

# **ENTERPRISE AND LIFELONG LEARNING COMMITTEE**

Wednesday 17 April 2002  
*(Morning)*

Session 1

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## **ENTERPRISE AND LIFELONG LEARNING COMMITTEE** **13<sup>th</sup> Meeting 2002, Session 1**

### **CONVENER**

\*Alex Neil (Central Scotland) (SNP)

### **DEPUTY CONVENER**

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

### **COMMITTEE MEMBERS**

\*Rhona Brankin (Midlothian) (Lab)

\*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)

Mr Adam Ingram (South of Scotland) (SNP)

\*Gordon Jackson (Glasgow Govan) (Lab)

\*Marilyn Livingstone (Kirkcaldy) (Lab)

\*Mr Kenneth Macintosh (Eastwood) (Lab)

\*David Mundell (South of Scotland) (Con)

\*Tavish Scott (Shetland) (LD)

\*Andrew Wilson (Central Scotland) (SNP)

\*attended

### **WITNESS**

Ms Wendy Alexander (Minister for Enterprise, Transport and Lifelong Learning)

Heather Jones (Scottish Executive Enterprise and Lifelong Learning Department)

Ed Weeple (Scottish Executive Enterprise and Lifelong Learning Department)

### **CLERK TO THE COMMITTEE**

Simon Watkins

### **SENIOR ASSISTANT CLERK**

Judith Evans

### **ASSISTANT CLERK**

Jane Sutherland

### **LOCATION**

The Hub



## Scottish Parliament

### Enterprise and Lifelong Learning Committee

Wednesday 17 April 2002

(Morning)

[THE CONVENER opened the meeting at 10:05]

**The Convener (Alex Neil):** Good morning. Welcome to the 13<sup>th</sup> meeting this year of the Enterprise and Lifelong Learning Committee. We have received apologies from Adam Ingram, who is attending a meeting of the Transport and the Environment Committee.

I welcome as a new member of the committee Gordon Jackson MSP. We should have made provision on the agenda for Gordon to make a declaration of interests, but instead I will call him first under item 1. I am sure that he will include a declaration in his introductory remarks.

### Lifelong Learning Convention

**The Convener:** Item 1 on our agenda is consideration of the lifelong learning convention. We need to finish discussion of this matter around 10.30 am, when the Minister for Enterprise, Transport and Lifelong Learning will join us. I am sure that all members will want us to maximise and make the best use of our time with Wendy Alexander, from whom we will take evidence on lifelong learning and on individual learning accounts.

Once Gordon Jackson has declared his interests, as the new guy on the block he can give us his impressions of the lifelong learning convention.

**Gordon Jackson (Glasgow Govan) (Lab):** Thank you for your welcome, convener. The only interest that I have to declare is my membership of the Faculty of Advocates. I do not think that I have any other relevant interests.

I found the convention good and enjoyed it a great deal. As the new boy on the block, I did not have much idea of what was happening some of the time. I hope that that situation will improve. However, everyone at the convention to whom I spoke thought that the event was extremely valuable.

I took part in two groups. The first related to informal learning and the discussion concentrated on the voluntary sector. I sometimes found it difficult to work out precisely what informal learning was. The more I asked, the more difficult that became, because it was not always clear where informal learning shaded into formal learning.

I received the message from the voluntary sector that in its view the interim report on the committee's lifelong learning inquiry had not properly recognised the work that it is doing. I will not say whether that is a fair judgment, but the sector had the impression that it was being undervalued. Whether voluntary organisations are set up for learning purposes or whether they have another core function, they are extremely important in the context of informal learning. In particular, the voluntary sector felt that its work with disaffected learners—learners with a bad past experience of learning—was not being properly recognised. Such work has a high cost, as it involves a high ratio of teachers to learners. For that reason, the question of funding is important. Voluntary organisations felt that a common funding stream for their core funding was important. That would be better than their having to scabble about to obtain grants wherever they can find them. The representatives of voluntary

organisations to whom I spoke were positive about the convention, but they were dissatisfied that the interim report did not give them proper credit for what they are doing.

The other group in which I took part was entirely different and was concerned with the implementation of the Scottish credit and qualifications framework. Andrew Cubie took part in that group, which also included representatives of teaching organisations, chambers of commerce and business organisations. The message that came across from each of the small groups into which we divided was that people did not yet understand what the SCQF was doing and what it was about. One group said that it needed to understand the SCQF in a non-jargon way. Another group asked, "What is it?" Another group said that what is going on is not at all clear. It was not the man in the street who said that, but people who are in the industry.

Andrew Cubie in particular accepted that the SCQF has a big task in communicating and marketing itself—in getting its message across not just to the organisations that use it, such as businesses and employers, but to the learners. People will want to touch the SCQF in terms of social inclusion. The big message from that group was that, although implementing the SCQF involved many technical problems, the technical people would be able to work them out. It was felt that there was much work to do and that implementing the SCQF demanded good marketing.

Although both my groups raised many questions, they were positive about the report and the convention.

**The Convener:** That is helpful.

**Miss Annabel Goldie (West of Scotland) (Con):** I will not duplicate what Gordon Jackson has said. My impression was that the participants were positive about the structure of the convention and were encouraging about the shape of the whole report.

I was slightly uneasy about some of the responses that I detected. I floated from workshop to workshop to try to obtain a feel for the opinions of different groupings of people. I received a clear impression that important members of the sector consider that significant aspects of the interim report are sufficiently unspecific for them to require reassurance about what the report means. Many people felt that there would be budget implications, which began to disturb me considerably. We will discuss that in more detail later. On the basis of the feedback, which we have had limited time to assimilate, I want to return to the interim report with a view to considering a fairly radical recast of some aspects.

**Marilyn Livingstone (Kirkcaldy) (Lab):** I will not repeat what has been said. As members are aware, I delivered the introductory part of the convention. Ninety-nine per cent of the comments were positive, but, as Annabel Goldie said, clarification was required on what the report would mean to individual sectors.

Gordon Jackson spoke about the voluntary sector. It was our intention that funding for voluntary organisations would feed into the main learning fund pot, so that such organisations would not have to take part in the never-ending process of bidding for money. That point was made in the evidence that we took, but perhaps we did not clarify it in the report.

Some attendees were looking for what would appear in the final report. I indicated that we were discussing an interim report, which did not have time scales or an implementation plan and which should be taken as it was. Once that concept had been explained, it went down well. People are used to committees producing a final report, whereas ours is very much an interim report. That is as it should be.

We left some areas open to question. For example, if we were to fund entitlement, how much of that funding should follow the student and how much of it should fund the infrastructure? We do not want to destabilise the whole further and higher education sector, so infrastructure policy funding will be necessary. We were asking the convention what the balance should be. It was right to ask that question and not to determine the answer at this stage.

The trade union movement wanted to be represented on the majority of the proposed bodies. Although we would want that to be the case, it would have been improper to indicate membership of the proposed groups. That answers Annabel Goldie's point—some gaps were left because the report is an interim one. We will come back to fill in the gaps.

People asked us to consider skills gaps, to seek a better link with employers and to ensure that all vocational qualifications—whether Scottish vocational qualifications or college courses—have employer involvement. Our recommendation for the technician level higher national certificate and higher national diploma would go a long way towards allaying such concerns.

Like Annabel Goldie, I floated around many workshops. Without exception, everyone said that there was a great need for a national strategy and that such a strategy would be welcomed. That was encouraging. However, people also said that, as many innovations come up from the local level, any national strategy should be balanced with local flexibility.

10:15

**Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab):** I took a number of points from the convention. At some stage—not now, as I imagine that the minister is fast approaching—it would be good for us to reflect on the convention's format. One can never win with such things—we needed to publish some kind of document—but I came away from the convention wishing that we had held it earlier in the process. I also wish that we could hold another convention, because several issues were flagged up that we did not resolve. Like colleagues in the various groups that met in the afternoon, I urged people to look at our short timetable, about which I will make a point in a minute.

I sat in on the workshop for modern apprentices, skillseekers and trade unions. The first thing to be said is that a mistake was made in identifying the trade unions simply as learners rather than as learning providers. Thankfully, the men who attended—they were all men—were accommodating in getting the discussion going, but they wanted a different kind of discussion. That brings us back to my point about the need to remember that the affiliates of the Scottish Trades Union Congress are learning providers. We need to reflect on that. A different but similar point arises about the participants from the voluntary sector, whose concerns we all heard loud and clear.

One reason why I mention timetabling is that it was clear that several of the report's key themes are causing not only interest but anxiety. Let me use as an example the principle of entitlement, as I have a particular interest in that. We need to look clearly at what additional evidence and submissions we receive. I picked up that there was a lot of interest in the scope of the entitlement. We should be able to deal right away with a couple of the concerns, such as how the entitlement would interface with secondary years 5 and 6. There were also concerns about possible implications for funding and planning. It is more important that we get the proposals right than that we implement them quickly. My view is that we are setting ourselves a demanding and difficult timetable. We should reflect on that.

I was interested in the clear support for some kind of individual learning account mark 2. I am interested in the evidence that we received from a number of sources about business learning accounts and the trade union learning fund. We should consider how we can bring those together to get individual commitment to skilling and upskilling. We need to consider how we build capacity in the workplace and how we ensure that all social partners are engaged in that task

I was delighted—although members will expect

me to say that—about the unanimous support from trade unions, employers and modern apprentices for the success of our delivery on the modern apprentices programme.

On the single funding issue, we come back to the committee's concerns. I was heartened by the various bits of evidence that I picked up. We have already acknowledged that there would be problems in delivering a single funding agency other than in the medium to long term.

Several people mentioned an issue on which we have not focused enough. There is a concern that, by rushing towards a structural solution, we might create barriers against the development of a diversity of learning providers. A single funding agency for higher education and further education might squeeze everybody else out. I was impressed by that strong piece of evidence.

Let me also mention the format. Somehow, there already seems to be a format for such innovative events. I do not think that the plenary sessions worked other than perhaps for scene setting. We heard substantially the same voices at the plenary session. We need to move on from having a format whereby the people who attend simply welcome the report, ask for more money for their sector, say "Thank you very much" and toddle off. The groups into which we broke out were much more useful than that.

At some stage, I would be interested in having a discussion about why the facilitated groups had mixed success. We do not need to discuss the issue in open session, by which I do not mean that we should talk about it in secret—I just think that we should not waste time on it. Sometimes, in a facilitated group, you feel as though you are being human resourced out the door. I would quite like to have had facilitated groups with advocates, by which I do not mean my brethren and sisters. Perhaps we could think about such a format so that we can have sparkier discussions. Everyone was terribly polite; no one came forward to say that they would like not only more money, but more of someone else's money.

