarified? Is it happy to assume the responsibility?

**David Stewart:** Yes. The local enterprise companies will have a key role in the promotion of the ILAs. They are committed to that role. Their range of local contacts will help to get an on-the-ground presence for the message to complement the national messages from the Scottish university for industry. A range of bodies at local and national level need to work together to promote the scheme effectively.

**The Convener:** That is the most crucial point in the evidence that has been submitted. I was struck by the material that we received from the

managing director of Scottish Power Learning. He said:

“My experience tells me that those who need ILAs least will make most use of them. Those who need them most . . . must be targeted in imaginative ways that give meaning and purpose (for them) of the initiative.”

The initiative is welcome, but it has to get to a target audience, not—and I mean no disrespect—to the usual suspects. Have ministers learned that lesson from the pilot schemes and will that take centre stage in the composition of the regulations?

**David Stewart:** Indeed. The concept must be widely accepted by people in general and I accept the point that those might include a fair proportion of the usual suspects. When the initiative has been established, the regulations must be used to target assistance on groups of people and types of learning. It is a two-stage process: getting the general message across and then targeting assistance.

**Marilyn Livingstone:** That is why I asked the questions that I asked. I was concerned that the centralised, helpline approach would be fine for those people who were already buying into the system—the usual suspects—but not for those who feel excluded from learning, for one reason or another, and those in low-paid jobs, whom we want to target. There is a lot of emphasis on this model being demand-driven, rather than supply-driven. I think that the questions that I asked and Annabel Goldie's questions about the type of qualifications that are being offered are relevant. Are you convinced that, once you have done the marketing and reached those people who need it most, the support services will be sufficient?

09:30

**David Stewart:** A key issue for learning centres that are accredited to the Scottish university for industry will be to provide support services for learners. We must ensure that we are not only providing learning, but making available advice and information that will help people move on to further learning. That will mean both that people continue with learning and that they do not aim simply to get the £150 incentive—which is the up-front bit of the ILA scheme—but think about what they can go on to do and how they can use their 20 per cent or 80 per cent discount.

The issue that Marilyn Livingstone raises cannot be dealt with simply. It is clear that the unions have a key role in relation to the low-paid. It is for them to promote among their members the opportunities that are available through SUFI and the ILAs.

**Mr McNeil:** Given that there is a limited budget and a target number for this scheme, whose job will it be to monitor the people who are receiving



the benefit? Will the private sector company monitor that as the applications come in, or will the Scottish Executive be responsible for doing that? I presume that the number of those taking part in the scheme will have to be monitored on a regular basis, so that if there is drifting, special initiatives can be taken to boost the scheme.

**Mr Wilson:** Most of the information that needs to be collected will end up with the customer service provider. One of the requirements of the contract will be to provide a management information service, which we will be able to access. That will provide us with the information that will allow us to monitor what is happening on the ground. Monitoring will be undertaken by the Scottish Executive and, to some extent, by Scottish Enterprise, but the data will in most cases be held by the customer service providers.

**Mr McNeil:** Will the LECs be the providers?

**Mr Wilson:** No. The main role of the LECs will be to promote the ILAs. They will not be involved in the management of ILAs, which will be done centrally through the customer service provider, working with SUFI. All the information will, at some stage, go through the customer service provider, which will provide most of the administrative services—issuing information packs, collecting information on the outcome of learning episodes that people have undertaken, and so on. It will be for people like us to analyse the data and to monitor it effectively, to ensure that we are getting what we want from the ILAs, to assess their success and to identify areas where marketing has not been as effective as it needs to be, so that we can make changes as necessary.

**The Convener:** Could you clarify the point about the Executive getting what it wants from this initiative? The Executive will get what it wants only if it specifies to the customer service provider what it is looking for. The question that is emerging from the discussion so far is whether the Executive has in mind people from particular backgrounds, with a history of lack of access to learning, without whose participation in this initiative it will not be deemed successful. Will the Executive say to the customer service provider at the outset that the initiative will be a success if, for example, 50 per cent of the people who take up ILAs are people who have not participated in learning in the past 10 years?

**David Stewart:** The intention is that initially this should be a universal offer and that anybody aged 18 and over should be able to apply. To that extent, the scheme will not be targeted specifically. However, I understand what you are driving at. The marketing of this initiative will aim to encourage the non-traditional learner to take it up. Through the contract, we will monitor the type of activity that is going on. At this stage, it is not our intention to set percentage targets in the way

that you suggest. However, once the initiative is established, that kind of tailoring and targeting may achieve our long-term intention—to get learning into areas where, to date, it has been limited.

**Miss Goldie:** When examining the illustrative regulations and the particular references to the conditions for qualifying persons, I noticed that one proviso is that the person, if employed, should be working in Scotland. As I understand it, ILAs are also to be available to self-employed people.

**David Stewart:** Yes.

**Miss Goldie:** I would have thought, therefore, that there would be a reference in the regulations to self-employed status. I am referring to paragraph 2(2)(c) of the illustrative regulations.

**David Stewart:** I think that you will find that the self-employed are covered by paragraph 2(2)(a), because such people will be resident in Scotland.

**The Convener:** The point that is being made is that paragraph 2(2) suggests that an applicant has to meet all the conditions set out in sub-paragraphs (a), (b), (c) and (d). It is simply a drafting point.

**David Stewart:** There may be a technical legal answer to that. However, the intention is that people will be eligible for ILAs whether they are employed, self-employed or unemployed.

**Miss Goldie:** I think that that may need to be clarified.

**David Stewart:** We will check that point.

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** I apologise for being slightly late. I thought that we had plumped for 9.30 rather than the more hair-shirt 9 am.

**The Convener:** We are a hair-shirt committee, so it is no surprise.

**Fergus Ewing:** I should have known better.

**Miss Goldie:** We shall continue to rub your nose in it.

**Fergus Ewing:** Such is one's lot.

I gather that, in its submission, Highlands and Islands Enterprise expressed some concern about the additional costs of studying in rural areas. Highlands and Islands Enterprise stated:

"It is essential that costs such as travel and subsistence, protective clothing, books, equipment and materials are taken into account when assessing the total cost of participation".

Will those concerns be reflected in the proposals?

**David Stewart:** Ministers are examining the issue of what costs should be included in particular offers. They will no doubt make an

announcement on that relatively soon.

**Fergus Ewing:** It will be very important for all rural parts of Scotland, not least the Highlands.

I was intrigued to discover that the total targeted spend is £23 million, but that employers' contributions are to be voluntary. I apologise if that has already been mentioned. I guess that the Executive is hoping for a substantial contribution from employers. Does the Executive have a target for the overall contribution that it hopes employers participating in the scheme will make?

**David Stewart:** There is no specific target, because employers' contributions will be voluntary. The provisions of the Finance Bill will make tax relief available to employers on such contributions. That mechanism provides an encouragement to make voluntary contributions.

**Mr Wilson:** We will be monitoring the degree of leverage that we get out of it. We will take note of the difference in the level of employer contribution as time progresses.

**The Convener:** Thank you for answering those questions. We shall reflect on the issues that we have discussed and produce a report of our views.

We shall now hear evidence from representatives of Scottish Enterprise Grampian and Scottish Enterprise Fife. Please introduce yourselves to the committee.

**Fiona Malcolm (Scottish Enterprise Grampian):** I am Fiona Malcolm from Scottish Enterprise Grampian and I am delighted to be invited along today.

**Bruce Armitage (Scottish Enterprise Grampian):** I am Bruce Armitage, director of lifelong learning for Scottish Enterprise Grampian. My colleague Fiona has been the project manager for our individual learning account pilot.

**Dr Bobby Gordon (Scottish Enterprise Fife):** My name is Bobby Gordon. I have been working with Scottish Enterprise Fife, project-managing the ILA pilot that we have been running in Fife.

**Gail Sibbald (Scottish Enterprise Fife):** Good morning. I am Gail Sibbald, senior executive with responsibility for three ILA pilots running in Fife.

**The Convener:** We have the papers that Scottish Enterprise Grampian submitted to the Scottish Executive. We also have the summary conclusions of the evaluation of the Fife pilots. Members have looked at those papers and will certainly have some questions. Do you have any brief introductory remarks?

**Bruce Armitage:** I should update our position, as there have been changes since the submission was made. We now have 1,760 active accounts in the Grampian area, with a further 300 awaiting

processing. We are receiving around 150 applications a week at the moment from a variety of occupational sources.

**Gail Sibbald:** I should also bring you up to date. The Fife model has always been an employer-led model. We have taken the approach that we work with the company in the first instance to identify what is needed and collaborate to draw up a development plan with the individual. Scottish Enterprise Fife would like the employer-led approach to be emphasised in the roll-out.

**The Convener:** I found the paper that Scottish Enterprise Grampian sent to the Scottish Executive very candid about the lessons learnt. It is a useful document for us to reflect on at this stage. Unfortunately, you missed most of our discussion with representatives of the Executive. In the top paragraph on the second-last page of the document that you sent to the Executive, you say:

"We have moved away from directly targeting those who are least likely to learn and most likely to benefit."

Had you heard the comments earlier, I think that you would have noticed a general view that was percolating among the committee members. We understand that what you have done may have been necessary in order to get participants, but we are concerned that the overall policy objectives are not being challenged as vigorously as they might have been. Will you explain some of your difficulties in targeting people who have been out of the learning loop for some time and who obviously have most to gain from this? What lessons have been learned from the pilot?

09:45

**Bruce Armitage:** To give you some context, I will explain the path that we were on. We were following decisions that had been made by the Department for Education and Employment rather than actively making decisions about the client group ourselves. Fiona Malcolm will explain the practicalities of targeting non-learners, those in low-skill occupations and those who are low-waged, which was the intention of our pilot from day one.

