

EXECUTIVE NOTE

THE INDIVIDUAL LEARNING ACCOUNT (SCOTLAND) AMENDMENT (NO 2) REGULATIONS 2008 SSI/2008/204

1. These Regulations amend the Individual Learning Account (Scotland) Regulations 2004 (S.S.I. 2004/83) (“the principal regulations”). The Regulations are made by the Scottish Ministers under powers conferred by sections 1 and (3)2 of the Education and Training (Scotland) Act 2000. They are subject to the approval of Parliament by negative resolution.
2. The Regulations provide for:
 - the reduction of the age of eligibility from 18 to 16 with effect from 30 June 2008.
 - the removal of the requirement for learners to make a minimum contribution with effect from 1 January 2009.
 - the removal of the universal qualifying arrangements (under which the “Universal” £100 offer for everyone is made) with the effect that all arrangements are now targeted with effect from 30 June 2008.
 - income from pensions to be taken into account in the income assessment of learning account holders (which was previously restricted to earnings) with effect from 30 June 2008. This amendment considers private and state pension as income for income assessment purposes.
 - the Employment Support Allowance to be included as a passport benefit with effect from 27 October 2008 to fit with the changes to benefits made by the Welfare Reform Act 2007.

Background

3. Individual Learning Accounts (ILAs) were launched in Scotland in December 2004. They help pay for a wide range of learning with a variety of approved learning providers including private and community based providers, colleges and some universities.
4. The ILA200 offer is for low income learners, i.e. people whose individual income is £18,000 or less or who are on benefits. This offer provides up to £200 per year for learners to fund a wide range of courses.
5. The ILA100 offer provides up to £100 per year for all adult learners in Scotland and it funds a range of courses up to SCQF level 6 and is restricted to learning leading to qualifications or recognised certification. Uptake by end of 2007 was only 4,400.
6. At the end of February 2008 there were 300 approved learning providers across Scotland, offering over 16,000 courses. Since the scheme launch in December 2004 over 99,000 people have opened an individual learning account and over 63,000 learners have attended courses.

7. We have recently revisited the current aims of the ILA Scotland scheme with reference to the new Skills Strategy; these are now:

- To support and encourage wider participation in adult learning, as part of an integrated approach to adult learner support.
- To support increased participation in learning by new and return learners, within wider strategic priorities for learner support.
- To encourage lifetime engagement in learning and support learner progression in learning.
- To encourage and support learners to take ownership of their skills and learning by helping them have increased control and choice over their learning and skills development.
- To prioritise the needs of certain groups of learners, in particular those who are on low pay/have low skills or who are trapped by persistent disadvantage.
- To encourage and support the further development of a quality learning provider base in Scotland.

8. The external evaluation is now complete and this has provided detailed and extensive stakeholder and learner feedback on how the scheme is working. As a result at the end of March 2008 we announced a number of changes to the ILA Scotland scheme to make the scheme more effective and ensure it targets support at those who need it most.

9. These changes aim to reposition ILA Scotland to form an integrated part of the Skills Strategy support for individual and workforce development; and direct more ILA funding at harder to reach learners such as low pay low skill employees or those with adult literacy and numeracy needs

10. Some of these changes do not require changes to the regulations; instead they can be introduced by changes to the scheme rules, they are:

- tighten course eligibility to exclude postgraduate courses
- increase the range of courses that are eligible for ILA funding by widening course eligibility to allow funding for work-related courses
- widen course eligibility to allow funding for Adult Literacy and Numeracy (ALN) courses delivered in conjunction with an employer.

11. The purpose of the Amendment Regulations is to introduce the following changes to the ILA scheme.

- reduce the minimum age to 16 (currently it is 18)
- withdraw the ILA100 offer (which is non income-assessed, open to all adults)
- tighten learner eligibility to restrict funding for pensioners who are not on low incomes
- the addition of the new Employment and Support Allowance benefit as a passport benefit to the scheme to fit with the changes to benefits made by the Welfare Reform Act 2007 (from 27th October 2008).

- the removal of the requirement for learners to make a minimum contribution, (from 1 January 2009)

Policy objectives

Reduce the minimum age for eligibility to apply to 16 (currently 18)

12. There are already a number of schemes to encourage learning targeted at this age group. However there is no existing financial support for young people in low pay low skill employment. Reducing the minimum age to 16 will offer funding to those young people who do not want to, or are not yet ready to, participate in full-time HE or FE. This also supports the commitment given in “More Choices, More Chances” to extend financial support to young people in low pay low skill employment. This change will also open up the new part-time HE grant to those aged 16 or over.

Withdraw the universal arrangements (non income-assessed, open to all adults)

13. The ILA100 offer is a universal arrangement which all adults in Scotland can use to improve their skills. However it has had limited uptake (only 4,500 over three years) and therefore limited policy impact. The cost to date is £370,000 which could be used to support low income learners. Removing the universal arrangements will make the focus of the ILA scheme clearer and easier to market effectively to the low income target audience.

Tighten learner eligibility to restrict funding for pensioners not on low incomes

14. Pension income did not previously count towards the income assessment in determining eligibility for a grant under the principal regulations. This resulted in people who retired on good pensions being eligible for support even though their annual income exceeded the limit imposed on earnings of £18,000. The Regulations redefine the income assessment criteria in relation to pension income so that pension income is now included in the income assessment.

Redefine incapacity Benefit as Employment Support Allowance

15. Incapacity Benefit is currently used as a passport benefit to prove eligibility for an ILA200 account. This benefit is being withdrawn by DWP and a new benefit, Employment Support Allowance is taking its place. As incapacity benefit will still be paid to existing claimants, both allowances are now included as passport benefits.

Remove the requirement for the learner to make a minimum personal contribution

16. The evaluation findings show that most providers are either satisfied or very satisfied with the minimum personal contribution (which is currently set at £10) and believe that this is a reasonable amount for learners to pay and can be viewed as establishing commitment to a course. However for those on the lowest incomes, or who are unemployed, it is perceived as a barrier and removing it could increase the uptake and progression in these lower income groups, as well as reducing an administrative burden for the providers. We will continue to make clear that third party contributions e.g. by employers are welcome and encouraged.

Consultation

17. There has not been a formal consultation on these changes. However the external evaluation of ILAs provided detailed and extensive stakeholder and learner feedback on the scheme. We also met with university and colleges in February to discuss the changes being made to the ILA scheme.

18. Financial Effects of the Amendment Regulations

19. Budget provision of £10.5m/£11.5m/£12m has been made for this scheme over the period of the Spending Review

20. These Regulations have a negligible effect on the Scottish Government, Local Government and business. It has not been necessary to prepare a Regulatory Impact Assessment.

Higher Education and Learner Support
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