Finally, child care was highlighted as an important feature of participation and the social justice agenda. Convener, I know that you are keen to move things along, but I want to ensure that we do not forget the importance of child care if we are going to deliver on those commitments.

**The Convener:** As every other member wants to say something, I will go quickly around the table. However, everyone should bear in mind the fact that Wendy Alexander is due to join us at 10.30 am.

**Tavish Scott (Shetland) (LD):** I have three quick points. First, as far as the break-out groups were concerned, there was a need for either the

MSP or—for future purposes—the facilitator to argue the case on a particular section of the report and to explain why we had said what we had said. Perhaps we should think about that for future events.

Secondly, we have to flesh out what we are saying. Although I think that entitlement should be central to our final recommendations, when I was reviewing the press cuttings from the day on which we launched the interim report, I found that the issue was hardly mentioned. We have to do more work to explain what we mean by entitlement and how important the issue is.

I agree with much that has been said. However, I should point out that, at a workshop that I attended on informal learning institutions, voluntary sector representatives highlighted the sector's value and asked whether the committee had recognised it. Similarly, the FE and HE sectors claimed that their case had not been adequately picked up. Perhaps we should consider including scene-setting detail in appendices instead of reflecting all opinions in the final report.

**Andrew Wilson (Central Scotland) (SNP):** I thought that the model was a reasonable success, although we need to pin down its outcomes as far as the reasons for holding the event in the first place are concerned. I came to the evidence-taking sessions late on in the inquiry. However, if good evidence has been taken from a proper spread of witnesses and has been properly processed, we should not expect such a convention to alter the report radically.

That said, I agree with Annabel Goldie. In the sessions that I attended, some fundamental questions were asked that challenged my understanding of where the report was heading. That is not to say that we should fundamentally change the report. As the break-out sessions and the convention itself were very much influenced by representatives of Government agencies, we need to ask whether we are seeking to change the way in which those people think or whether we want established Government thinking to hone our report. That is an important question to ask ourselves as we draw up our conclusions. We need to find out our role as a parliamentary committee in the process and I am not yet certain of the answer to that question.

Some points were raised that might be of passing interest. For example, the committee report seems to have failed to mention Investors in People. Furthermore, as far as I could read, the enterprise agency representatives in particular were making a rather obvious attempt to stress the importance of institutional stability.

Another significant issue was the challenge to

the principle of entitlement. People wondered whether the committee's recommendations would stress the need for individuals to show some responsibility and self-reliance and to recognise a return on their personal investment in education. The issue is fundamental and again I am not sure where our report stands on it. Exactly the same holds true of business learning accounts. Several contributors in the sessions that I attended rightly and seriously questioned the uniform funding system.

A strong point was made that an awful lot of the report's arguments seemed to be a triumph of assertion over content. A number of people said that they did not see the logic by which we reached our conclusions. The word "hypocrisy" was used more than once by one person in what I thought were pretty strongly worded comments, although perhaps not unreasonable.

**Mr Kenneth Macintosh (Eastwood) (Lab):** I am not sure about Andrew Wilson's comments—perhaps that is just because I was not in his group; I would welcome hearing more from him later—but I echo the comments that other members have made, some of which I will pick up on.

Brian Fitzpatrick spoke about the format of the day. I agree that we can learn something from it about how we run our business. The interaction in the groups was most beneficial. I also agree that the plenary sessions left a little to be desired, but the event was worth while. The interaction in the working groups was particularly good, because we got the people who were giving evidence to discuss the issues among themselves. I am not sure whether we want to go down the route of having confrontational advocates.

Most of the people in the groups that I was in were positive, although obviously they concentrated on areas that could be improved or that were matters of concern. A great deal of support was expressed for our belief in the importance of parity of esteem, removing barriers to learning, ensuring smooth progression and ensuring that better links are created between further education and higher education. However, concerns were expressed about cost neutrality—particularly about what we meant by that—and about the limits of the credits-based system. As other members have said, there is confusion about what entitlement means. We have gone for a credits-based system, but the confusion was summed up by the fact that someone said that entitlement equals 750 credits—nothing could be further from the truth, as that would create a barrier to learning, not access to learning. There was a great deal of discussion about why the line is drawn at level 8. We must explore those issues in detail.

One of my groups produced several positive



suggestions—that was not the case with some of the discussions that I had—on child care as a condition of grant and on the importance of establishing sub-degree qualifications. A useful suggestion was also made about the importance of recognising personal development. That relates not just to the provision of guidance and support through university and college; it is about recognising the role of, for example, student activities and volunteering as part of the educational experience.

The second group that I attended was thought provoking. I will not be able to do justice to all the issues that were raised. The group emphasised the point that Gordon Jackson and Marilyn Livingstone have raised on the voluntary sector's concern that our emphasis on institutions means that we put less emphasis on diversity, the difficulty of access and barriers to learning. David Raffe raised a concern—which I share and was echoed by the group—that we have overemphasised the individual at the expense of the social good of lifelong learning. We must address that point. I have not done justice to all the points that were raised, but I will stop there.

**The Convener:** I ask Rhona Brankin and David Mundell to keep their comments brief, as Wendy Alexander is waiting downstairs.

**Rhona Brankin (Midlothian) (Lab):** I should declare an interest, as I am currently on unpaid leave of absence from the University of Dundee. Like many of the contributors, I think that the event was a valuable day.

If we have done the hearing evidence part of the exercise correctly, we would expect to get feedback on how the report has been constructed, its conclusions and whether we missed anything out. In some of the sessions that I attended, the feeling was that some areas had either been missed out or needed further development. On the HE sector, concerns were expressed that the report did not include enough about the importance of research. Concerns were also expressed about the perceived impact on the sector—especially the later stages of higher education—of moving towards an integrated funding structure.

It was felt that the report was slightly parochial and that we needed to look beyond Scotland and to be explicit about having examined other ways of providing lifelong learning in other parts of the world. The importance of lifelong learning in a global marketplace was also stressed. That may form the subject of another report, but I think that this report should touch on it.

When we considered quality issues, there was broad support for a more integrated approach. In discussing the possibility of a single framework,

we heard that there is a need for flexibility and a light touch. There was strong support for the importance of internal quality improvement systems, as well as for quality assessment systems involving the learner.

10:30

**David Mundell (South of Scotland) (Con):** I was a little depressed after the opening plenary session, which highlighted one of the biggest challenges that we face: the fact that so many people's views are sectoral. Much of that session involved people saying that they liked the report, but wanted to change the little paragraph about them. I thought that people were not looking at the bigger picture. That improved during the workshops, but I think that the biggest challenge for lifelong learning is to break down barriers of self-interest. No one should believe that that will be easy to achieve.

Overall, however, the day proceeded much more positively. I agree with Tavish Scott and Brian Fitzpatrick: I was disappointed that there were not more unhappy people who wanted to make strong points. In some cases, we teased out of people the fact that they were unhappy. In one of the groups that I attended, I had to encourage the participants to come to a much more robust conclusion than the one that they wanted to come up with, which involved a call for more consultation. Indeed, the call to have a more discursive environment is an important element of feedback.

Many issues came up. For example, most people to whom I spoke did not believe that the proposals would be cost neutral and felt that we were ducking that issue. I do not think that we will get away with that when it comes to the final report. We will have either to demonstrate cost neutrality or not, as the case may be. If it is a "not", I am not sure whether all of us will be able to agree to it.

We need effective mechanics for presenting our proposals. I would prefer to keep to a strict timetable and to keep some issues as discursive topics. If we let the timetable slip, there is a danger that we will not end up with a worthwhile report for the time that will be available to debate it.

**The Convener:** I invite Wendy Alexander and her officials to take a seat. I will make my comments on the convention and we will then get started with hearing evidence from the minister.

In the e-mails and other feedback that Simon Watkins and I have received, the general view has been that the opportunity to give feedback on and participate in a committee report was a positive experience. People felt that the Parliament was consulting in a way that no Parliament in the

United Kingdom has done before. They were delighted to have the opportunity to make an input.

However, this was the first time that we have held such an event, and some improvements could be made to the format. In the private part of the meeting, we can have a debriefing about the format and discuss what we could do differently when we next hold a similar event.

The fact that the event was held delighted many people, who felt that they were getting an opportunity to have their say. I have informally mentioned to Cathy Jamieson that such an event might be useful for bringing people together in the national education debate. She said that she would consider the outcomes from our convention.

Next week we will circulate to all members the analysis arising from the feedback questionnaires, so that we can find out what the participants thought of the convention. That information will also be made public.

It is clear that we must reconsider several aspects of our report. There was consensus on many points, such as the need to bed in the SCQF and to provide the resources that are required to develop and market it. David Mundell is right that no one believed that the matters that we described as budget neutral would be so. The committee must revisit what it said.

While floating around at the conference, I became aware of two themes on structural change. One was that we should be careful about structural change, as we have not necessarily made the case for it. Questions were asked about whether having one body up to level 8 of the SCQF and another above that was the right structure. We will need to discuss that further.

Another key issue was parity of esteem. All the evidence that we received showed a consensus on the need for parity of esteem, but a useful point that was made in the plenary session was that, taken to a logical conclusion, parity of esteem will have to exist between people who work in higher education and those who work in further education. We must think more about such issues. The purpose of the convention was to raise them.

I have been a wee bit depressed by the evidence throughout the inquiry, as few organisations have presented their vision of lifelong learning. Witnesses have tended to concentrate on their own bit, as David Mundell said, and few organisations have considered the big picture. One or two have done so, but I will not mention names. During the convention, some comments were rather negative. People did not produce fresh ideas that we had not seen. Perhaps we should encourage more of that.

As members know, we have asked people who

want to submit supplementary evidence to do so by 1 May. After that, we will review what additional evidence we need to take. I do not doubt that we will have preliminary discussion of that and the time scale when we discuss the report in private later. The convention was useful and I thank the committee.

## Lifelong Learning Inquiry

**The Convener:** We move to item 2—I am sorry for holding back Wendy Alexander a bit.

I welcome Wendy Alexander, the Minister for Enterprise, Transport and Lifelong Learning, who is here with Ed Weeple, the head of the Executive's lifelong learning group, and Heather Jones. I ask Wendy to give her introduction, after which we will ask questions.