In our pilot, we specifically set out to target the non-learners in our community, people who were disengaged from learning. We tried to target people in low-skill jobs who were perhaps at risk of exclusion in the future because their employment was insecure. Not long into the pilot, the DFEE made a change: instead of targeting that original client group, the programme aimed at universal entitlement. We followed that policy direction.

We share the concern that there is now a potential for substantial deadweight: there are opportunities for people who would have learned

anyway, and who had the financial wherewithal to do so, to take advantage of individual learning accounts. In the past, although it would have been much more difficult to achieve the numbers we wanted to in the programme, we had the specific intent of targeting those who had disengaged from learning—to attempt the Heineken effect, if you like. We believe that it is still possible to do that within a universal approach. We have tried to target sectors where we think there is low engagement in learning.

**The Convener:** How have you done that?

**Bruce Armitage:** We have specifically targeted employers and intermediary organisations—primarily learning providers, of which we are working with some 48 at the moment—who have good connections into the sectors we are interested in. National training organisations that represent sectors where there are low levels of engagement in learning clearly have a role in delivering, or at least promoting, the programme.

We have tried to look at the occupational split in relation to engagement in learning, and to look at wage differentials between one occupational area and another or between one industrial sector and another. We have done that by having direct conversations with people who have already established contacts with those sectors, and by having direct conversations with the employers. That has been extremely productive.

We believe that we have achieved something of a balance between the first-come-first-served demand-led approach that a universal programme generates and the more targeted approach of trying to reach people who are disengaged from learning. We further believe that that can be done effectively only by having substantial and on-going local arrangements, so that we can work with employers in an area where we know that there are pockets of low-skilled individuals.

**Fiona Malcolm:** I would like to give you some examples of how that has worked in practice. I have been involved with this since the beginning—I have been there, I have done it. We spent a considerable amount of time trying to put together some quirky advertising and promotional materials. We used local radio, local television and the local press. We certainly raised awareness, but we did not get hundreds of people calling up asking whether they could get involved. It did not work. At this time last year, I was a very worried person, having to run a pilot in which nobody wanted to participate.

In the end, by continually chipping away at providers and employers, going back to speak to them, pulling them in, trying to explain what the pilot was about, engaging them and getting them to work with us, the penny began to drop. The

guys are now coming back and saying, “So, Fiona, we can go to our employer organisations and say that people can benefit and do any kind of learning”. That is the message that went out and that is how it has worked.

For example, we have a training provider who represents the fish processing industry in Aberdeen. It is a traditional industry, which could be said to be in decline. There is not much money, lots of the businesses are small and standards are pretty low. Guys were going to the provider and saying that they wanted to do SVQs because they knew that they would get money to do them, but they do not need to do SVQs.

The industry needs to do things such as examining the basic health and safety arrangements and the basic skills of their staff. Individual learning account funding—which is not a lot of money a head; £150 for an individual in an organisation like that—can make the difference and get people the qualifications. They may be basic health and safety or food hygiene qualifications, but the skills are important to those people. The employers were not bothered. There is an issue about whether the employer should pay for training of that kind, but that is how things happen, and it is good that they do.

To give another example, one of the local authorities with which we work approached us about targeting classroom assistants, most of whom are women returning to work. Many of them had no formal qualifications and were not really ready to do higher national certificates in child care, for example, but needed some basic skills and awareness raising. We are working closely with Unison, the Workers Education Association and the local authority to pull that together. It has made a difference to those women, because they get the opportunity to do training, which is voluntary—they do not have to do it. We decided that we would try the programme out with 60 people, but more than 200 applied through the local authority. Demand exceeded what we had planned for.

The message to be taken from those examples is that it has taken a long time, but that it is beginning to work. My phone rings all the time with providers, employers, employer organisations and the voluntary sector, with which we have done a lot of work, phoning up. We have managed to engage people. The pilot raises many questions about additionality and whether people would have done the training anyway. That will all be evaluated and we will get proper, independent feedback, but my feeling is that an awful lot of the people on our pilot would not have done it anyway. It makes me wonder whether the issue of additionality and ensuring that we include everybody is perhaps not so worrying after all.

**Dr Gordon:** It may be useful for the committee for me to indicate how the Rosyth pilot differed from that one so members can consider both pilots within their contexts.

**The Convener:** Certainly.

**Dr Gordon:** We deliberately targeted a particular area of Fife, Rosyth, because the naval base there was moving away. The site was being converted into a Europarc and there were lots of new things happening. Babcock Rosyth was starting to decline as a source of employment and the supply chain was starting to be affected. The background, therefore, was one in which a lot of change was taking place. The people involved in the process had to reconsider their skills and knowledge base.

Fifteen months ago, we decided that ILAs would be a good background for launching a scheme to capture the change and assist people in examining their skills base and thinking about how they could develop themselves to enable them to look for new employment. We set up a steering committee, which included influential people involved in the Europarc and in Babcock Rosyth. We asked them to identify 20 target companies with which we could discuss the employees' future and to which we could suggest the ILA mechanism. We wanted to work with the employers. Europarc chose 10 companies and 10 were chosen from the Babcock supply chain and associated companies.

It is interesting that, when we identified them, those 20 companies were spending very little on the training and development of their people. The evaluation indicated that we were dealing with companies that took on temporary agency labour and continually employed people for short periods. We launched the pilot against that background. We found, as did Fiona Malcolm, that it takes time to sow the seeds of a pilot. In the first part of the project we had to spend some time working with the 20 companies individually to develop a learning culture. We developed someone within each company who could be a champion of ILAs and act as a focal point for them.

We told the companies that we wanted access to all their employees. We wanted to prepare a communication system within companies, using their newsletters, notice-boards, toolbox talks and briefings to explain the philosophy and concept of ILAs and their importance to employees. We said that we were not simply giving £150 to employees, but wanted a secondary contribution. That contribution could be a payment in kind or a direct payment by the employer for fees, or there could be a direct contribution from the individual. The direct contribution from the individual was very difficult to attain, but we have a leverage of 1.76 for every pound spent. We have an account that

now has a value, without payment in kind, of more than £400, which is being spent to drive education and training.

We have engaged with employers and have led them to other benefits in the enterprise structure. In this project, we were examining above all how we could support learning within that environment. By engaging with employers, we were able to tell employees at toolbox briefings how their companies would change, how local employment would change and how they should become prepared by seeking advice and developing a plan, so that their careers can take a different direction. We identified the development opportunities. The employers gave us the facilities to discuss this with employees.

The pilot has broadened and we now have 1,000 people and more than 80 employers. We are also dealing with the transport sector and with the Scottish Licensed Trade Association—hotels and so on. Those are areas in which there is not a great spend on learning. By next month we expect to have 1,200 people and more than 100 employers.

**The Convener:** Have all the 1,000 participants in the Fife pilot come from contact between your organisation and companies?

**Gail Sibbald:** The employers were pivotal in allowing the evaluation to take place, but the individuals were volunteers rather than conscripts to the process.

**Miss Goldie:** I have several questions, some of which may be of general application—I will welcome the opinions of all members on them—but, first, I will address Fife specifically. I was intrigued that your most interesting conclusion, No 38, came at the very end of your submission. It said:

“The single most significant issue to emerge is how to translate the opening of ILAs into purposeful training.”

Will you expand on what you understand to be purposeful training?

**Dr Gordon:** If we do not add purpose and meaning to what we try to do, we will end up with frivolous training, which does not mean anything to the individual. Training must mean something to the individual. That is why we spent so much time with companies finding out the direction in which they were heading, and where the development opportunities would be in the next few years. Doing that brings purpose to the process. Someone can gear their personal development plan to acquiring computer skills or supervisory management skills.

We were supported with that, because we were then able to go back to the learning providers with the information that we hold and say, “We have 12

employers telling us that people need that training. Could you arrange a course with these aims and objectives?" That is what is needed: not general, but specialist courses.

We also have people doing general courses, such as numerical skills courses, degrees, and Open University courses. The whole range is covered. We help people from the shop floor.

10:00

**Miss Goldie:** That is very helpful.

**Dr Gordon:** One of the areas that we concentrate on is the small business sector. We are now holding hands with managing directors, and we have put personnel development plans in place for them, so that their knowledge base is equipped to take their businesses forward as well. All those elements are within the project.

**Miss Goldie:** Thank you for that full answer.

Convener, I would like to address my questions to Scottish Enterprise Grampian. I was struck by the comment in your evaluation that identification by intermediaries was the best source of expanding interest in individual learning accounts, and by the way in which you started to make the move. I realise that there is a debate at the moment about whether we should have a branding image, or does that get in the way of local flexibility and trying to meet the needs in your own areas? I should be grateful to hear your comments.

You started with ADVANCE, and then abandoned it. As in every marketing process, you go cold at first—you hit infertile territory—but as the momentum gathers, the challenge becomes easier. Do you now qualify your original view? Is it the case that identification by intermediaries is no longer quite as important, because the whole concept will become public and national, recognised and known?

**Bruce Armitage:** First, I should like to explain about ADVANCE. We were, and remain, extremely happy with the brand ADVANCE. However, it is not the chosen national brand, and as part of a national network, we accede to that. Research was done nationally, in which ADVANCE did not come out as well as other naming strategies. Therefore, we have stopped using ADVANCE, because we are part of a national scene. Had we used the Scottish Enterprise Grampian programme, we would have continued with ADVANCE, because one cannot embed a brand in nine months. You are right on that point: it takes much longer. We had no adverse comments on the branding, or the packaging.

**The Convener:** What is the buzz word now?

**Fiona Malcolm:** I think that we are calling them individual learning accounts.

**Bruce Armitage:** Or just Scottish learning accounts. We are not quite sure.

**Miss Goldie:** It is riveting, is it not?

**The Convener:** It has a certain ring to it.

**Bruce Armitage:** It is certainly not ADVANCE.

**Fiona Malcolm:** The problem is that people are phoning me up and saying, "It is about my ADVANCE application," and "Can I become an ADVANCE provider?" The terminology is already in use.