**The Minister for Enterprise, Transport and Lifelong Learning (Ms Wendy Alexander):** I will pick up where the committee left off. I thank the committee for the opportunity to comment on its interim report. I learned from my officials how well the convention went on Monday—I thought that it would be inappropriate for me to attend it.

The process of being open and inclusive to stimulate a debate has been helpful. It has focused the minds not only of the committee but of the wider learning community on what our big strategic objectives should be if we want to be a learning nation. As the process has shown, that debate is much needed. That is one matter on which we have much common ground.

We have made significant progress in advancing lifelong learning in recent years, but there is much more to do. I will touch on how the creation of the enterprise and lifelong learning department has put learning and skills close to the work that we do on enterprise, which has been broadly welcomed.

Economic and demographic realities feature in the committee's report and I hope that we can strengthen the focus on them in the coming months. In the next 20 years, the size of the 20 to 34-year-old age group will decline by 25 per cent. While the number of young people declines, it is expected that the UK will have 2 million extra jobs, of which Scotland's pro rata share will be 200,000, so I would welcome further guidance from the committee on the need to focus on adults and on SVQ levels 2 and 3 for adults in the work force.

We need to think further about how to create the right routes and pathways for everybody in the work force. We also need to think about those who will be looking for the jobs of tomorrow. We have done a lot to try to get that interface right. To a large extent, I share the principles that are set out in the committee's recommendations. I appreciate that the report is not final, but my initial reaction is that I am sympathetic to a number of the proposals.

I will turn to the provisional conclusions. We are interested to see what emerges from the deliberations of the convention on Monday and are also interested to see the work that the committee

plans to undertake over the next three months. A minister is bound to say this, but we have a lifelong learning strategy for Scotland. We have tried to avoid the glossy brochures—we are too often criticised for them—and we have focused on delivery.

Ten years ago, 25 per cent of the work force had no qualifications; today, the figure is 10 per cent. Half our school leavers go on to further and higher education, and 80 per cent of those in higher education complete their courses. If those two measures are taken together, Scotland is at the top of the European league. Take-up of further education is now at its highest level ever. The huge response to learndirect Scotland—there were 5 million hits to its website last year—has surprised us all. Huge strides have been made in the past 10 years. That said, there is more to do.

I want to contrast the progress that we have made in Scotland with that which has been made in England and Wales. The creation of the Scottish Further Education Funding Council and the decision to move further education closer to higher education, rather than to move it down to make it closer to the workplace, is a development that has stood the test of time.

We are ahead of the rest of the UK in dealing with the student support issue. We have begun to equalise further and higher education student support. As members know, that issue has emerged in evidence to the committee. We have expanded further education by 60,000 places, which is 20,000 more places than we said we would create three years ago. As members also know, there is not an equivalent to that figure elsewhere in the UK.

We are funding directly access in universities, in order to deal with the issue of low participation from the sons and daughters of hard-pressed families. At present, there are 20,000 modern apprenticeships, which is way ahead of the rest of the UK. Another way in which we are ahead of the game is that learndirect Scotland has sought to become not a provider, but a broker of education services. It is more successful because of that.

We are also ahead of the game because we have put skills at the heart of our economic development agenda. In England, the regional development agencies have no locus on human capital, which is the aegis of the learning and skills councils. We have a better institutional architecture in Scotland. We have created careers Scotland, which is an all-age service, whereas England has stuck with a youth service. As the committee report acknowledged, the Scottish credit and qualifications framework puts Scotland out ahead in that respect.

Although there is a determined need for further

progress in all those areas, devolution has delivered them, which has put us ahead of the game. The challenge of the next three months is to examine how we can preserve that lead, both institutionally and operationally, vis-à-vis the rest of the United Kingdom.

I share the emphasis that the report places on high-quality guidance and informed choice. I welcome the significance that the committee has placed on a flexible qualifications framework. That is an area in which the committee is not defending vested interests of any kind, but celebrating the potential and opportunity that we need to unlock if we are to create flexible pathways.

We need to deliver more effective work-based training. The skillseekers scheme needs to be overhauled. We need our young people to have a sense of credible pathways, which allow for a work-based route but give a stronger focus to core skills and personal skills development than might have been the case in the past.

I will mention one area to which we give slightly different emphasis than does the report. The learning market has two consumers: one is the learner—it is right that we should be learner centred—but business is also a key customer of learning. We did some work on the numbers. The joy of being in my department is that you can commission civil servants and statisticians to examine the numbers. Employers in Scotland are spending in the order of magnitude of £2.2 billion on the provision of work-based learning. That compares with the £1.3 billion that the Executive provides. In the next three months, the committee might want to consider that further.

Although I talk about making every person ready for tomorrow's jobs, we have also to make every business ready for tomorrow's Scotland. It is depressing that one third of the people who acquire lifelong learning do not have the opportunity to use it in the workplace. The committee's observations on how we can deal with that problem would be helpful.

10:45

As members know, we have brought about huge institutional upheaval over the past three years, which does not have a parallel in England and Wales. We have created the two funding councils, bringing further education closer to higher education; we have created careers Scotland; and we have put human capital and skills at the heart of the enterprise agenda. In all those initiatives, and in the creation of individual learning accounts, considerable institutional change has taken place. I am not sure that, less than four weeks after the creation of careers Scotland, we should rush into destabilising an institutional architecture that has

not had the opportunity to bed down. We can, however, make progress on operational issues.

I welcome this opportunity to come here to testify. As the committee knows, the Executive has been considering higher education, but we were keen to leave the rest of the lifelong learning space for the committee to introduce its ideas. We did not want to pre-empt the committee's deliberations.

We published our initial higher education consultation in October, and we intend the second consultation to come out towards the end of this month, allowing the standard 12-week consultation period. We hope to come to some conclusions on higher education, probably after—well, it will have to be after—we have received the committee's report and have taken into account the crossover between lifelong learning and higher education.

We have been doing an in-depth review of vocational education and that is why I am keen to go on record as saying that we have to consider skillseekers and the balance between competences and core skills. We will publish research shortly that supports the wide body of evidence on the need to work with employers to strengthen work force development. I hope that that research will be useful to the committee. The research is being conducted by the University of Glasgow and it reaffirms that, although employers invest in training, serious inequalities of provision exist. Often, for small firms, the barrier is not cost but accessibility and the availability of work-based training, as the committee's report makes clear.

It would not be proper for an Executive minister not to end on the cost-neutral or budget-neutral question. I do not want to pre-empt the committee's deliberations, but because the committee's report notes that there will be a redistributive effect, I would welcome the committee's views on where we are looking for winners and where we are looking for losers. When it comes to moving money around the sector, the vested interests will loom large. I would therefore welcome further discussion and guidance on the issues—it is really a pleasure to see someone else struggling with those dilemmas.

I look forward to receiving the committee's report—whether that happens at the start or the end of the summer recess. I will comment fully at that time.

**The Convener:** Thank you minister—perhaps we will do the costings after the election.

Before I open up the meeting for questions, I would like to clarify something about the definition of lifelong learning. I have read the Executive's lifelong learning strategy, which links into the higher and further education strategy, but is different. The Executive's lifelong learning strategy

is generally about post-higher education and does not cover further education, whereas the definition for our inquiry incorporates the whole picture of higher education, further education, the Executive's strategy, volume training and so on. We should be clear about the definition.

**Ms Alexander:** How can I say this tactfully? There is no one document. There is not a document setting out current Executive practice and thinking down to the last dot and comma, precisely because we wanted the committee to have policy space.

I do not want to be in the position of saying that the totality of our current thinking on lifelong learning is embodied in one document, particularly one that was published before devolution. We stood back to allow the committee to take the lead in this area. I want to have the political courage to say that we will create the space for the committee to reflect on those issues. After that, we will publish the Executive's lifelong learning strategy, looking to the future. At the same time, I do not want people to say that the Executive has no strategy. My response to that suggestion is that we have not published a strategy because the committee asked us not to do so.

The important thing for non-aficionados is to get a sense that this debate is about strengthening Scotland's lead in the area of lifelong learning. We have a common interest in getting that point across to the wider public. That is why I touched on the 10 or more areas in which we are leaders in a UK and, sometimes, a European context. We are debating how we extend and strengthen that lead.

**Miss Goldie:** Do you feel relaxed about the concept of entitlement?

**Ms Alexander:** I would like to be clearer on what is meant by entitlement. I am very relaxed about having a debate on entitlement and about the notion of entitlement. However, I am keen not to pronounce on the implications, form and consequences of entitlement in such a way as to reduce the space that the committee has in which to probe some of the issues.

Entitlement can be defined in a number of ways. It can be based on credit points, as is suggested at the moment. It can be defined in terms of the volume of funding that is available. It can be defined in relation to need or on the basis of universality. The definition of entitlement is still an open question. However, if one is aiming to create a lifelong learning culture in society, everyone should have access to further and higher education. That is an appropriate principle. The risks are that, in circumstances where we are seeking budget neutrality, any formulation of entitlement—be it credit based, needs based or

age based—invites people to speculate about winners and losers. The challenge for us all is to stimulate change in the sector in such a way that it does not disrupt current advances that we want to preserve.

**Andrew Wilson:** Thank you for your evidence. You said that devolution had delivered the leadership and improvements that we see in this area. Could you say more about that? What specific aspects of lifelong learning policy have changed with devolution?

**Ms Alexander:** I can provide the member with a number of examples. Unlike in the rest of the UK, human capital and learning and skills are at the heart of the economic development agenda in Scotland. There is no equivalent of the enterprise and lifelong learning department at UK level, where learning and skills fall within the remit of learning and skills councils. Further education in Scotland has been aligned with higher education, rather than moved in the opposite direction—down towards workplace learning and the former training and enterprise councils. LearnDirect Scotland has a different role from its counterpart in England and Wales. In Scotland, there is also a different solution to student support. The UK participation measure is for people under 30 participating in higher education. The participation rate in Scotland stands at well over 50 per cent, so the focus here has been on expansion in further education, rather than on higher education.

I have listed a number of areas in which we are out in front and in which our approach is different from the UK approach.

**Andrew Wilson:** Is that the result of devolution or is it simply the consequence of a specific administrative agenda in Scotland? Could the things to which you refer have happened without devolution?

**Ms Alexander:** Very largely, they could not have happened without devolution. One could quibble that, technically, some of the changes that I have cited would have been possible without devolution. However, reflection on the past half century would suggest that, in the pre-devolution world, decision making in Scotland was characterised by administrative devolution. Now it is characterised more by policy leadership. That is reflected in the level of diversity that now exists.

A University of Edinburgh academic who compared the diversity in education policy in Scotland over the past 50 years with that of the past five years would conclude that devolution has made a huge difference to the level of that policy divergence.

**Andrew Wilson:** Thank you. It was useful to have that set out.

You said that we are at the top of the UK league and possibly at the top of the European league in further and higher education performance indicators over the past 10 years. That might be true, but our economic performance is near the bottom of the league. Why is that?

**Ms Alexander:** That is partly because of how we tried to compete economically over the past 40 years. I think that we agree on that analysis, Andrew. We were largely a location for market access into Europe when the European market was growing. Now we compete in a different world. The situation is like turning round an oil tanker. Our agenda is based on science and skills and accepting that Scotland is not significant as a regional player in market access because global players who are interested in market access have their eyes on Asia.

Scotland's opportunity is as a global location for intellectual property and innovation. That is why the existence and alignment of the enterprise and lifelong learning department is so important. Investment in learning and skills, which has happened, for example, in Ireland, does not pay instant dividends. However, investment in human capital that is pursued consistently over 20 years is critical and reflected everywhere. Our challenge is how we ensure that that investment in lifelong learning contributes effectively to our economic performance.

A depressing aspect, however, is people's view of the importance of higher education. We want a lifelong learning culture, but a lower percentage of Scots than people in the rest of the UK believe that education and lifelong learning is significant. Thirty per cent of Scots do not make use of the learning opportunities that are available. We are getting the institutional architecture and the investment right, but we have not won the battle for hearts and minds. That is a real challenge for us because of our population structure, with which you are familiar.

**Andrew Wilson:** That is an excellent answer that gets to the heart of the growth problem, which is a challenge to us all. I appreciate the minister's comments. The minister set out the diversity of the policy debate, which was useful, and the challenges that face us.

My next question is an old chestnut, but I want the minister's view on it, especially as today is budget day in the UK. We do things differently in the learning area and manage to get a separate agenda going in Scotland, which is a positive achievement. However, how do we square that circle with the fact that the budget that provides the money for our agenda is set within a specific pot that is dependent on a policy programme for the rest of the UK? How can we progress aggressively a different policy approach in further

education to get more people into education and contributing to the economy, when the budget for further education is dependent on decisions that are taken elsewhere?

**Ms Alexander:** I am tempted to rise to that challenge, but, in the interests of everyone else in the room, I will resist doing so. Politics has always been a language of priorities and, under any constitutional arrangement, one must make choices. Like you, Andrew, I like numbers. I asked the department to draw up for me the percentage change in real terms in the spend of every aspect of my department's budget over the past four years. The critical issue is that the budget for further education in Scotland has risen by 18 per cent in real terms over the lifetime of the Parliament. In higher education, the figure has risen by only 8 per cent. Scottish Enterprise's figure has risen by 4 per cent and Highlands and Islands Enterprise's by 8 per cent. That is a different pattern of spend from England's and demonstrates our capacity for making different budgetary choices.

I have a bigger point to make to the committee. In trying to get growth, our dilemma is that compared with our top five European competitors—we seem to be one of the top five, in the UK, for lifelong learning—our system is largely learner led. The committee has gone down that route. All our European competitors are more directive in encouraging people to go into areas of anticipated growth in the economy. Andrew Wilson's predecessor used to ask why we were funding so many hairdressers and so few engineers. Part of the reason is that, if we ask a 16-year-old what they want to be, they will say that they want to be a beautician, a hairdresser or a pop star. At 16, people have limited capacity to know what tomorrow's jobs are.

Careers Scotland will fix that in part, but not entirely. The biggest strategic choice that we have to make is whether to direct people to the areas in which we anticipate that there will be growth. On the spectrum of individual choice and encouraging people to go into the areas of future growth, we are less directive than almost all our competitors.

11:00

In the Parliament this afternoon, members will ask me questions such as, "Why do we have a 16 per cent decline in applications to study physics? Should we care about that? Should we try to do anything about it? Should we incentivise it?"

That we are out of step with our European competitors seems to be a critical philosophical issue. Through the process, we have to reach some common ground on that issue. I would like to see that addressed directly in the next few months.

**The Convener:** The targets section of the report touched on that issue, but perhaps it was not enough.

**Marilyn Livingstone:** I want to follow up your point about whether our system should be learner led or directive. The report has touched on that issue and we debated it quite a bit. We believe that the issue is about good careers guidance. Careers guidance should start early and should not just be pre-entry guidance but should be about a professional and social development plan for young people or adults. That was one of the points that we took in evidence.

You said something very encouraging about flexibility of qualifications. A big issue that was raised in evidence and at the convention, and which is reflected throughout the report, is that people want parity of esteem in their qualifications. I would like to put it on record that further education colleges deliver vocational education. Such training is delivered not just in the workplace, but through HNC and HND courses. One of the recommendations in the report is the creation of a technician-level qualification. Many people felt that there was a need for more technician-level employees, and perhaps that could be based around HNCs and HNDs. What does the minister think of that recommendation?

It is important that we build capacity for learning in business. I would like to hear the minister's views on how to achieve parity of esteem in work-based routes and how we can have better links with business. That is a key question for the committee. If we have one learning fund and individuals are choosing college or work-based routes, how do we achieve parity of esteem? How do we achieve flexibility of choice and opportunity in those two routes?

**Ms Alexander:** Let me run through three points. On the dilemma that I mentioned about whether we tell people what to do or let them choose, undoubtedly careers Scotland is part of the answer. We hope that we can help people make market-savvy choices. I am keen to encourage that.

It emerges strongly from the report that one of the keys to parity of esteem is portability. At the moment, parity of esteem is not helped because there has not been portability between the various learning routes. The committee places too heavy a burden on the Scottish qualifications framework; I would like the framework to reach the stage that the committee defines it at already. That has implications for how the Executive funds and supports the Scottish qualifications framework. The committee is slightly aspirational on where it wants the framework to be, but I share that aspiration. We need to consider how we resource it in order to allow it to drive portability. I hope that

that will go a long way to delivering the parity-of-estate agenda, which will be possible if we have portability. There will be lots of qualifications, some of which we will want to create and some that will disappear over time. The qualifications framework is the route to take.

On capacity building in business, there is no one answer. I will mention four areas. First, undoubtedly it is important that we continue to fund learndirect Scotland, because demand pull by learners matters. We now have in excess of 300 learning centres, but few of them are in employers' premises. We must examine that.

Secondly, the committee may be aware that we announced revised plans for regional selective assistance which, with regard to Andrew Wilson's point, would have been highly unlikely—I would go so far as to say unthinkable—in pre-devolution days. In future, we want RSA to be linked to work force development plans. It will take a lot of work for us to think through what that will mean, but we are trying to tie the level of award that employers get from reformed RSA to plans for work force development.

Thirdly, we have business learning accounts. We will talk later about the contribution that they might make to capacity building in business.

Finally, I was at the STUC yesterday, where I talked about learning representatives. The bill that will create learning representatives will receive royal assent in June. One of our challenges is how to enable people—in particular the over-50s in unionised workplaces who do not even have a level 2 SVQ qualification, and who feel that trade unions are institutions of trust—to say, "Look, it didn't used to matter that I didn't know how to read and write, but I am really struggling in my job as a lorry driver because I can't work the technology in this cab." People need somewhere to take that anxiety. Very often, their shop steward or their learning rep is that figure of trust. That is another dimension. RSA, business learning accounts, learning reps and learndirect Scotland are all part of the answer.

**Ed Weeple (Scottish Executive Enterprise and Lifelong Learning Department):** I wish to add one point, which was made by a Confederation of British Industry representative at one of the lifelong learning convention workshops, on the important role that Investors in People can play. That does not have any prominence in the interim report, but it is important. IIP has played an important role so far in raising awareness, credibility and confidence in business. Perhaps it should feed in to the final report in relation to the list that the minister has given.

**The Convener:** We did not receive evidence from IIP. We might wish to address that.

**Marilyn Livingstone:** I am aware of the point that Ed Weeple raised. We are talking about having one quality system, which would help with parity of esteem. We should feed IIP into the evidence.

I want to ask about research at the higher end of education, on which we have taken much evidence. At the convention and in the evidence there was much discussion of skills shortages. The minister pointed to demographic changes. One of the worries is that we are losing a lot of research staff, because they are going elsewhere for more lucrative contracts. The Association of University Teachers raised the issue of terms and conditions, because short contracts are used and there is no stability. I know that the minister is keen to attract graduates back to the Scottish economy, but how can we do that? It is important that we get our education mix right, and that we keep the people who graduate.

**Ms Alexander:** There are two issues: one is the treatment of contract research staff in universities, and the other is holding on to skilled people. On the first point, I recently had extensive discussions with higher education principals. The truth is that in many ways, European workplace legislation will make the current pattern of contract staffing illegal. Substantial change is coming. More positively, we have to examine more effective career pathways for academics.

Academics' pay has fallen in relation to that of some of their peers' over the past 20 years. Equally serious is the fact that the quality of human resource development and career management structures in higher education has perhaps fallen behind what is expected in other parts of the public and private sectors. We have asked the Scottish Higher Education Funding Council and Universities Scotland to consider that and we will touch on it in the second round of the higher education document that we will publish at the end of the month.

I will refer to the loss of graduates overall. I read the convener's comments in the press recently in which he speculated about the figure of 1,000 graduates a year departing from Scotland and I badgered my statisticians to do more work in the area. The committee might want to examine that on another occasion.

Three different phenomena are interacting. One is Scotland's overall population decline and age structure, which is of concern. We are basically not producing enough kids and the population is aging. The second factor is the question of what is happening to graduates in terms of their first destination of employment when they graduate. The third factor is the net in-migration or out-migration of skilled workers in employment.

All three factors are important. The general population register gives good statistics on the first of those. I looked a mere 48 hours ago at the data on the destination of graduates. Some 76 per cent of graduates from Scottish universities are Scotland domiciled and the others are from overseas and England and Wales. Some 74 per cent of people who graduate from Scottish universities stay on in Scotland. That figure is 10 per cent higher than it was a decade ago. We are getting overwhelmingly better at holding on to Scottish graduates in Scotland. However, that does not answer the third question, which is on the quality of net in-migration of skilled workers in work. The research data that are required do not exist and more work on that would benefit Scottish public debate and would inform this and other debates.