**Bruce Armitage:** Such are the pitfalls of piloting.

There are two issues. One is about national branding, advertising and the marketing campaign, which create awareness. I do not believe that in this area they will create anything more than awareness beyond those who would have been interested in learning anyway. If someone is interested in, or engaged in, learning—if they are a proficient and regular learner—they will recognise a national campaign that is applicable to them. Therefore, the national campaign will generate interest and demand, but there are dangers in the nature of the demand.

**Miss Goldie:** The intermediaries are still important.

**Bruce Armitage:** Absolutely. On the other hand, if I am a non-learner—if I am one of the 37 per cent of the Scottish employed adult work force who do not engage in learning—I am not sure whether this is for me. I need somebody, either my employer or a local learning provider who is working with my employer, to talk to me about the applicability of individual learning accounts. I might also be attracted to the £150. I might simply say, "I will have that. I will apply for that." How do I then use it effectively and productively, so that it can further my employability and my career and sustain the employment that I am in? Such discussions are best held with local individuals who can quickly factor people into appropriate learning locally, with as little hassle for them as possible. Therefore, I differentiate between awareness and delivery.

**Miss Goldie:** That is helpful.

The new proposals suggest a quite complex structure of relationships involving the customer, who is a combination of learner and employer; the provider; and an administrator, which will be the SUFI—and I believe that there is a reference to the private sector company that might be contracted to help. Do you feel at ease with the relationships that will have to be formed to make the delivery aspect of the system work?

**Fiona Malcolm:** Not at the moment, because the way in which we set up our pilot was pretty basic. The relationship involves the learner with an employer, the provider and the local enterprise company. We are the administration—the back house—and take care of payment, which gives the provider a point of contact for matters such as checking eligibility, submitting invoices, chasing payment and so on. Although the employer agrees the learning with the individual and the provider, he is not involved with financial aspects such as invoicing. That has been deliberately set up to simplify the process for the learner and employer, although it gives the providers a bit of hassle, because it means that they have to deal with me. However, I wonder how a centralised system for administration and customer service will pan out in practice. For example, who will the provider or the individual talk to?

**Miss Goldie:** I want to press Scottish Enterprise Grampian a little further on that point. Has the pilot scheme demonstrated that effective delivery can be achieved locally—in other words, that there can be a structure that meets local need in a composite and comprehensive sense?

**Fiona Malcolm:** Yes.

**Miss Goldie:** In light of that, should the national perspective be confined only to the national delivery of ILAs—full stop—with everything else devolved down to local areas?

**Bruce Armitage:** Yes, because we have already established local relationships such as payment systems and contractual arrangements through other programmes.

**Miss Goldie:** May I have a final question, convener?

**The Convener:** An absolutely last, final, brief one.

**Miss Goldie:** I have been struck by the proposal that the employer should make only a voluntary contribution, because there is an old adage saying that if you do not pay for it, it is no good. Is there a danger that, if employers are not required to make a contribution, the process might be depreciated in their eyes; or if the employer knows that he does not need to make a contribution, will he think, "Great—it's a freebie"? I do not know the answer to that question, and would welcome your views.

**Bruce Armitage:** There are two ways to consider that problem. First, as some employers will not co-operate with individual learning, building in a mandatory employer contribution might disfranchise individuals who wish to develop their skills and employability, but who do not have an employer who is prepared to help them. A tremendous advantage of the ILA is that, when push comes to shove, it should default to the

individual who is learning.

As for the other aspect of employer contribution, we will measure the actual contribution in our detailed evaluation. It is interesting to note that, according to the majority of surveys, neither of the top two barriers to participation in learning, particularly for smaller employers—the opportunity cost and the logistics of staff replacement for people who are learning—relates to finances. Although I would shy away from mandatory contributions from employers, I would welcome a means of examining leverage, as Fife has done in its detailed evaluation, by introducing the cost of replacement or in-kind contributions that employers make.

**Mr McNeil:** Following the question on barriers to access and getting the people who need it most to respond, have you looked at the additional barriers to getting back into education, once finance is provided? Low-paid workers usually work long hours, sometimes on shifts, and they might have insecure employment. I can see the logic of targeting people in the workplace, but sometimes that employment is interrupted, and that can interrupt the learning process as well.

You say that LECs have local networks—how effectively are the enterprise companies working within the social inclusion partnerships and with other agencies to deliver the programme? When you are targeting people in the workplace, are the employers adding value to what is on offer? Is the culture within companies changing as a result of the initial contact—are local authorities, for example, looking at their training budgets and who benefits, and are companies analysing their training needs with such considerations in mind?

**Dr Gordon:** That is what we were trying to find out in our pilot project. One of the reasons why we adopted an employer-led model was that we wanted to go into and to influence the workplace. I have not worked with any local authorities, but I have worked with small or medium-sized businesses, which have real problems with releasing people, as well as the other problems that have been mentioned. That is why the partnership arrangements with our learning providers are vital. We have partners from the Employment Service who give us leads, as well as people from Fife Enterprise and all the education and training providers. We discuss such issues at our meetings. For example, we discussed whether we could have learning centres in Rosyth, so that people can attend after work, or training courses on Saturday mornings.

We want to bring the learning to the person. When people are working on scaffolding, or painting or down in the double bottom of a ship, it is not easy for them suddenly to have somebody talking to them about their learning—that is not

uppermost in their mind. Given my background, I understand their frustrations, but when we have talked to people, the transformation in their attitude is tremendous, and the take-up has been excellent. It is hard and painstaking work, but it is of tremendous value. We learned from Grampian and did not put up barriers such as "VQ" or "education"; we simply said that as long as there was an increase in a person's skill and knowledge base and we could honestly say that that was the case, we would support that training and learning initiative.

The other barrier that people found was that they had to find the first lot of money from the employer. Therefore, we said that there had to be a secondary contribution instead. They know that there is a secondary contribution from the employer.

**Bruce Armitage:** Perhaps I can pick up the question on networks and also clarify the position on approved training. In Grampian, that includes everything in the Scottish Qualifications Authority catalogue on a unit-by-unit basis, so we are not putting up any barriers in terms of full VQs. Given that it was a pilot open to the public, we needed some form of quality assurance, so we counted the training if there was some form of accreditation at the end of the learning period.

We have one SIP in our area, and we run two learning houses in conjunction with other local agencies. We have used those learning houses within the SIP to deliver individual learning accounts to local communities. The community agencies have been happy to act as brokers on our behalf. We are working with Aberdeen Council of Voluntary Organisations to ensure that it is up to speed. We are happy to allocate the ACVO several pre-approved accounts to allow it to act as a broker or agent on our behalf.

The networks do not operate simply around contracting for delivery; they carry out the promotion, brokerage and advocacy, particularly for disadvantaged groups that find it difficult to get access to information.

10:15

**Gail Sibbald:** We have not worked with the local authority in the pilot scheme, but I have had several discussions with our local authority about rolling out the scheme; it has clearly indicated that it wants to focus on individuals who are not currently engaged in learning. It is working up several different approaches to encourage those people, and efforts have been focused on the low-skilled and poorly qualified. As well as the local authority, union activity and third-party contributions support that learning.

**Mr McNeil:** Is there any evidence that we are changing the culture within the companies that we are dealing with, rather than companies approaching the scheme as some sort of freebie? In its submission, Scottish Enterprise Grampian asked whether such an attitude was acceptable.

**Fiona Malcolm:** Early on, I was very concerned that we would open the project and I would receive phone calls from companies asking for 1,000 ILAs—everyone would get one. I was rather worried about what I would do if Aberdeenshire Council rang up and asked for all the accounts, even though I would have met my target. That has not happened. What has happened is that when an employer phones up to say that they are interested, it tends to be because they are thinking about implementing a learning programme or want to promote learning among their employees and they see the scheme as a good way in. Employers have not approached the scheme with the attitude that the LEC will pay for something that they were going to do anyway.

The £25 individual contribution is an issue for many employers. They think that they should contribute that money on behalf of the individual, particularly if the learning that the individual undertakes is directly related to their current work. There is a question about that £25.

**Mr McNeil:** That gives the individual a say and some independence from their employer.

**Fiona Malcolm:** Absolutely. That has always been flagged up. I have told employers that they cannot force people to take up ILAs—and they insist that they would not—because everyone who participates in our pilot has to sign a learning plan that confirms that it is the learning they want to do. We have 1,700 applications on our database and so far I have not had one call from someone who says that they have been made to do something that was not what they wanted to do. That has not become an issue and I hope that it never will.

Duncan McNeil was talking about encouraging people to learn, particularly those who have not previously had access to learning. We have worked closely with both our local further education colleges, which undertake all the community outreach and adult education provision in our area.

I attended an open night at Banff and Buchan Further Education College in Fraserburgh, and I was greatly encouraged because the place was choc-a-bloc with local people—from grannies to babies—who had come to see what was going on at the college. We were able to tell people which courses were on offer. We also told those who were unsure what they could afford about the existence of individual learning accounts, which would help to pay. The response was

overwhelming. Working with existing local colleges has also helped the project to work.

**Gail Sibbald:** It is still too early to say whether we are making a difference. In the Fife pilot, we have a rigorous evaluation process, and we intend to monitor individuals long after the end of the pilot. I suggest that that is what we should be doing as we roll out individual learning accounts; we should monitor the process not necessarily on a year-to-year basis, but over a number of years.

**Marilyn Livingstone:** Duncan McNeil has managed to ask most of my questions.

**The Convener:** Excellent—that will speed up the process.

**Marilyn Livingstone:** I was quite concerned to hear the Fife contingent say that the approach to widening access was employer-led. The aims and objectives of the legislation are about meeting individuals' needs: I was going to ask about that, but my questions have already been satisfied.