**Tavish Scott:** Informal learning was mentioned a lot at the convention on Monday. Funding is important, but I shall put it aside for the moment. I am more interested in the question of measuring informal learning, which came out of the convention. You made a point about portability of learning and routes into other tiers of learning. The voluntary sector argued persuasively that it is a foundation for learning for many people. Is your department working on assessing how people who come through such informal learning routes are provided for? Could more be done in trying to assess what is happening in that area?

**Ms Alexander:** When we talked on Monday evening about what had come out of the convention, that was one of the two or three most significant issues that my officials put on the agenda for me. Ed Weeple might want to comment on it.

**Ed Weeple:** The issue is genuinely difficult, particularly in terms of current funding formulas, measuring informal learning and the way in which further education is funded. Measuring and accounting for informal learning is a genuinely difficult area and always has been.

It is difficult to fit it into the overall structure of the committee's report. If the whole structure is predicated upon a credit-based system and informal learning is, by definition, neither credit nor qualification based, one excludes a crucial area of learning, particularly in terms of access, early participation and progression. The committee has found difficulty with the issue and I do not pretend for a moment that the lifelong learning department and various other departments have not found difficulty with it. The education department and Communities Scotland have a crucial interest in it as well.

We have spent a lot of time over the past couple of years considering adult literacy and numeracy, in which community and informal learning plays a



crucial role. Those issues have not been easy ones with which to grapple. As a report that was produced for us pointed out, they have been relatively neglected for the past 20 years. What came through in the lifelong learning convention was an appreciation that informal learning is important and that we must devote more time to it. We will take that message on board happily.

**Tavish Scott:** I appreciate the honesty of that reply. We must take more evidence on the issue to try to get some helpful suggestions.

My other question is about the role of the enterprise agencies. According to the minister's statistics, there has been £2.2 billion of business spend on workplace learning. Have there been specific recommendations to the enterprise agencies to help with that balance of spend? Does the document "A Smart, Successful Scotland: Ambitions for the Enterprise Networks" do enough on that issue or does more need to be done on the balance? The issue is important and the committee has tried to pick up on it.

11:15

**Ms Alexander:** In order to harness those issues, human capital and learning and skills must be at the heart of the economic development effort. I have often said that the Tories were right to bring the training agency into what—10 years ago—was the Scottish Development Agency. It was also right that the character of that link should not be about volume training, but about the totality of human capital and skills.

There are big operational issues to be resolved, but we continue to stay ahead of the game structurally. Two implications follow from that. One is that the training-for-work programme needs a substantial overhaul. That is under way. The market that the programme served has been residualised, in part by the new deal and in part by the labour market, which is more buoyant than it has been for a considerable time.

There is a role for new target setting. When the committee embarked on its consideration of lifelong learning, the Executive was already considering post-asset targets. We chose not to introduce them in order to create a space. The four targets that were set in "A Smart, Successful Scotland", which aimed to have every Scot ready for tomorrow's jobs, were right in terms of what to do with the non-education and training—NEAT—group. If we were having this debate five years ago, the issue would have been about what to do in relation to modern apprentices and at level 3. We have now largely fixed that problem. We must realise that although skillseekers was right for its day, we must do better now. We should return to considering level 2 and what it delivers.

My comment about entitlement is that we should not divert attention from the NEAT group, which comprises the 16 per cent of people who leave school with no education or qualifications. That sets back those people for the rest of their lives. That group was the second target. If I recall correctly, the four targets related to narrowing the gaps in unemployment levels between areas, the NEAT group, work force development and hinting at what had to be done in the workplace. Those targets were correct, but they must be complemented by a further set of asset-updated targets that take into account the population as a whole. I think that the appropriate point at which to set those targets might be in my response to the committee's report. I hope that there will be a lot of common ground on the targets.

**Tavish Scott:** I have another supplementary question. Do you envisage that, in setting the targets, you will take a close interest in business views? You described the £2.2 billion that business spends on workplace learning. I presume that the aim is to encourage business to spend more. Obviously, you cannot set a monetary level, but do you envisage trying to push that agenda forward? What mechanisms will you use to do so?

**Ms Alexander:** That issue goes to the heart of one of the dilemmas for the committee. I will make the anxiety clear. We must consider the case for divorcing the strategic economic engagement with employers—which is the mission of the enterprise networks—from the delivery of training. My view is that the case for that is not proven.

**Rhona Brankin:** I want to tease out the issue of research. I was interested in the statistics for the increasing retention rates for researchers in Scotland. Obviously, international competition for top researchers is very strong. Will you speak a little bit about that? The statistics that you gave might mask the situation.

**Ms Alexander:** To the committee's immense credit, it has not spent a huge amount of time on higher education in its report. As members will know, I have been having dinner with all the principals in Scotland, so I will not embarrass them. The statistic is too raw for me to put it in the consultation document, so I will share it here. A principal said to me, "I have just spent £1 million in paying off dead wood and I have put only £11,000 into performance-related pay." Collectively, we need to find a way to fix that sort of balance in the period ahead. That is not to say that I want to replicate the US system wholesale. However, a system whereby courts and principals end up spending £1 million on letting people go on reasonable terms at the end of their careers and spending only £11,000 on the best people needs some attention.

Let me say something more positive. I will know more about this tomorrow. The issue about great researchers and the commercialisation agenda is how we can make it possible for our top academics to twin-track between running a department and being involved in commercialisation work. I shall talk to David Lane and Spiro Rombotis, who run Cyclacel, later today. David Lane, who is one of our most eminent scientists, will say that the problem is that, the minute he walks out of the University of Dundee, all the research income that he brings to that institution disappears with him. The incentive does not exist for any of the 19 grade 5\* professors in Scotland to be involved in commercialisation. If they move wholesale into that, the internationally significant departments that they have built up might be harmed. There is an obligation on us to think about how we can make it possible for people to twin-track—to run their departments and continue to attract research funding to them and to become involved in the commercialisation agenda. I am sure that such twin-tracking has the unanimous support of committee members. We must create better mechanisms for that.

I know that the committee took great interest in the issue of research, and I was struck by some evidence that the University of Edinburgh shared with me recently. In excess of two thirds of the 29 start-ups that had been set up in the University of Edinburgh over the past year came from grade 5 and grade 5\* departments. There is an issue at the high end about making twin-tracking possible.

**Rhona Brankin:** I will ask about something completely different, which is schools and the importance of higher still and the impact that higher still is having. A limited amount of evidence is coming from research about higher still and the positive impact that it is having. Are you having any discourse with your education colleagues about changes such as higher still, careers Scotland and the link into the schools system?

**Ms Alexander:** At 9 o'clock this morning—before a Cabinet meeting—I told Cathy Jamieson that I would be attending the committee and that, unless we have better articulation with schools than we have achieved in the past to get the skillseekers bit right, it will be impossible to get the two years of national qualifications and higher still right in terms of core skills. That comes out incredibly strongly in the committee's report. As that is one of the committee's recommendations that I want to support strongly, I told Cathy Jamieson that I thought that the time is right for the education department and the enterprise and lifelong learning department to work over the summer on what it would take to improve that articulation, given where higher still and NQs are going. In our final response to the committee, we should have something to say on that agenda,

which we all share. Cathy Jamieson and the enterprise and lifelong learning officials are committed to that and I think that that will be one of the real wins to come out of the work of the committee.

**The Convener:** On Rhona Brankin's first point, the joint working party of SHEFC and Scottish Enterprise on knowledge transfer and the research base has made many of the recommendations that we made in our previous report on teaching and research. That report is now with the minister for her agreement and, I hope, implementation.

**David Mundell:** One of the things to come out of the convention and all anecdotal discussions in evidence is the fact that schools are a key building block to lifelong learning. Indeed, people who are not aficionados sometimes find it difficult to accept that schools are not included in a definition of lifelong learning. Are you satisfied that the existing structural arrangements within the Executive are delivering the continuity that allows schools to be a building block for lifelong learning? You answered Rhona Brankin's question about the specifics, but how will the report gel with Cathy Jamieson's national debate? It is clear to me that individuals' approach to lifelong learning is determined by their experiences at school.

**Ms Alexander:** That is very much the case. There is no doubt that the existence of careers Scotland was a prerequisite, because it has brought together careers service and education-business partnerships. In the past we have had the difficulty that education-business partnerships did great work in exposing youngsters to the world of work and the workplace. That work was quite distinct from the provision of careers advice. We have brought together those activities under careers Scotland, to enable people in school to have work-based experience and to think about their career opportunities in a much smoother way. That was a prerequisite for raising the quality of young people's experience of thinking about the world of work rather than just the traditional post-school education opportunities.

The committee might want to invite Nicol Stephen to testify on the education for work and enterprise review group, which we set up last year. Many prominent business people and entrepreneurs sit on that group, which is due to report soon. The work of the group deals with how to embed in the curriculum exposure to the world of work. Although that is technically the responsibility of my department, I was keen that the education department should lead on that. The perception existed that it would be difficult for us to be involved in exposure to the world of work in schools if that was viewed as an add-on to the curriculum, rather than as a core element of the curriculum. Nicol Stephen, who has worked as a

minister in the enterprise and lifelong learning department and the education department, has led the education for work and enterprise review group. When considering the immediate post-school experience, the committee might want to invite Nicol Stephen to talk about what the education for work and enterprise review group is likely to say about the later school years and what is done to prepare young people for the world of work. The committee might also want to invite Christina Allon—I do not think that she has had the chance to testify to the committee yet—to speak about how careers Scotland will change the nature of what is done in schools. That would be a useful way of informing consideration of skillsseekers mark 2.

**The Convener:** We should point out that Christina Allon is the head of careers Scotland.

**Ed Weeple:** I would like to add that at every level of the enterprise and lifelong learning department we aim to work closely with our colleagues in the education department. For example, I am head of the ELLD's lifelong learning group and I sit on the supervisory group for the national debate on education. We strive to have crossover points wherever common issues arise. For example, both departments have a major interest in the operation and delivery of the Scottish Qualifications Authority. We recently held a joint meeting with the SQA's senior management team; senior officials of both departments met round the same table. We strive for a seamless effort across the two departments.

**The Convener:** That continuity is also reflected in relationships between the relevant committees. From time to time, I meet with Karen Gillon—or, as is presently the case, Frank McAveety—and the clerks to discuss potential clashes.

**David Mundell:** I am glad that everyone is meeting.

**The Convener:** We will invite you, David.

**David Mundell:** There are two elements to school—preparation for work and the experiential part of learning. I want to be clear that the experiential element is picked up as well as the preparation for work aspect.

You mentioned choice and need and where the balance lies. Do you accept that the school system gears people to go into higher education? Higher education has been perceived as the best thing that people can possibly do at the end of their school careers. However, that situation is not necessarily the best thing for Scotland's economy or, indeed, for the individuals concerned.

**Ms Alexander:** I will make three points. First, what you are looking for will be delivered by the fact that the best work of the educational business

partnerships will now be available all over Scotland through the careers Scotland framework. Annabel Goldie and I both know that Renfrewshire had a superb education-business partnership, but some EBPs in other parts of the country were not so good. The philosophy behind the creation of careers Scotland was to provide a uniform quality of provision throughout Scotland for all the functions of careers Scotland's constituent organisations, of which EBPs was one. I am confident that the mission of EBPs will be delivered consistently throughout Scotland. However, that is a legitimate area to explore with Christina Allon.

11:30

Secondly, we need to consider whether young people are given the right advice about the variety of choices. The new notion is that a personal caseworker will stay with people from age 14 through to 24. The personal caseworker must be sufficiently knowledgeable about the labour market and must not encourage people only into the traditional education routes. The alignment of the careers service with the enterprise networks will help that.

Another thing that will help that is the creation of Future Skills Scotland. In the past, how were good careers service workers meant to know that joiners, software engineers or construction workers were being sought? There were no means by which a well-meaning careers adviser could know where the demand would be in future. Future Skills Scotland is intended to help caseworkers to be more informed about where future opportunities lie.

Thirdly, we need an attitudinal change in schools. That is why Nicol Stephen's leadership of the education for work agenda matters. There must be a clear ministerial lead on the value of the world of work in the education sector.

**David Mundell:** I have a final question on a hobby-horse of mine. The question was also asked in the convention. In the area that I represent, about 50 per cent of people are employed in the public sector. In most of our discussions, we see the public sector as a facilitator or catalyst but we do not pick up on the fact that the public sector is also an employer. That applies to a host of matters. I want to flag up that issue to see how it sits. In a way, when we consider the minister's enterprise remit, we tend to talk only about business. The Conservative party certainly wants to talk about business, but we must also accept the reality of people's employment. People are employed by the public sector, so we must be clear that the public sector is fully engaged as an employer and not only in relation to its statutory duties.

**Ms Alexander:** I agree. There are two issues. First, I hope that the committee will think a little more about how we shape the behaviours of employers. More is spent on lifelong learning for the private sector than for the public sector. If lifelong learning is to deliver the economic performance ambitions that Andrew Wilson mentioned, that must be dealt with.

Secondly, we must consider the paradox—perhaps the committee will consider this further—that, if we want to raise the overall productivity of the Scottish economy, we need to begin to raise productivity in the public sector. Doing that would probably make one of the most significant differences in Scotland's overall productivity rate. There is considerable evidence from other countries to show that that would be the case. You are right that public services are perhaps not the natural home for focusing on productivity. Perhaps on another occasion, the committee might want to think about whether that issue is appropriate to its remit or to the remit of another committee.

**Ed Weeple:** I will add one point to that. There is a major revolution going on within the national health service, which is one of the biggest public sector employers. The NHS is putting learning and continuous professional development at the heart of its agenda. Perhaps it might be helpful to the committee if we were to ask our health department colleagues to provide a couple of pages on what is happening there.

**The Convener:** On that point, the two organisations that specialise in education and training for nursing and agriculture—the latter being the Scottish Agricultural College—have not submitted evidence to our inquiry. It would be useful to receive supplementary evidence from them.

**Brian Fitzpatrick:** I have written to the minister about ways of involving training providers for the NHS through return-to-practice schemes and the like. I could not let this event pass without acknowledging the work that has been done by Ann Rushforth of Scot Nursing to ensure that we can meet our ambitions for nursing places. If David Mundell wants to see an example of ways in which businesses are engaging with the NHS, I will be happy to take him to Scot Nursing in Bearsden.

With your leave, convener, I would like to park a question that relates to what we will be discussing under item 3. I was heartened by the commitment that was shown by the social partners who attended the convention to building interest in and the capacity of workplace learning. When we get to item 3, I would be interested in hearing more from the minister on the connections that could be made between the trade union learning fund and the ideas that we are outlining in relation to

business learning accounts and the thorny issue of the future of individual investment in learning.

**Ms Alexander:** In conclusion, I want to make one point on the issue of celebrating Scottish success in making links between education and work. I note in passing that we have an outstanding articulation between all parts of our education system and our health needs, whether it be to do with training doctors, nurses or members of professions allied to medicine.

The needs of the health service are met outstandingly well by education in Scotland. However, the needs of some sectors, such as the financial services sector, are met badly by education. How come we meet the needs of the NHS extremely well at every level of our education system but do not meet the needs of other critical and well-established sectors of the Scottish economy? We have the capacity to meet those needs and we need to get better at doing so.

**The Convener:** That might account for the fact that some people in financial services think that we have been in recession for 200 years.

**Mr Macintosh:** The issue of the accountability and governance of further and higher education institutions might be perceived as being a gap in a report. The committee is concerned about that area but we felt that we had not taken enough evidence to allow us to do justice to it in our report. Do you share our concerns about that issue? You talked about the Scottish Executive's higher education review. Do you have in place any policies or strategies to tackle the concerns that we are flagging up?

**Ms Alexander:** The issue of the future of governance in further and higher education is touched on in the Executive's consultation document. As we are engaged in a consultation process, we have not taken a definitive position, but you are right to say that the matter should be on the agenda.

I share the committee's view that the time is not yet right for having a single funding body. Having spoken to the university principals, who are trying to drive forward the agenda of science and skills and compete globally, I know that they want to feel that their sector is given leadership and strategic direction without having further change at this stage.

My anxiety about the accountability agenda is that, if we merge funding bodies only up to level 8, accountability might be blurred as two funding bodies would operate in relation to higher education. The committee might want to reflect on that in coming months, but our higher education document will contain nothing that will pre-empt the committee's final view on the matter. We will also examine the issue of governance within

individual institutions, in relation to which there are some encouraging moves such as the establishment of a voluntary scheme for appeals across Scottish universities.

**The Convener:** Before we have a break, I want to raise the question of skills gaps. For example, it is reckoned that, over the next few years, the construction sector will need about 27,500 skilled and semi-skilled workers, 13,000 to replace those who are retiring and about 14,500 to meet the requirements of anticipated additional investment. Modern apprenticeships will clearly play a major role in bridging that skills gap.

I know that the answer to my first point comes down to whether one holds a dirigiste, directional view or supports incentives; it is also a matter of capacity. I realise that we are not as dirigiste when it comes to physics and other sciences because of the high level of investment and skills required, and perhaps the approach to that end of the market should be based more on incentivisation. However, if we do not solve the problem of the skills gap in the construction industry in the next few years, we will put at risk much of the expected investment and might also miss a big opportunity to make a huge input into growing the Scottish economy. As a result, our report suggests that more targets might be required. We do not want to be too prescriptive, but perhaps a percentage of modern apprenticeships should be geared towards solving the problems in the construction industry. What is your reaction to that suggestion, minister?

**Ms Alexander:** I think that it reaches the heart of the question from Annabel Goldie with which we started this discussion. Unlike England, we have kept modern apprenticeships at level 3. I told the STUC that the Scottish Labour movement had learned about dilution more than a hundred years ago. That has meant that for a person to receive an MA in Scotland they need a level 3 qualification. I cannot remember your final position on that point, convener, but I am predisposed to keep things that way in Scotland.

The challenge is, if we know where the gaps are, whether we should fill them to get the dividend from our investment in education or whether it is more important to have a universal entitlement that, at best, has deadweight or, at worst, has real losers. In a budget-neutral context, that is the critical issue that must be addressed over the next three months. Unlike the situation five years ago, we are now in a position to know where the gaps that need to be filled are. Our decision will be whether we fill those gaps or whether we redistribute resource around an entitlement that would have a percentage of deadweight. Let me leave the question there.

**The Convener:** We will have a five-minute coffee break to give the minister a chance to have

a breather. We have been joined by Phil Gallie, who will participate in the discussion on individual learning accounts.

11:42

*Meeting suspended.*

11:52

*On resuming—*

## Individual Learning Accounts

**The Convener:** In a minute, I will ask the minister to make some introductory comments on ILAs, during which she will answer Brian Fitzpatrick's parked question. Then I will open the subject up for questions. I again welcome Phil Gallie, who has taken a particular interest in ILAs.

I should point out that there is a distinct possibility, indeed a probability, that the problems with ILAs will lead to legal action of some kind. I warn members that the minister is attending the meeting on the understanding that she might not be able to be totally explicit about some issues. If she is circumspect, I ask the committee to be understanding about the reasons why. Is that reasonable, Wendy?

**Ms Alexander:** Yes. The committee will appreciate how much of a challenge it is for me not to depart from the script on those aspects that have possible legal implications. It will be a first.

Those who have been members of the committee for a long time and who have followed this matter with great interest should forgive me. However, I know that other committee members are new and I want to take a few minutes to talk about the history of ILAs before I move on to highlight some new information that has emerged from the early evaluation. I will also talk about the suspension of the accounts and what will happen next.

The ambition to have ILAs was set out in February 1998 and consultation took place in 1999. The original bank-account concept was not regarded as possible, so a membership-based scheme was developed.

Following concerns about possible fraud in Northern Ireland and England, I issued a statement about the actions that we were taking in Scotland to prevent fraud. At the same time, warnings were sent to learning providers. From the outset, ILAs were considered to be part of a UK-wide approach. One of the challenges for us in the next six months—which we do not need to resolve today, but we do at some point—is to reflect upon the extent to which the approach should be UK-wide.

Responsibility for the issue was devolved and the scheme was designed to stimulate people to make a personal investment in their learning. On delivery, Scotland had a different organisational structure and gave a lead role to learndirect Scotland in providing the one-stop shop and as

the broker of learning. In addition, the enterprise networks were used to handle payments and local marketing. Our arrangements were different from those in the other three countries, although we used the same ILA centre—Capita—as England and Northern Ireland but in a more limited role. That is significant in respect of the suspension.

The scheme's purpose was not simply to be universal, but to encourage non-traditional learners into learning. People will be familiar with Frank Pignatelli talking about the three Ds. Work was done in particular with people on low incomes and there was financial support for a wide range of learning opportunities. There was a higher discount for information, communication and technology courses and basic literacy and numeracy.