What co-operation has there been between Scottish Enterprise Fife and the local colleges? Have the trade unions been involved in the work? I would like to ask Gail Sibbald the same question that Annabel Goldie asked of Scottish Enterprise Grampian. Would your pilot work as effectively within the proposals, with SUFI offering the helpline and the system operating as suggested?

May I also ask a quick question of Scottish Enterprise Grampian?

**The Convener:** Perhaps you could just leave it at the Fife question, and we will come back to you.

**Gail Sibbald:** Throughout the pilots, the colleges have been very much involved. They were involved in the development of learning directories and their distribution to organisations. They continue to be involved. They have been very helpful with individuals in identifying training needs and are flexible enough to offer that training.

In rolling out ILAs, we envisage the pilot model fitting in with the proposals for SUFI and the back house. I am not saying that there will not be challenges for us in working out the process, but I am sure that, given time, it can work.

**Marilyn Livingstone:** I also asked about trade union involvement.

**Gail Sibbald:** There is to be an announcement at Rosyth today that the trade unions will work with their members to identify 500 learning accounts. That has come about because of the discussions that have taken place with the unions. We take their involvement very much into account in our approach.

**The Convener:** Does Marilyn want to ask her

Grampian question?

**Marilyn Livingstone:** Yes—it is about widening access.

Would additional support and help be welcome? Do you think that people from lower-income backgrounds are more subject to the need for child care if they are taking a course? What is your feeling on that, and on the question of travel expenses? Would additional support help roll out the provisions for learning?

**Bruce Armitage:** There is no doubt that lower-income groups face more difficulties in accessing learning. It is a question not just of finances but of logistics: of transport and of getting the information about what is available. I would also highlight the fact that those who have not been engaged in learning for a while need robust guidance support.

It is all very well for someone to have £150 or £175 in their pocket, but what do they use that for productively? We are fortunate in that Scottish Enterprise Grampian has the resources of three Stepahead learning shops. We provide more than 1,200 guidance interviews to adults per year, and we have used that infrastructure to support the pilot.

If that infrastructure were not available, I wonder how that additional support could be provided to people who were not sure of the learning that they might wish to engage in.

**Marilyn Livingstone:** I asked the Scottish Enterprise representatives who were here earlier about guidance and was assured that if an individual needed extra support and guidance, it would be up to the locality to ensure that it was forthcoming.

**Allan Wilson:** Like the convener, I was impressed by the submission of evidence on the pilot projects—I found that helpful. There were different styles of writing, but they were equally illustrative in their own way.

I was especially interested in the pilot project that you carried out in conjunction with the local authorities, UNISON and the WEA. There was scope for rolling that out for wider application. I should be interested to know the proportion of the 60 lucky classroom assistants who find themselves on the programme—out of the 200 who had applied—who would be on the three-module WEA scheme, as opposed to embarking on a course of lifelong learning that would be more suited to their own desires.

You refer to the local authority and the trade union contributing towards the cost and, in your document, you pose the dilemma of whether, if trade unions and third parties offer to make payments, individuals would still be required to pay the £25.



**Fiona Malcolm:** It is great fun doing a pilot, because you can make up wee rules. I was summoned to the local authority to have a chat about how it might work. The first thing we stumbled upon was that the local authority did not feel comfortable about asking individuals to give £25. The UNISON representative said, "That's okay; we're happy to give the £25 for our members." While the council could not afford to pay individuals for the work, it was concerned about individuals having to use their own time for some of the work. As the council saw it, the individual's contribution would be their commitment and their willingness to participate, using some of their own time. They might have to stay an hour after school some days to do some of the work, but that would be made clear to them.

I left it firmly in the hands of the employer to decide how they would identify and target 60 folk out of the 200 who had applied. We sent a letter to all 200 classroom assistants, telling them about the pilot, and that it was a return-to-learn programme, but tailored to suit their needs. We told them that there were 60 places, so not everybody would get one, but that anybody who did not would be able to use their individual learning account anyway, to do something completely different. We told them what was available and that if anyone did not want to participate, that would be fine.

I was delighted—200 folk want to participate and there are only 60 places. What does that tell us?

**Bruce Armitage:** We can get the individual to sign saying that they have made their contribution, but it is difficult to track where they get it from.

**Allan Wilson:** The crux of the matter is that if the vision of lifelong learning is ever to be realised and to be targeted in the longer term, the ILA is simply an introduction. In the Fife experience, the most significant issue to emerge was how to translate the ILA into purposeful training. In the pilot, to what extent did that introduction lead to the individuals involved opening qualifying accounts, as is envisaged in the longer term?

10:30

**Dr Gordon:** One of the difficulties was that originally a banking institution was involved and, under banking regulations, we had to get details and fill out forms. We have dispensed with that process, which has made it far easier for us to open ILAs and to keep track of them.

With regard to opening accounts, Grampian and Fife had the same experience. It is all very well to open accounts and to draw up personal development plans, particularly given that about 90 per cent of the people with whom we are dealing are coming back to learning at the age of

35 to 40, after a long break, but they did not know whom to approach, whom to talk to, how to present themselves or what they were looking for. We found that the employer contact registers that we produced became vital at the implementation stage. However, we were going back to the employers and saying, "Fine. Have they started learning yet?" to which the response was, "No—they've phoned up the college five times but are not finding the right department". That is area on which we must work hard.

Once people have started learning, their appetite for it starts to grow. Subsequently, they come back to us asking to do another course of learning. We have people waiting to find out when the next lot of funding will become available.

**Bruce Armitage:** In the original policy documents, the £25 individual contribution was related to the idea of saving to learn by opening a bank account. The removal of the requirement to open a bank account from the pilots, and from the first stages of the roll-out of learning accounts, made the individual contribution a rather more difficult proposition to put to an individual. We involved a financial institution and opened 40 real accounts—the proposal made more sense in that context. However, it is a bit more difficult to present in our current situation.

**Dr Gordon:** Going through the trauma of opening 100 accounts in the two new pilot schemes was difficult.

**Fergus Ewing:** I read the submissions from Grampian and Fife with great interest. From your presentations today, the common feature seems to be that local delivery is best. If that is correct—as I am persuaded it is by your arguments and descriptions—I am puzzled about the role of the Scottish university for industry.

**Bruce Armitage:** A key role for SUFI is to promote and broker learning generically. That role is paramount within the context of learning accounts. SUFI has a major opportunity to build a learning culture, and individual learning accounts are a financial device, or intervention, that supports that approach. However, in my view, SUFI must be integrated into a broader, more generic campaign for a lifelong learning culture. If SUFI is to have a helpline to promote lifelong learning generically, it makes eminent sense to me that we should not invent another helpline for individual learning accounts. If only from the perspective of efficiency and lack of confusion, it is important that the SUFI helpline becomes central to the initial contact that people make to obtain information. I am concerned about whether central systems can do anything more than provide that information—I am not sure whether they will be able to deliver on participation.

SUFI also has responsibility for the learning information systems in Scotland. SUFI will have responsibility for delivering accurate and impartial information to learners who want to find out what learning is available in their area. It seems sensible to align the helpdesk with that SUFI operation, rather than to have another helpdesk specifically for individual learning accounts. We can work within those arrangements, but I am concerned that people will not apply for, or use effectively, individual learning accounts if robust, local, supporting arrangements are not in place.

**Fergus Ewing:** Your submission mentions additionality and makes the point that many people who participate in individual learning accounts might have undertaken that learning anyway. You also mention the Heineken effect. Obviously, we want those people who most require the benefits of upgrading their skills to be those who receive those benefits. However, I am not persuaded that this scheme will achieve that outcome. What would you do to amend the scheme—to tweak it, to change it, to make it better—to ensure that it passes the Heineken test?

**Bruce Armitage:** I would not move away from universal entitlement. We are too far down the road to go back to where we were originally. The original policy papers were clear that this UK-wide programme was to be targeted at low-skilled, low-waged people in employment, although the papers did not define those terms.

We have moved from that DFEE decision to a universal entitlement programme. It would not be sensible to return to the more targeted approach. However, challenging targets should be set in terms of occupation, skill, or qualifications on entry to the programme, particularly if we can broker effective and robust local delivery arrangements. We should not simply chase numbers.

To some extent, I am creating a rod for my own back—my colleagues on the Scottish Enterprise network may not thank me for doing that. However, if we are to achieve the Heineken effect, we should be measured not only against the target of issuing 100,000 individual learning accounts but on the question of to whom they have been issued and the purpose for which they will be used. The committee and the Scottish Executive should be able to introduce robust measurements to determine whether we have high additionality or—the flip side of that—high levels of dead-weight or displacement.

**The Convener:** I thank the representatives of Scottish Enterprise Grampian and Scottish Enterprise Fife for joining us and record our appreciation for the candid feedback that they have given us.

We now move to the next section of our evidence. I welcome Stephanie Young of the Glasgow learning inquiry. In another guise, she works for Scottish Enterprise Glasgow, as I now have to become accustomed to call it. We have a note about the learning inquiry. I ask Stephanie to give a brief statement about the inquiry before we move to questions.

**Stephanie Young (Glasgow Learning Inquiry):** I am here to represent the views of the individual learning account themed action group from the Glasgow learning inquiry. I will briefly give the background to why the individual learning account TAG exists and outline its conclusions. The TAG is one of the five themed action groups in the Glasgow learning inquiry. The others cover learning environment and technology; organisation development; literacy and numeracy; and education for work and enterprise. The group that is considering learning environment and technology recently launched a major physical and virtual learning network in the city.

The learning inquiry is a systematic effort to produce workable solutions to the problems of learning in Glasgow, with the ambition that Glasgow becomes a learning city. The target is to increase participation by 100,000 each year and to match or exceed the highest levels of participation in the UK. I have brought further information on that.