Turning to its achievements, the scheme exceeded all forecasts of likely uptake. It is significant that there is a huge latent demand for learning. We have begun to win the argument in hearts and minds that lifelong learning matters. From the earliest days, the scheme was very successful and the feedback was good.

I have new information for the committee, about which I notified the convener. Initial findings from the current evaluation exercise show that the vast majority of learners—85 per cent—who used their ILAs thought that their courses had met or exceeded their expectations. The vast majority—80 per cent—of learners said that their courses had improved their knowledge and skills. There have been concrete returns for learners who used their ILAs—for example, 41 per cent identified a direct benefit of gaining a qualification. More than half said that ILA learning had helped them to get a better job. I will return to that later. We do not want to lose such achievements as a result of the difficulties.

There is no doubt that ILAs have helped to effect the cultural transformation of commitment to lifelong learning that the committee and the Executive are keen to effect. Half of those who were interviewed said that using their ILA had changed their attitude towards learning. It is encouraging that 60 per cent of learners planned to take part in more learning and 40 per cent were already doing so. Given that 59 per cent of the adult population in Scotland does not return for more education, that is a cultural transformation.

Our target of 100,000 accounts was achieved well ahead of schedule and there are now around 266,000 members in Scotland, with more than 127,000 having used their accounts for learning. Perhaps as important, we have stimulated a market for learning in Scotland. I mentioned the £2.2 billion spent by employers. The market created by ILAs has helped to encourage 1,100 learning providers to provide ILAs in Scotland.

That is encouraging, but I want to deal with the problems and when they happened. A customer charter and complaints procedures were established in Scotland at an early stage, providing a useful mechanism for identifying concerns and complaints. In July 2001, some of the problems that were occurring in England were first drawn to our attention. At that time, there was no indication that the fraudulent practices in England were occurring to the same extent in Scotland. I think that Phil Gallie wrote to me at that stage.

We began to see signs of mis-selling of ILAs, and, in August last year, we told learning providers about our concerns about mis-selling. At that stage, it was, I think, described as inadvertent rather than malicious. Following concerns about possible fraud in Northern Ireland and England, I issued a statement about the actions that we were taking in Scotland to prevent fraud. At the same time, warnings were sent to learning providers.

On 26 October, the English and Northern Irish gave six weeks' notice of the closure of their schemes, to take effect from 7 December. That happened because of concerns about possible abuse. In Scotland—and, as I have said, we testified on this issue at the time—we decided, because of our different arrangements, to continue the scheme but to monitor it very closely.

A month later, on 23 November, as a result of further concerns in England about fraud and abuse, the English and the Northern Irish decided to close their schemes with immediate effect, rather than waiting until 7 December as they had intended. I therefore suspended the operation of the ILA scheme pending further investigations.

From those investigations and from further advice taken, it was clear that we could not guarantee that the types of abuse that were occurring in England would not also be perpetrated in Scotland. Similar concerns emerged in Wales. As a precautionary measure to protect public funds, we closed the scheme in Scotland with effect from 20 December, and the Welsh followed shortly thereafter.

12:00

When the ILA computer system was shut down on police orders, pending payments were held back in order to allow assessment of additional risks. Having assessed those risks, Scottish Enterprise and Highlands and Islands Enterprise embarked on a special validation exercise, as members are aware. That exercise involved considering claims from more than 600 learning providers in the system. As a result, many outstanding claims have been paid. However, a number have not been paid. They fall into two

categories. In the first category are claims in which there are anomalies in the evidence collected. The learning providers involved have been contacted for further information, which is now being gathered to allow a final decision to be taken. In the second category are learning providers about which the exercise has uncovered evidence of improper actions.

As I said, an ever-declining list of learning providers is left in the system. Investigations to date suggest fraud in around 3 per cent of learning providers. I cannot comment on individual cases—I am grateful to the convener for making that clear to everyone. The ILA scheme has been so successful in helping to achieve a lifelong learning culture that it is terribly important that we find a way of dealing with the problem of fraud and find an ILA mark 2 that provides all the benefits that we want. Legal advice is being sought and we have had initial discussions with Strathclyde police. It is likely that further investigations will be required. In some circumstances, there may be civil recovery procedures.

Looking to the future, we must build on the strengths of the original ILA scheme while tackling the concerns that arose because of inappropriate use, or abuse, of the scheme. That will involve our seeking out and listening to the views of learners, learning providers and stakeholders. I have spoken about the early consultation document that we are making available today and I am genuinely interested in hearing the views of committee members—I know that you will have views on the matter. We are sharing our experiences with England, Wales and Northern Ireland and we are learning lessons.

We will have to take a balanced view on the most appropriate action to protect public funds and learners. That will be done in consultation with finance and audit experts to ensure that we attain propriety and value for money. Work has already started on building on the existing learndirect Scotland checks on learning providers and courses. Our main aim is to tackle quality issues. When we remember that we have created a market with 1,100 learning providers, it is not surprising that quality issues have arisen. A thorough check is under way, which is likely to result in a number of improvements.

Clearer guidance is being sent to learning providers on how they should operate in future. We must also ensure that learners understand their responsibilities, so we must provide them with the best advice on how to take advantage of the scheme. I am thinking in particular of the fact that they should themselves contribute to the scheme.

As I suggested earlier to the convener, consideration of the character of mark 2 ILAs

leads us to ask to what extent we want to stay in line with the UK-wide brand and the UK-wide scheme. I do not think that any of us is ready to take a view on that today. I would appreciate the committee's views on how we should target future support on those who need it most and on those whom we most want to draw into learning. That is a particular problem in Scotland.

I am keen to introduce a new scheme as soon as possible. We will not consider the outlines of the scheme or complete the details until the autumn or beyond. The most helpful thing would be for me to offer to come back to the committee at the end of June, or at the beginning of September, to have a discussion about the character of ILAs mark 2. I wanted to have the opportunity to record what had happened and where we were.

**Brian Fitzpatrick:** I hope that the minister will also touch on the points that I parked earlier with the convener.

The minister spoke about institutions of trust. We have seen the success that those who have participated in the Scottish trade union learning fund have achieved in the workplace. I hope that she will examine that as a way of engaging those whom we want to engage in a more targeted way and through institutions that can be relied on to deliver.

We must celebrate the staggering statistics that the minister has given us on assessment. Scotland is a world leader when it comes to underselling its achievements. Of course, the 3 per cent of providers—or whatever the figure is—where there is fraud must be prosecuted thoroughly. Others will be better placed than I am to do that, but we must celebrate the fact that the scheme has been such a tremendous success. I am anxious that the minister should make it clear to people how much success there has been in relation to ILAs and that the enterprise and lifelong learning department is in the process of thinking about the ILA mark 2.

**Ms Alexander:** On the point about what the future will look like, my vision is that there are three big challenges. One is what the plain vanilla of the ILA mark 2 will look like. That is an open question, which we should come back to discuss. The second challenge is the role that the business learning account—rather than the plain vanilla ILA mark 2—might play when there is a direct employer contribution. The third challenge, which Brian Fitzpatrick touched on, is that, if one of the purposes of the scheme is to deal with the fact that a disproportionate number of the Scottish work force do not have SVQ level 2 qualifications, one way of reaching those people is through the statutory learning representatives. We must examine how those representatives are used to

encourage people to participate in either the plain vanilla ILAs mark 2 or business learning accounts. I am committed to dialogue on those three dimensions.

One of the reasons why I am not putting any of those on the agenda now is that to do so would suck the Scottish Parliament into asking, "Why are we not replicating all the work that is being done in England with the Public Accounts Commission and the Audit Commission?" The high ground for us is to let the entire process of validation, legal action and the Public Accounts Commission—which Phil Gallie will remember from his days at Westminster—run its course. That will enable us to learn the lessons without being obliged to replicate the whole process, with umpteen Audit Commission inquiries being held in Scotland. We must let the process of validation run in England, as that will give the space for those three future policy developments to take place.

**Brian Fitzpatrick:** Given the convener's rider, I appreciate that the minister might say that she is not in a position to answer this question. She mentioned an incidence of suspected fraud of about 3 per cent in Scotland. Is there any read-across as to how that compares with the other parts of the United Kingdom?

**Ms Alexander:** Not one that I can share at this stage, although I expect that there will be a comparator relatively soon. However, that is not a matter of anxiety to me.

**The Convener:** The figure of 3 per cent relates to the number of cases, not to the amount of money involved.

**Ms Alexander:** It relates to the number of learning providers. A final figure cannot be arrived at while there is still discussion on whether there was inappropriate behaviour.

**Marilyn Livingstone:** We have focused throughout the report on changing the whole focus in learning and on trying to get people who have been disfranchised from learning back into it. ILAs have gone part of the way towards achieving that.

I have two points that I wish to raise with you, minister. First, you mentioned targeting. Like Brian Fitzpatrick, I would like to examine targeting and ILAs, so that we can bring people back to learning. At first, we might bring them back to informal learning. We have heard how important that is and how important it is to recognise small chunks of informal learning, as that gets people on the learning ladder. I hope that it will bring people back to learning and that learning will become second nature to them. It is important that we consider targeting and working in partnership, as Brian Fitzpatrick outlined. I would like to hear your views on that, minister.



Secondly, despite the 3 per cent level of suspected fraud, I would not like us to go backwards in any way. It is important that we move forward. ILAs have been successful. They have brought many people back to learning and have enabled many people to continue with their learning. That is what this committee is all about. We should move to mark 2 ILAs quickly. We should examine how we can bring back people who are disfranchised. We could use the ILAs as a starter for six to get people on the learning ladder. That is important to the committee.

**Ms Alexander:** Prior to the difficulties, a number of options were under discussion; those options will now come back on to the agenda. For example, at the moment, ILAs are available from the age of 18. We have just discussed the nature of what people do between the ages of 16 and 18. Perhaps ILAs should be available from the age of 16. If we want hard-to-reach learners to come back into learning, how do we have a generous discount for people who have had no access to formal education? That chimes with the committee's notion of an entitlement of some kind. How can people who are on benefits access learning? There are a number of meaty issues that we have to discuss about mark 2 ILAs. We would be happy to come back to the committee. In its deliberations over the summer, the committee may want to take a view.

**Tavish Scott:** Did the evaluation of the people who used their ILAs for learning—I think that the number was 127,000—determine which socioeconomic groupings they came from? If so, that would inform the point that Marilyn Livingstone has made.