A key focus has been to examine learning from the perspective of the learner. To that end, we commissioned a MORI poll, which identified current and future learning intentions—why and how people learn. That poll showed that 92 per cent of the Glasgow population are very positive about learning, but that only about a third of the population will participate in learning. We also conducted a citizens jury to shape investment priorities and the future of learning in the city.

It is against that background that the TAG undertook its work. It examined evidence from a number of different development accounts: in large organisations, such as the University of Glasgow's learning works; in consortia of small businesses, such as learning works in Govan; intermediate labour market initiatives such as the Glasgow works programme; in the prototype employment zone; in the new deal; and in the Grampian pilot. It also considered evidence on learning participation from the English training and enterprise council pilots, from trade unions and from other organisations that are running similar schemes, such as Scottish Power and Ford. The TAG then outlined the key features for successful implementation. The principal conclusion was that fiscal incentives alone will not change individual behaviour. Individuals must be supported by flexible learning provision that is responsive to

learners' needs.

The TAG is concerned that learning accounts could reinforce existing patterns of participation rather than stimulate new participation. We are particularly concerned, for example, about the tenor and scale of marketing, which we believe requires careful attention if it is to impact on disenchanted learners. National marketing may not be helpful in encouraging new learners. Collaborative work needs to be done in communities if we are to change the culture of learning in Scotland.

**The Convener:** Thank you for that introduction. Point 6 of the document that you provided states:

"The concept of targeting discounts to certain 'eligible' courses is of concern because it denies the learner led nature of the scheme".

That is particularly important in relation to flexible learning, in which we are particularly interested. Will you expand on that point and on the essential requirements to preserve the learner-led nature of an initiative?

**Stephanie Young:** The TAG's view is that all supported learning should be taken into account. In the schemes and projects that we examined, it did not matter what kind of learning was undertaken; if it was successful for the individual, it led to increased self-confidence and further motivation to learn. We want to see as broad as possible a definition of eligible learning.

**The Convener:** Is it your impression that things are too constrained?

**Stephanie Young:** Yes. For example, at learning works in Govan, the first round of pilots included leisure and recreational learning. The second round then led to more work-related learning. It is important to ensure that people who are at a distance from learning get started and motivated. If the definition of learning is related too closely to work and qualifications, we may put off a large part of the potential learning population.

**The Convener:** That is interesting.

**Mr McNeil:** Will you say some about your experience of learning providers' readiness to adapt provision to be able to respond flexibly?

**Stephanie Young:** The TAG was concerned that the current infrastructure might not be sufficient to engage with new learners. The timing of the initiative is important. For example, if the initiative is launched before the Scottish university for industry, will the information be available? There are plans to introduce a wide range of learning centres across Scotland, but will people be able to access provision if those centres are not open when individuals try to spend their learning accounts? Will provision be open at

suitable times? In the Govan learning works pilot, one of the key issues was that many of the people worked shifts and the learning providers were not open at times that suited them. A range of considerations needs to be taken in to account. If the infrastructure is not ready in the local area, people may not be able to access learning.

**Marilyn Livingstone:** You were not here when I quoted the final paragraph of your paper, which reinforces some of the things that you have said. You said that you had a

"strong concern that the potentially enforced strictures of a nationally imposed, uniform model will prohibit the flexible response".

Will you expand on what you mean?

**Stephanie Young:** When the group was planning the activities, there was an assumption that resources would be available to ensure that the key features were available. If those features are not available, and the scheme is enforced and run nationally, it will not be possible to provide the resources.

**Allan Wilson:** I picked up on the same point. Point 8 of your paper says that a group was examining specifically

"how interagency partnerships can create a more effective, holistic approach".

What was the conclusion and how might that inform the national model?

**Stephanie Young:** The TAG's view was that collaborative working was needed at a local level and that we needed to create what we described as rings of advocacy—learning advocates who would be knowledgeable about the concept and would sell it. Our view was that there would have to be a major programme of going out and talking to people.

**Allan Wilson:** When you say local, does that mean Glasgow-wide or subdivisions within Glasgow?

10:45

**Stephanie Young:** It depends. Although some agencies work Glasgow-wide, others are locally concentrated. For example, in some social inclusion partnership areas, 200 community groups or organisations might need to know about this issue to ensure that disenchanted learners are reached.

**Allan Wilson:** Would those organisations or people in effect work as subsidiaries of the Glasgow-wide inter-agency partnership?

**Stephanie Young:** Perhaps the best way of describing them would be as people who have contact with learners. Word of mouth was the most

effective way of getting to people.

**The Convener:** From your answers to Duncan McNeil's points about the flexibility of learning provision, it seems that the issue is less about engaging in a dialogue with learners than about engaging learners in the process and then securing the access to learning that is appropriate for an individual. Although I accept the need for that, because of the system's complexity, it might be difficult to pursue.

**Stephanie Young:** It could be difficult.

**The Convener:** Even though it should not be.

**Stephanie Young:** The strength of local partnerships will dramatically affect the success of engaging non-participants. If there is no provision on the ground or local network to reach disenchanted learners, there will be no additionality in the programme.

**Fergus Ewing:** I just want to clarify something. Scottish Enterprise Fife and Scottish Enterprise Grampian have conducted pilot schemes and have therefore had experience of ILA delivery. Am I right in saying that you have not been involved in such pilot schemes?

**Stephanie Young:** There have been five types of development accounts in Glasgow similar to the pilots in Grampian and Fife. In particular, the learning works programme in Govan worked predominantly with small companies in getting their employees into learning. However, they were not official pilots.

**Fergus Ewing:** How many people have been involved in the five schemes?

**Stephanie Young:** More than 1,000 people. However, I should repeat that the pilots are not official.

**Fergus Ewing:** In her response to the consultation, Kathy Maclachlan says:

"The concept of 'about to enter work' is vague, and open to bureaucratic abuse."

Can you clarify how the scheme, which attracts people who are about to enter work, is open to abuse?

**Stephanie Young:** The TAG was concerned that the Government could interpret that phrase as meaning people who were registered unemployed and that it would not include people who are required to prepare for the job market, but might still be some distance from going into it.

**Fergus Ewing:** To the third question on the consultation, Kathy Maclachlan gives a unusually and refreshingly candid one-word answer, which is something we do not often get on this committee.

**The Convener:** We do not often get one-word questions.

**Fergus Ewing:** Perhaps in the dim and distant future.

The third question in the consultation paper asks:

"Do you support the proposal that ILAs are primarily for people in work or about to enter it?"

The answer is: "No."

Do you think that the whole scheme should be amended to include everyone, particularly people who have been unemployed for a long time and are most in need of improving their skills?

**Stephanie Young:** Yes.

**Fergus Ewing:** Can they not currently obtain help in other ways, through such schemes as jobseekers and so on?

**Stephanie Young:** In the other schemes that you mention, the individual does not have a choice. However, ILAs are focused on the individual and relate to individual choice.

**Fergus Ewing:** Glasgow Chamber of Commerce has stated that one of the dangers with ILAs is that there is a plethora of schemes—jobseekers, new deal and now this programme. Do you share the concern that employers might perceive ILAs as yet another complicated scheme, which will make it even more difficult to understand exactly what is workable and available?

**Stephanie Young:** We are concerned about the number of schemes, as are employers. This scheme is a new one; its promotion is targeted directly at individuals and encourages them to take responsibility for their learning. In the first instance, we must make sure that individuals understand the scheme. We want to put in place such an effective briefing system with employer, intermediaries and community groups that they see the scheme as one among the variety of initiatives that are available.

**Fergus Ewing:** Finally, in your submission you criticise the requirement for £25 to be paid. I admit that I am not clear why such a payment is required, given that it is so small and presumably costly to administer. No doubt there are arguments for it. In "University Challenge", people have a starter for 10. Is your point that if people are required to have a starter for 25 they will end up non-starters?

**Stephanie Young:** For disenchanted learners, yes, that money will be a disincentive.

**Marilyn Livingstone:** I want to go back to the point that my colleague Allan Wilson raised. You talked about key features on the ground. I

presume that part of that is the guidance and support that people need, which you stress throughout your paper. I am concerned about widening access for disadvantaged and disenchanted groups. Duncan McNeil mentioned another barrier, which is flexibility in the delivery of training. What other barriers to learning have you come across in the pilot?

**Stephanie Young:** In the learning works in Govan programme, in addition to the points that I have already made, one of the key difficulties was that people would sign up for the learning but would either not turn up on the night or would turn up for the first class and say, "It's not for me." We need to put in place some form of mentoring to make sure that people go to the first learning experience and continue with it; there needs to be some kind of discussion at the end to make sure that they progress, because progression is the key to success. We are talking about not only motivating people to learn, but sustaining that learning participation into the future.

**Marilyn Livingstone:** Did you feel that there were practical issues for the participants that stopped them coming back, such as transport or child care?

**Stephanie Young:** Yes, there were issues. The pilots were equally balanced between men and women, except in the small and medium-sized enterprise pilot at learning works in Govan, which comprised predominantly men. That may have been because women could not access child care, and there may have been transport difficulties.

**The Convener:** You have listened to our questioning this morning and we have concentrated on the idea of involving people who are out of the loop of learning. Have specific lessons come out of your experience that you believe the committee should reflect on carefully before making recommendations to ministers?

**Stephanie Young:** From our experience—I think that you also heard this from Scottish Enterprise Fife and Scottish Enterprise Grampian—we have concerns about national marketing without the availability of resources on the ground to make the local inter-agency partnerships work and to provide them with the resources to print simple leaflets and to hold sessions with employers. The balance of the allocation of resources is important.

We are also concerned that the £25 is a barrier for many people. Many of the people in the communities that we are working in could not afford the bus fare to come to the session to talk about individual learning accounts, so it is unlikely that they would be able to put up £25. We need to explore how we can work with credit unions, trade unions and other support organisations in

communities to provide assistance.

The other point is the importance of on-going guidance, mentoring and support for individuals, particularly when those individuals are distant from learning and disenchanted with their previous experience.

**The Convener:** As there are no other questions, I thank you for your attendance this morning and for your paper. As you will appreciate, we are gathering impressions from different experiences around the country; it has been useful to hear the views from Glasgow.

I adjourn the committee for five minutes. We will recommence at 11 o'clock.

10:54

*Meeting adjourned.*

11:00

*On resuming—*

**The Convener:** I welcome Doug Wilkie of the Federation of Small Businesses and Paul McKelvie of Scottish Power. We had hoped to have Iain McMillan of the CBI with us but he had a long-standing commitment to meet Mr Sam Galbraith so that took precedence. Peter Duncan of Glasgow Chamber of Commerce is due to join us. I assume that he has been delayed.

We have copies of submissions to the consultation on individual learning accounts from Mr Jack Kelly of Scottish Power and from Peter Duncan of Glasgow Chamber of Commerce. I begin with an observation that struck me in Mr Kelly's submission, and which I raised with the members of the Executive who were here earlier, that the ILAs seem in their current form to be most attractive to those who require them least—or least require to be encouraged—and that we need to look at those who are currently excluded from learning. What has been Scottish Power's experience in encouraging employees to become involved?

**Paul McKelvie (Scottish Power):** It would be useful if first I outline my role with Scottish Power. I am director of Scottish Power Learning, which was set up as a partnership between the company and our main trade unions. It has two main goals. The first is to develop and maintain a learning culture in the organisation through the provision of vocational and, more important, personal development opportunities for staff. That is done through a network of 50 learning centres across the UK.

The second aim forms part of the company's community involvement activity. It is about identifying opportunities for the organisation to

share our learning resources with the community, focusing on trying to re-engage disaffected young people in learning. It is about using business training resources to help young people to find a relevance in learning that will increase their employability. We have developed some experience in that.

**The Convener:** Are those young people outwith your current work force?

**Paul McKelvie:** Yes. We have responsibility for both client groups.

**The Convener:** How do you pursue that external work?

**Paul McKelvie:** Through a partnership approach. There are areas where we have expertise and areas where we do not. We understand what skills, attitudes and aptitudes it takes to be an effective member of the work force. We work with agencies outside the organisation to find young people to whom we can offer training through a range of initiatives and using various media. Both areas of Scottish Power Learning's activities involve issues that have a major impact on the focus that ILAs will require to have, if they are to be broadly successful.

**The Convener:** So how you go about those issues internally reflects your role as a private sector organisation. Have you decided to deploy some of those skills as a stand-alone business?

**Paul McKelvie:** No. Although we are company funded, we are not doing this work for income purposes. We have a separate management team and union involvement is important. Our strategy is to recognise that many organisations have expertise in the area of learning, to ask whether we can take what the private sector can contribute to the promotion of learning and, in order to share those resources, to identify innovative ways of working with others.

We run a number of programmes with a variety of outcomes, such as the provision of vocational training, but we also work with groups to try to improve the attitude of young people to learning. Many people out there are disengaged from learning. I was not surprised to hear earlier that if one goes out into the marketplace and says to people, "Here is some free learning"—that is what an ILA is—many people will not do much about it. For many disenchanted or disengaged people, learning equals teaching equals classroom. For them, learning ain't much fun. To engage people in learning in a meaningful way, one must show them that that learning is relevant, and that it will help them with their aspirations as individuals. Those issues are critical for the marketing of ILAs.

**The Convener:** Mr Wilkie, do you wish to make some introductory remarks on the FSB attitude

towards ILAs and your involvement so far?

**Doug Wilkie (Federation of Small Businesses):** I must apologise for not being very well prepared. I got back from London only last night, and was given very short notice of this meeting. My comments will be very much off the cuff. I have not had a chance to speak to many members, so please bear that in mind.

We have talked quite a lot about ILAs during the discussion. The FSB is supportive of the idea that people should take responsibility for developing their own skills, which we, as employers, would then buy. We are concerned about the fact that the amount available is restricted to £150. As taxpayers, we are paying for that, but how much of the money that is going towards ILAs will be put in the pocket of the learner? We are also slightly concerned about where the scheme will end up. It started with voluntary contributions from the employer, but will that change?

We are keen for the scheme to remain universal. There has been much talk about people who cannot afford learning, and I must point out that the average salary of a self-employed person is £12,500. We must consider bringing into the scheme those people who run their own businesses, as they must not be excluded. Many of our members live in rural areas, and we are concerned about how the scheme will be delivered and managed in those areas. We have a lot of questions, and I would like to come back to the committee at a later date, when we have had a chance to examine the scheme more carefully.

We are just about to publish a study, which even the Government has not seen, about the number of initiatives that are in place—it will hit the press within the next couple of weeks. Members will be surprised by the number of initiatives that are out there confusing small businesses. My background is in education and training, and I am totally confused. We are worried about that.

**The Convener:** The committee may wish to make some comments on that in the fullness of time.

I welcome Peter Duncan from Glasgow Chamber of Commerce. We are just at the start of our evidence taking on this particular point, so he has joined us at an appropriate time.

As you have heard the previous evidence sessions, Mr McKelvie, you will know that both the convener and I have referred to Scottish Power in our discussions with the other organisations giving evidence today. This relates to your response to questions 4 and 5 of the questionnaire. How do we ensure that those who most need learning accounts use them most? Your submission says:

"Somehow we must develop systems that will encourage

those who are socially excluded from the 'normal' financial process to become engaged."

That is the gist of what you have said today. Do you have any suggestions for those systems? Would they be delivered nationally, regionally or locally?

**Paul McKelvie:** Clearly, if individual learning accounts are to engage everybody, there are a number of issues about the way in which they are marketed. An umbrella method cannot appeal automatically to everybody because it is generic. There are questions to be investigated about the branding of individual learning accounts and the impression that that will give to all types of learner. I am pleased that the pilots have resulted in a move away from bank accounts. That is a positive move to engage those who are not interested in learning at this stage. However, issues also arise from suggestions that two of the main means by which people would become involved with individual learning accounts would be call centres and the internet. The people whom you highlight will not have regular access to those media.

There is a supplementary point about the relevance of learning and the importance of guidance. If people are to be engaged in learning in a way that will help them and the economy at large, they need to receive guidance to help them to identify the learning that they need. I think that there are people, both in work and out of work, who do not think that they need learning. The rapid change in the economy, which is certain to accelerate in the future, means that people will have to change. People's jobs will change dramatically. I often think that learning is the same thing as change. Learning should result in change. If it does not, why bother doing it? People need to consider how they can implement learning in a way that is relevant for them and for their role.

There needs to be a way to tie national, regional and local activity together. Mr Wilkie referred to the plethora of initiatives. I, too, have a background in education and training and my job involves education and training internally and externally, but I still get confused by the range of initiatives. There needs to be a careful examination of where this initiative fits into the whole. Where do people get advice and help? How do ILAs interrelate with other learning and training initiatives? I do not see much evidence in the paper of how that has been thought through.

**The Convener:** Mr Duncan, you make that point in your response to the Government's consultation document. Will you add some remarks about that?

**Peter Duncan (Glasgow Chamber of Commerce):** It is interesting that the three witnesses have a background in education and training. In my day job I run a further education

college in Glasgow, Central College of Commerce, but I am also president of Glasgow Chamber of Commerce. Our response was submitted after consultation by the chamber's education and policy group. The plea from its members is similar to the plea about coherence that you have already heard. Business people do not have time to study new initiatives.

Perhaps I can be a little bit arrogant and say that I understand all the current initiatives; however, there are so many it is mind-boggling. A businessperson whose primary objective is to expand their business and be profitable does not have time to investigate the differences between the many initiatives. Personally, I believe that ILAs should be all-embracing, rather than simply being another initiative for those in work. That is quite a radical view.

The consultation was carried out during the Cubie inquiry and it is clear that our education system seems to consist of disconnected parts. Currently, a consultation exercise on the enterprise network is being carried out and that is another related area. My fundamental plea is that the system should be simple and coherent so that the businessperson knows where to recruit people and how to get assistance with any training systems that they may need to put in place.

11:15

**The Convener:** Are you suggesting that the individual learning account could develop from its current model into something that brings together many different services and becomes a point of access for the individual?

**Peter Duncan:** The key issue is sustainability and that has implications for the pump-priming that is currently taking place. If the scheme is another intervention to encourage education and training, it will not be sustainable in the long term and will not have a major impact. A more radical approach is essential. Businesses want simplicity.

**Mr McNeil:** You referred to the review of the enterprise network and the duplication of services. It has become obvious to the committee that there are many overlapping schemes. How do we get one simple scheme to cover the unemployed, workplace learning, full-time study and so on? We hear a lot of criticism of duplication, but very little guidance on how to cover all the different areas.

**Peter Duncan:** Members might consider my response as somewhat visionary, because it is easy to say, but not so easy to put in place. If ILAs were available to the whole population and were a mechanism through which individuals could save, the system would be understood more easily. Money could be put into the ILA by the Scottish Executive, if the individual came from a

disadvantaged group, or by employers, creating an all-embracing scheme involving elements of credit and debit. Our education and training system could operate within that one framework.

**Mr McNeil:** Are you suggesting that we elevate ILAs to being the only mechanism?

**Peter Duncan:** Yes. Cubie has reported and the Parliament's response has been published. The outcome of that is that an arm of the Scottish Executive will fund full-time students in higher and further education, but there will be what is known as a graduate endowment tax. That framework could still be administered through an ILA. An ILA can have credit and debit components.

It is almost like a driving licence. Everyone could have an ILA just like everyone can have a driving licence. The scheme could be all-embracing, covering people who take short schemes to get a skills upgrade, those who follow an employer-sponsored scheme or even people on a full-time programme supported by the Scottish Executive. Everyone would understand such a scheme. At the moment employers do not necessarily understand the differences between skillseekers, training for work, new deal, employment zone, ILAs and a whole plethora of activities. Employers want simplicity, as does the public.