A point was made about 1,100 learning providers creating a market, but a market for what? I cannot be alone in having picked up from anecdotes the fact that people did courses in archaeology, but what market was created?

**Ms Alexander:** I will turn to Heather Jones on that point, not least because we are talking about the initial findings; the formal evaluation has not reached me yet, so I do not have a clue.

**Heather Jones (Scottish Executive Enterprise and Lifelong Learning Department):** We have monitored uptake since the scheme started and not just in relation to the additional evaluation exercise that has just been done. That evaluation exercise was a sample survey, which sought feedback on individual learners' experience of learning. By monitoring and mapping uptake, we think that around 20 per cent of users are in socioeconomic classes D and E—the hard-to-reach groups. That is in line with some of the things that we were trying to achieve from the outset, although we provided a blanket, universal offer.

On how the scheme stimulated the market, there was support for all forms of learning, although certain kinds of learning were not incentivised—for example, learning French to go on one's holidays was excluded. There was meant to be a learning benefit, but the scheme was broad and general; it was not designed to be unduly prescriptive and rigid from the outset. People have started on the learning ladder, have gained experience and have become local delivery agents for extra skills. The scheme has been widespread and has had many uses. The original intention was not to limit it from the beginning.

**Phil Gallie:** I agree that the ILA scheme has been successful overall. It is because of that success that I regret the fact that we have had to abandon the scheme. I raised the issue early, as I did not want those successes to be lost. However, I have several points to make.

How many of the accounts are attributable to the 3 per cent of providers that the minister mentioned? In answer to an earlier question from me, the minister said that one new provider who had only recently entered the field had come up with something like 813 accounts, whereas a long-term provider who had been in there from the start had handled only 260 accounts throughout the whole programme. It seemed to me then that something was seriously wrong. How many of the accounts are with the 3 per cent of providers that the minister mentioned?

My concern now—and looking to the future—is that we should look for genuinely good providers who have been there in the past. That concern is based on whether they will be around to provide. I understand that the payments for a number of accounts have been held up on relatively small technicalities. The fact is that those companies have a long track record of providing good service. I make a plea to the minister that we look at those track records and ensure that payments are made to long-standing providers who now have considerable cash-flow problems.

12:15

**Ms Alexander:** Phil Gallie raises three issues. I shall first address the last of those, regarding people who have cash-flow difficulties. I said that those who have not yet been paid fall into two groups. In one group, there is a lack of the information that we sought from learning providers. In the other group, there are more fundamental concerns. We hope that, in cases where there is simply an absence of information, the learning providers will produce that information.

The second issue would be an unusual one for Phil Gallie and I to agree on. It is important for us

to be very hard on those who have acted fraudulently. In excess of 1,000 learning providers in Scotland are doing an incredibly good job meeting a need that we want to address, and are completely aligned with our ambitions for this country. We cannot allow the tiny number who have acted inappropriately to taint what is a huge ambition for Scotland. These are judgments for the police and, ultimately, legal judgments. However, my view—which I am sure would be shared widely by bona fide learning providers—is that we should be very hard on those who try to rip off the system. We need an ILA scheme and learning providers over which there is no shadow.

The third question concerned the percentage of accounts that are with the 3 per cent of providers that I mentioned. I cannot say what that percentage is. Legal judgment must be reached on a spectrum of behaviours, as to what was inadvertent due to the newness of the system and providers not being aware of what they needed to do, what was deliberate mis-selling, and the activity that a small number of providers were engaged in that would constitute fraud in legal terms. A legal judgment will determine where those lines are drawn and where legal action will be taken, and that judgment is being made. The answer that Phil Gallie is looking for will be available shortly, once those legal judgments are made.

**Phil Gallie:** Thank you very much for that, minister. I acknowledge that the comments that I wanted to make are restricted, because the last thing that I want to do is to endanger any future legal action. On that basis, I shall let several points go at this stage.

There was a changeover in the administration of the scheme, from the enterprise companies to Capita. At that point the criteria and checks seem to have changed. Why was Capita allowed to change the criteria in a way that, to my mind, made validation more difficult than it had been before?

**Ms Alexander:** I will answer the first point and ask Heather Jones to answer the second point. Without going into detail, I appreciate that difficulties in the scheme are more prevalent in some parts of the country than they are in others. In the months ahead, my officials and I will seek to be available to MSPs. The difficulties in the scheme are simply not an issue in large swathes of the country, but they are a matter of continuing concern to MSPs in other areas. The appropriate way in which to deal with the matter is with members who have particular concerns, rather than in such an open and public forum as we have here.

**Ed Weeple:** I am happy to pick up on the Scottish Enterprise point. ILAs were introduced

first on a pilot basis in a couple of areas and Scottish Enterprise was given the responsibility of running them. The pilots then went national and one of the issues was how far Scotland embraced the wider UK dimension. Northern Ireland, Scotland and England saw an advantage in using a common service provider, Capita, which won the contract in a straightforward legal tender procedure. The procurement issue is valid in that there was a straightforward procurement process. Capita won the tender and was given the contract on the basis of that process.

From that tendering process there were changes to the detail and to the formula of criteria used. Lessons from pilots from Scotland and elsewhere in the UK were drawn on. The movement from Scottish Enterprise running the pilots to the national scheme, using Capita as the service provider, marked a genuine point of moving from a local to national level.

**Phil Gallie:** Thank you for giving me so much time, convener. I will take the minister up on what I believe was the suggestion that she would meet privately to go through points separately, bearing in mind the legal implications.

I refer to Capita. Given what the minister said, is it not the case that somebody within Scottish Enterprise or the Scottish Executive should have been watching carefully the criteria that Capita used? What monitoring was done within Scotland of the way in which Capita handled the accounts?

**Ed Weeple:** The monitoring was the responsibility of Scottish Enterprise, through which the funds passed. It had responsibility for overseeing the system from Scotland's point of view. Whether any omissions or faults are attributable to Scottish Enterprise is a matter for the post mortem that is done. Suffice to say that the same kinds of issues have appeared throughout the UK. As it happens, Wales did not use Capita, yet many of the same problems are thought to have occurred and Wales also closed the scheme down. There are clearly generic issues that go beyond the specifics of the accountability chain.

**Ms Alexander:** I have an open mind on the matter. The reassurance that I can give Phil Gallie is that the UK Public Accounts Committee and the Audit Commission for England and Wales are considering the operation of this generic scheme. If issues that arise out of those very full inquiries pertain to Scotland or are relevant, I fully expect that the committee will have me back to comment on them. The indications are that those investigations will be so comprehensive that they will highlight any issues that it might be appropriate for the committee or the Executive to pursue.

**The Convener:** I have been involved in the matter and I welcome the hard line that you are taking on those who are convicted of fraud. I hope that those who are convicted of fraud will not be eligible—at least for a period—for any other public sector procurement contracts, because they bring the whole system into disrepute.

**Mr Macintosh:** I appreciate the information that you have been able to share with us and I understand that there are some restrictions on what you can tell us. Inevitably, some questions have been left unanswered, such as the total extent of the problem in Scotland and the value of the fraud. I would welcome the speediest move that is possible to resolve the issue, not only so that we can move to a mark 2 ILA, but so that we can restore confidence in the sector, which has been severely shaken by what has gone on. We must identify the bad apples and restore confidence in the rest. I would welcome further information on that, when it becomes available.

I want to move on to the question about who uses the service, which Heather Jones answered earlier. There was anecdotal evidence that many middle class people were using ILAs to learn French. I know of two high profile politicians who are learning French. I am not sure whether they have ILAs, but we should not discourage their efforts. In this meeting we have heard learned phrases such as “dirigiste”—it would cost £150 of ILA to teach you that, Alex.

Universality should be retained. Wherever possible, we want to target needs throughout the education system and lifelong learning. I feel that the universality of the approach that was adopted was part of its success, but more information is necessary to support that point of view. I suspect that the universality of the ILAs made them successful in creating a culture of learning, which is what we mean when we talk about entitlement in our report. I would like further information on whether that was the case, so that we get it right when we move to the plain vanilla or the raspberry ripple, for example, of the mark 2 ILA.

**Ms Alexander:** I must reveal that I signed up to do the European computer driving licence course through my ILA, but that got put on hold with everything that happened. That course was eligible for the information technology discount. I commend it to others in the future, although perhaps not discounted.

The role of learndirect Scotland was one of the reasons why the scheme was so successful. The scheme's success was intimately linked to the 5 million hits on the learndirect Scotland website. The other part of the learndirect Scotland equation is the 300 learning centres that it operates. It continues to operate those centres in spite of the difficulties with ILAs. Half of those learning centres

are in social inclusion partnership areas or hard-pressed areas. That record is not matched in other parts of the United Kingdom. When the committee examines ILAs, it should celebrate the role of the Scottish university for industry. We spend £1.3 billion on further and higher education. SUFI has created 300 learning centres and generated demand with relatively small amounts of core funding—about £35 million a year. We must take account of that fact when we look at the totality of the scheme and the success of ILAs in attracting non-traditional learners.

**David Mundell:** Rather perversely, it is worth looking at some of the techniques that were used by people who were involved in inappropriate activity. They managed to sign up many people, partly by targeting people door-to-door. People were convinced of the benefits of the learning. The problem was that the learning was not there when they turned up to receive it. Perversely, we can learn quite a lot from the way in which the people who were involved in inappropriate or blatantly fraudulent activity went about selling learning.

**Ms Alexander:** Far be it from me to say this to a Conservative, but the level of competition in the creation of that market undoubtedly created levels of innovation that it would be difficult to envisage with a monopolistic provider. The scheme was a classic example of learner centredness. Increasingly, the product was designed around the needs of learners. We want to learn from that. The evidence from the scheme bears out the committee's instinct that we need a system that is slightly less planned and slightly more flexible. There is a separate issue about which market we are trying to serve. I share David Mundell's view.

**The Convener:** Before we respond to you with our views on ILAs mark 2, it would be useful if we received a copy of the evaluation report when it becomes available.

**Ms Alexander:** I have not seen the evaluation. I ask Heather Jones what the likely timing is for its receipt by ministers.

**Heather Jones:** It will be in the next couple of weeks.

**Ms Alexander:** In that case, I will happily send a copy to the committee.

**The Convener:** I thank the minister and her officials for a worthwhile morning. Their evidence is much appreciated.

We now move into private session for agenda item 4, which is to discuss the final lifelong learning report.

12:30

*Meeting continued in private until 12:50.*



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