**Miss Goldie:** Initially, I was not going to ask about this, but I want to pick up on what Mr Duncan said. Hypothetically, that might be a very exciting prospect, but it implies two things to me. First, it implies huge bureaucracy, which would have to be funded and administered by the Scottish Executive. Secondly, the implication of words such as ILAs, debits and credits is that we are talking about operating a bank account system. We have already ascertained that for many sectors of society, a bank account is not an event of life. Surely that would be an expensive, and not necessarily universally effective, scheme to administer?

**Peter Duncan:** I do not agree with your first premise that the system necessarily would be overly expensive, mainly because a lot of activity goes into the administration of the schemes that I have mentioned. We may have a difficulty because some of them, such as skillseekers, are Westminster-driven, but we could wipe out the costs of running those schemes and put the money expended through the enterprise network and the various initiatives into the running of a coherent scheme, as I have suggested. The vision is easy to articulate, but detailed work is necessary to see whether that is viable—it is perception rather than detail.

The second issue you raised was the fact that some unemployed and disadvantaged people do not have bank accounts. A range of financial

arrangements operate in disadvantaged housing schemes. At the upper end there are credit unions; in other cases, people are using loan sharks. If we can get coherence into the system, some of those people might be less disadvantaged. A cultural change is necessary.

**Doug Wilkie:** There is a hope that employers will contribute, but there is a big difference between their contributing to something that will improve the bottom line of their business and their making an altruistic contribution to someone's general improvement. I run a software development company. To put it bluntly, one of my greatest fears is that I will spend money training people who will go somewhere else.

It is all very well to be politically correct and say that employers should contribute, but I know perfectly well that if we really want employers to contribute, there will have to be some mechanism to ensure that they contribute to stuff that improves their bottom line. The taxpayer—UK or Scotland plc—can contribute to the development of individuals' skills to make them more marketable to employers, but we cannot ask employers to make individuals more marketable so that they can go somewhere else.

**Miss Goldie:** I have three short questions.

**The Convener:** You can have three as long as they are very brief.

**Miss Goldie:** They are. I was interested in the final operation of the Scottish Enterprise Grampian pilot, which went from a fairly complicated bank account structure to the learner giving 25 quid to the provider, who issued a receipt, which was the trigger for money to be released by the funder and, if he was interested, the employer. Is that the most workable model at local level?

**Paul McKelvie:** Whatever model is used, the key thing is that it must be simple. I have no strong view on where the £25 contribution should come from. I do not think that it has to come from the individual. If we are moving away from the ethos of saving to learn, which was the ethos behind the initial paper, and which seems to have been lost in the updated versions, the contribution could come from a number of resources, including the employer.

The key thing is that the mechanism needs to be really simple. The channel by which the finances are transferred needs to be agreed possibly on a business-by-business basis: organisations of our size would not necessarily want their employees just to pay money to providers, particularly if they are to offer additional funds, and they might want to manage that themselves. In a smaller organisation, that might be exactly the model that would work. There needs to be a flexible mechanism, but with a number of simple models



within it. We do not want to decide on the way that it happens but then to end up with a group of people saying that they cannot do it that way.

**Doug Wilkie:** Can I ask a question at this stage? Which providers? Will there be registered providers and will small providers be taken out of the equation? Can anyone just accept the £25 and get on to the scheme?

**The Convener:** That is an issue that we will reflect on in our guidance to ministers.

**Peter Duncan:** If I could give a succinct answer, we do want to keep it simple, but that is not necessarily at variance with my other views. In case Mr Wilkie misinterpreted what I was saying, it is an individual learning account; it is not about employers paying for others who may not be in their employ.

**Miss Goldie:** Mr Kelly, at paragraph 3 of Scottish Power's submission, in response to the question,

"Do you support the proposal . . . that ILAs are primarily for people in work or about to enter it?"

said:

"Yes . . . on the basis that learning is best provided immediately before doing."

I was also struck by Scottish Enterprise Fife's final conclusion, which said that ILAs should lead to "purposeful training". If such a scheme is to work, has it to be attached to some outturn concept such as that it must link to what the market actually needs? I am trying to reconcile the whole ethos of the scheme with what our evidence seems to be. I was interested in Mr Kelly's comment and in Scottish Enterprise Fife's conclusion.

**Paul McKelvie:** There is no doubt that, if learning is to be effective, we need to use it. If we do not use what we learn, we lose it. There needs to be a clear link between what people learn and how they can implement it. That may not always mean that that learning will be used in the workplace for an individual learning account, but it should be made clear that, when learning is approved through an ILA, there is a mechanism to ensure that that learning can be implemented.

To support that, I would highlight the question of the kind of learning that should be allowed through an ILA. We must be careful to balance the issue of quality control and that of relevance. For example, a number of the other programmes that are in some way Government-funded insist that the funding is made available only on the provision of a vocational qualification or a nationally recognised, accredited qualification.

Although we are fully supportive of that type of qualification, I do not think that the ILAs should be

used exclusively for that type of qualification. Even in a business context, Mr Wilkie—I would guess—would, when considering the qualifications of his staff, judge a Microsoft-certified qualification, for example, as having as much, if not more, validity than a vocational qualification in that sector. When selecting the types of qualification and training that are allowed under ILAs, the broader type of learning should be considered.

Our strategy in Scottish Power has been that learning to learn has often been as important as what is learned. We should aim to generate a culture in businesses and in the economy and society at large in which people learn to learn. They become engaged with learning and get better at it. If people can learn one thing, they can transfer that skill into the workplace. It does not all have to be workplace learning.

**Fergus Ewing:** In paragraph 8 of the Scottish Power submission, Mr Kelly says that it would be likely to become involved with ILAs and has learning centres for its employees. In his opening remarks, Paul McKelvie said that Scottish Power has 50 learning centres throughout the UK. I know that Scottish Power makes a significant contribution, in many ways, to training in the Scottish economy.

I am struck by the irony that Paul McKelvie talked eloquently about the difficulties of involving the disenchanted and the disengaged; I thought that his comments had the ring of truth. However, Scottish Power presumably employs people who are not in those categories; its employees will be in work and perhaps several steps up the league.

If you participate as providers in this scheme, will not much of the £23 million go to subsidise Scottish Power and training that it would probably have carried out anyway as a forward-looking major employer? Therefore, it will not benefit the people you talked about in your opening remarks.

11:30

**Paul McKelvie:** The committee must consider that issue. However, when we get involved in ILAs, that is not what we will do. We need to look at different ways in which ILAs can integrate into our current strategy. ILAs may allow us to help our staff to engage in more personal development activity than is currently available in the budgets that are in my control. For example, through our learning centres, the company currently provides me with £1 million to give our staff learning opportunities. If we are able to engage with our staff, we may be able to offer them more learning opportunities than they currently have, to help them progress their personal development.

I do not think that organisations such as Scottish Power engaging with ILAs necessarily removes

the additionality factor.

**Fergus Ewing:** I understand that, but the Scottish Parliament information centre research paper 00/08 describes how the ILA idea came about. In relation to the provenance of ILAs, the paper refers to the Moser report, which—although carried out in England and Wales—would, I guess, be relevant here in Scotland. The Moser report states:

“Some 7 million adults in England—one in five adults—if given the alphabetical index to the Yellow Pages, cannot locate the page reference for plumbers.”

The provenance of the idea seemed to be to help with basic literacy and numeracy those who are completely disenchanted or disengaged, to use your description. However, this scheme seems to be about those who are already in work, or about to enter work.

I will widen the question to include Mr Wilkie and Mr Duncan: is there not a blatant and inherent contradiction between the concept of ILAs as developed by the Government and what it was initially intended to achieve?

**Peter Duncan:** The simple answer is yes, but I will expand.

I would not wish to rubbish the concept of an ILA, because it is an incentive to encourage employers and individuals in employment to continue in a lifelong strategy. That was the thinking behind my more altruistic view of its being all-embracing. ILAs are tackling part of the problem, but I question their long-term impact if they remain solely for those in work, because we have so many other schemes. Employers are saying, “Keep it simple,” but we could create a framework that allows simplicity and allows those in work to continue with their personal development.

**Doug Wilkie:** I will have to report back on what I am saying here, but if the idea is to give this to the individuals to develop themselves, I would cut the employers right out of it. We have never been for the grant-aided system. We have always taken the view that letting us pay for what helps to improve our bottom line and giving the money to individuals to develop the skills that they sell to us would keep things simpler.

**Mr McNeil:** Does not this give us the opportunity to encourage a learning culture in companies where it does not exist and where there is a resistance because of concerns of the employer and employees?

Secondly, does it not give companies such as Scottish Power a chance to extend the learning opportunities they give to their core workers to the contractors whom many of the major companies now employ on a short-term basis and for the

more low level tasks that they carry out?

**Paul McKelvie:** I would concur with that. Businesses and other groups need to be innovative and to take off the blinkers with regard to how best to engage with ILAs. Organisations such as Scottish Power have had the resources to enable them to show significant commitment to lifelong learning for their staff. It is good for the business for our staff to engage in foreign language training and so on. That is hard to demonstrate, but our organisation believes it to be the case.

The opportunities to support people on the periphery of organisations—such as contractors and people who feel that their job is not taking them anywhere and who may have the potential to move on within the organisation or within the sector—is significant. I would question whether people who have skills and do not get the opportunity to expand them are an asset to their organisation.

When asked why he invested so much money in training people, only for them to leave, the manager of the Gleneagles Hotel said, “Do you think that I should not train them, so that they stay?” That is an interesting way of looking at training.

**Peter Duncan:** I support the implication in Mr McKelvie’s response of motivating people to get involved in a learning culture.

A key issue, which has not come up while I have been present, is that for most employers it is not necessarily the monetary aspect that is the problem; it is the time away from the workplace. With all due respect to Mr McKelvie, Scottish Power is a big organisation that has set up learning centres in the workplace. Seventy per cent of businesses in Scotland are what we would call SMEs. SMEs have great difficulty trying to replicate what Scottish Power has done, or releasing employees. There are innovative ways in which that can be tackled. I know of good examples, but I will not bore you with the details.

You need to recognise that it is not always the monetary aspect that is the big issue; there may be infrastructural issues.

**The Convener:** The committee persistently questions some of your colleagues in the further education sector on the flexibility of some of the learning opportunities.

**Peter Duncan:** I can show you some good examples.

**The Convener:** I am quite sure that you can. We will consider that in due course.

I now close this part of the meeting. Thank you for your attendance today. The committee is

involved in stage 1 consideration of the bill and we will publish a report on our evidence in due course.

I welcome Grahame Smith and Declan McGrath from the Scottish Trades Union Congress to our discussions. Would you like to make some opening remarks, Grahame, or shall we move straight into questions? I know that you have been involved in the development of Executive policy in this area, through discussions with ministers.

**Grahame Smith (Scottish Trades Union Congress):** I am happy just to introduce us. I am sure that the issues will come in the questions.

As you know, I am Grahame Smith, the deputy general secretary of the Scottish Trades Union Congress. My colleague Dec McGrath is the development officer for our recently formed lifelong learning unit, which has been formed to help us support our affiliates in developing their work in relation to lifelong learning. Dec's work over the next few years is closely concerned with what we are intending to do with regard to ILAs.

**The Convener:** One of the issues that we have been labouring this morning, and which came up in our discussions with business representatives a moment ago, is who will be affected by ILAs. Whose opportunities will be enhanced? We have touched on some interesting ground with regard to whether people who have been excluded from the learning environment, or who have found no motivation to get into the learning environment, will have their circumstances enhanced as a result of ILAs. What are your impressions of that debate and of the Government's proposals?

**Grahame Smith:** We have not been directly involved in any of the ILA pilots in Scotland, but we have done some work on evaluating union involvement in ILA pilots in Merseyside and the north-west of England, where the north-west region of the Trades Union Congress has been involved. It found that there are three categories of learners who accessed ILAs. The first group is traditional learners, who would have accessed learning in any case. You might argue that they have simply taken advantage of the resources that have been made available to them. To an extent, you could suggest that they are what might be called dead weight.

There is another group of learners, who have been switched on to learning, but for whom finance has been the key barrier. The introduction of ILAs has opened a door for them that otherwise would have remained shut. By far the biggest proportion of people who have accessed ILAs is those for whom learning has previously not been an issue. The crucial factor for them has not necessarily been ILAs and the funding that is available: it has been the support that they have

been able to get through trade unions and the north-west region TUC programme, which was funded through the union learning fund. That has encouraged people to recognise the benefits of participating in learning. Having a mechanism such as an ILA to enable them to take that forward has been useful.

From our point of view, the benefit of ILAs is in introducing people to learning which they otherwise would not have been introduced to. However, that has to go hand in hand with a lot of support and guidance for individuals if it is to become a reality.

**Miss Goldie:** I remember being grateful for a previous submission that you made on the flexibility of learning provision.

As a provider under the scheme, are you satisfied that there will be the necessary flexibility in terms of time and type of provision to meet the needs of members and their existing work places, if they are in work?

**Grahame Smith:** The nature of provision is important and it is an area that we would like to be more involved in to ensure that flexibility exists where it currently does not exist. As you say, we have commented on that before. The trade union movement has responded to that lack of flexibility by taking other initiatives, including the workbase training initiative that we discussed with you before, because the flexibility to access basic literacy and numeracy skills for workers did not exist and required a separate initiative.

Provision is flexible in other areas. We now have opportunities for workers to access provision on an open learning basis. Furthermore, in some work places, flexible provision is available through learning centres, which is an important initiative that should expand with the Scottish university for industry. The provision of on-site learning has been a key factor in ensuring that people in the north-west of England pilot can access learning.

**Miss Goldie:** I have a question about how the ILA process will benefit the learner. In particular, I am hazy about how ILAs will demonstrate their achievement, which will be relevant only if it adds value, and whether that value is proven for everyone else, including future employers. I wonder whether Mr Smith has any thoughts on that, as the area seems to be slightly shrouded in mystery at the moment.

11:45

**Grahame Smith:** Learners want their learning to be recognised, and that can be done through the achievement of a variety of qualifications. That demonstrates to the learner and other beneficiaries of that learning—including

employers—that value has been added.

**Miss Goldie:** Do you feel that the legislation is not currently clear on that matter?

**Grahame Smith:** Yes. It is not clear that learning undertaken through ILAs will always—or should always—be accredited.

**Declan McGrath (Scottish Trades Union Congress):** In the studies that have been done in the north-west of England, the element of partnership—particularly with employers—has been found to be crucial to ILAs. Setting an agenda before the establishment can access ILAs has helped to provide targets for the equal benefit of the individual union member and the employer.

**Mr McNeil:** Is the lifelong learning unit that has been set up with the unions' assistance a means of changing the culture of the workplace from direct provision for smaller numbers of people? What will happen to the trade unions' traditional role of negotiating issues such as time off for training and taking into account some of the problems faced by smaller companies about releasing people for such training? Finally, what opportunities do trade unions have for sponsoring individuals or groups of people?

**Grahame Smith:** Perhaps you will remind me if I do not remember all your questions.

On the lifelong learning unit, we had identified some time ago that, with all the developments taking place in the area, the trade union movement in Scotland generally lacked the capacity to develop those issues. Some unions are very good; their full-time and lay officials are very clued-up about the learning agenda and have successfully negotiated locally and nationally with employers on training and learning issues. However, many unions were not good in that respect and, with the confused picture of learning, they needed support to develop their negotiators' capacity to deal with those issues effectively, which is how the unit came about.

The unit is funded for three years by Scottish Enterprise with support from individual trade unions and the STUC. Over the next three years, Declan McGrath's job will be to ensure that individual unions develop their own learning strategies that link together the development of their staff and activists and the opportunities for their own members to develop through the formation of learning strategies. At the end of that three-year period, the trade union movement will be able to influence the learning agenda effectively.

Time off is a crucial issue. With the north-west of England ILA pilot, it was found that the most successful uptake happened when there were on-site learning opportunities. Part of the reason for

that was that workers were not able to get time off to access learning. In some cases, unions have been able to secure time off for learning and the relevance to workers of the lifelong learning agenda would only be enhanced if that was a more common occurrence.

Some unions are considering the possibility of assisting their members to access learning through individual learning accounts by providing the necessary £25. Some unions have had discussions at branch and national level about that. The unions recognise that learning is a service that they can provide to their members and could be attractive to workers. Attracting members is the unions' bottom line and they see making learning available as a key way to do that.

**Allan Wilson:** We had evidence from the two pilot schemes. In Grampian, an agreement was entered into between the local authority, UNISON and the Workers Educational Association. The issue that arose there related to the £25 introduction to lifelong learning. There seemed to be a choice between that benefit being extended as a benefit of membership of the trade union and it being the product of a traditional collective agreement between the employer and the trade union. Is there any preference within the movement?

**Grahame Smith:** I am not aware of discussions that have taken place in individual unions, but I think that the preference would depend on specific circumstances.

**Fergus Ewing:** I am concerned about people who are living in rural Scotland, perhaps half a day's journey away from the nearest place of learning, whether it be a college or elsewhere. To travel from Knoydart to Fort William involves a boat trip followed by a car journey along one of the worst roads in the UK. I hope that the STUC would be supportive of the ILA scheme, allowing flexibility to ensure that those who want to benefit from the scheme but live far away from the nearest place of learning would be able to receive the cost of their travel, at least, and subsistence and overnight accommodation expenses where possible.

I see nothing in the papers to suggest that that is in anybody's mind at all. I am grateful for this opportunity to find out whether the STUC would support the general concept that rural people should not be in any way disadvantaged or disengaged from the scheme.

**Grahame Smith:** We support the principle of ensuring that access is available to people in rural Scotland. We have not discussed how that might happen and how resources might be made available for that, and I am not sure whether we could support the precise mechanisms that Mr

Ewing proposes. Limited resources have been made available for learning through the individual learning accounts arrangements. Given that there are additional resources, there is a debate to be had about how those additional resources are to be used, to ensure that those who need access to learning get it, whether they live in urban Scotland or rural Scotland.

**Fergus Ewing:** Might you consider the matter in more detail? The basic scheme—£25 plus £150—is limited and is likely to disfranchise many people such as those I mentioned.

**Grahame Smith:** I am sure that we are looking into those matters. Other areas, such as the provision of guidance to people interested in taking up an ILA, have cost implications that do not appear to have been recognised, although work has been undertaken elsewhere on adult guidance more generally, which might address some of those issues. A whole range of issues on the introduction of ILAs still needs to be addressed.

**Fergus Ewing:** Do you accept the point that I made to the previous witnesses, that companies such as Scottish Power which make a valuable contribution to industrial life and training will become the unintended beneficiaries of the scheme, by receiving a large amount of the £23 million that could otherwise be going to the disengaged and disfranchised?

**Grahame Smith:** Additionality is the key to that. ILAs must achieve something more than would have otherwise been achieved. There is a danger that some employers who have been investing in learning will take the opportunity of ILAs to substitute state support for that investment. The trade unions have an important role in ensuring that that does not happen and that ILAs benefit individuals, either on their own or acting collectively in a workplace.

**The Convener:** I thank Mr Smith and Mr McGrath for their contribution. We are taking evidence for our stage 1 assessment of the Government's proposals over the next few weeks and appreciate your input.

*Meeting closed at 11:56.*



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