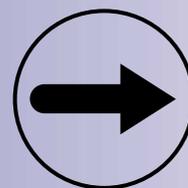


# Individual Learning Accounts Wales: Report of Strategic Review Group

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## **SUMMARY**

### **Aim**

1. A task and finish group was established in September 2004 to consider the position of the Individual Accounts Wales (ILA Wales) programme following the outcome of the first stage of the evaluation and the lower than expected take-up of ILA Wales since the programme was launched to individuals in July 2003.
2. This report summarises the group's discussions and analysis and is intended to inform policy decisions about the future of ILA Wales by the Welsh Assembly Government and its strategic partners.

## **STRATEGIC REVIEW GROUP**

1. A task and finish group was established in September 2004 to consider the position of the Individual Learning Account Wales (ILA Wales) programme following the outcome of the first stage of evaluation and the lower than expected take-up of ILA Wales since the programme was launched to individuals in July 2003. Group members were

Christine Davies – Jobcentre Plus  
Joan Lockett – Senior ILA Wales Manager, ELWa  
Judith Morgan – Adult Guidance Manager, Careers Wales Gwent  
Jackie Nicholls – Welsh Assembly Government  
John Pontin – Learning Policy Manager, ELWa

Siân Powell – Strategic Marketing Manager, ELWa  
Richard Spear – Head of Funding, ELWa  
Sara Theaker – Jobcentre Plus  
Bob Waller – Welsh Assembly Government

2. This report summarises the group's discussions and analysis and is intended to inform policy decisions about the future of ILA Wales by the Welsh Assembly Government and its strategic partners.

## **BACKGROUND**

3. The original national ILA framework was first introduced in September 2000, going live in Wales in January 2001. The scheme enjoyed considerable success in terms of numbers with the target of 50,000 ILAs in Wales being achieved by October 2001, some six months ahead of schedule.
4. However, by this time there was widespread disquiet regarding the conduct of some ILA providers, especially outside Wales, with allegations of fraud, unscrupulous marketing and unauthorised access to the ILA database in England.
5. As a result of these concerns, the ILA programme was closed in England during November 2001 and in Wales during December 2001.
6. However, the objectives of ILAs remain valid and '*Wales: A Better Country*' contained a commitment to introduce a new ILA scheme for Wales.

## **ILA Wales**

7. ILA Wales differs in some key aspects from the original programme, in particular eligibility has been constrained so that people who have qualifications above Level 2 in the National Qualifications Framework cannot apply, and banding of support gives priority to people on certain

types of benefit. Also, to minimise the risk of abuse, ILA Wales has more robust administrative arrangements in place. ICT systems were developed and independently tested to include appropriate checks and controls to prevent abuse of the programme by prospective providers and/or learners. A register of providers is established annually following rigorous assessment of learning providers' applications and a series of checks takes place together with supervisory and management checks which, amongst other actions, ensure that no payment will be made to any learning provider without the approval of ELWa staff. ELWa manages the programme on behalf of the Assembly and Careers Wales *learndirect* is the primary source for issue of application forms. *Learndirect* also provides information about the programme and application process, and advises learners on what courses are available.

## **Objectives**

8. The objectives of ILA Wales are:

- To assist in widening participation in learning by encouraging take-up from those whose highest prior learning is at level 2 or below.
- To encourage take-up from those who face financial barriers to participating in learning by offering a higher financial incentive for those on low incomes.
- To encourage people to take ownership/responsibility for their learning by making a personal commitment measured in time for some and in financial terms for others.
- To promote and support lifelong learning through repeated use of an ILA.

9. The ILA Wales programme has the following key characteristics:

### **Eligible Learners**

- Individuals aged 18 years and over.
- British citizens, EU nationals or other persons entitled to be living in the UK who are resident in Wales.
- Highest prior learning attainment must be National Qualification Framework (NQF) level 2 or below.

### **Levels of Funding Available**

A maximum of £200 is available to eligible individuals in any one learning year. The level of funding support available to an individual is determined by their status as outlined below:

- a. 100% of course costs (up to the ILA Wales maximum of £200) to be paid to individuals on Income Support; Job Seekers Allowance (Income Based) or Pension Credit Guarantee.
- b. 80% of course costs (up to a maximum of £160) to be paid to individuals on Working Tax Credit, Pension Credit Savings, Housing Benefit or Council Tax Benefit.
- c. 50% of course costs (up to a maximum of £100) for all other eligible learners.

Approvals for funding relate only to the specific course identified at the time of application, but individuals can apply for more than one tranche of funding (up to their ILA Wales maximum) in any learning year.

Funding can be used to pay for:

- Course fees
- Registration fees
- Exam fees
- Books purchased through the learning provider
- CD ROMS (where there is an appropriate level of tutor support)

### **Eligible learning**

ILA Wales can be used to pay for a wide range of learning up to and including Level 3. There are some exclusions – e.g. leisure courses, learning that is a requirement of one's employment, courses which qualify for Assembly Learning Grants, seminars and conferences. All learning must either:

- be accredited by an external Awarding Body or
- non-accredited courses must meet the standards set out in the guidance issued to ILA Wales providers by the Wales Credit and Qualifications Framework team.

All courses must have clearly defined learning outcomes, level descriptors, learning hours and level of tutor support

### **ACTIVITY**

10. ILA Wales was launched to individuals on 15<sup>th</sup> July 2003. The target for the programme was 10,000 approved registrations per year with 40% coming from the priority groups (ie those eligible for 80% or 100% support). During the first 12 months, up to end July 2004:

- *learnirect* issued 10,805 ILA Wales application forms
- 5,483 application forms were returned

- 5,294 were approved
  - 1,818 (34%) were from the priority groups
  - 2,130 individuals embarked on learning with support from an ILA Wales.
11. Since then there has been a slight upward trend in the number of applications being returned and approved, and a significant increase in the number of learners starting a course with their ILA Wales. In the figures quoted above the conversion rate from approved application to actual learning was 40%. That has now increased to 57% and is rising – possibly an indication that learners and providers are becoming more familiar with the eligibility rules and administrative requirements.
12. Analysis of the type of learning undertaken shows that IT courses are by far the most popular, accounting for approximately 50% of the total. A breakdown of the type of courses and levels of participation is included at Annex 1.
13. The target for the first complete financial year of the programme (April 2004 – March 2005) was readjusted in December, by agreement between the ILA Wales team and the Welsh Assembly Government, to 5,500 approved applications and 4,200 course bookings. This now looks unlikely to be met. The latest estimated number of course bookings to be made by the end of March 2005 is 3,200.

### **Running Costs**

14. The staff administration costs for ILA Wales that are met from the programme budget are expected to be approximately £110,000 in 2004-05. Other administration costs and resources, including application packs, postage etc add a further £5,000. In an attempt to raise public awareness and increase take-up of ILA Wales, additional marketing activity for 2004-05 was agreed between the Assembly and ELWa. This would take spend on marketing from a planned £185,000 to approximately £385,000. The projected total spend on ILA Wales for 2004-05, including administration costs, marketing and the amount allocated to individual learners, is approximately £720,000, from a budget of £2m. This ignores the hidden costs of the programme such as the IT development and support costs.
15. Because of differences in design and administration systems it is not possible to directly compare the cost of running this programme with other learner support schemes. Assembly Learning Grants (ALGs) and Financial Contingency Funds (FCFs) are administered by Local Education Authorities and providers respectively. They are allowed 2.5% of the total grant allocation to administer the scheme. However, the following gives some indication of costs for comparison. It should be noted that the costs of the ILA Wales programme shown here are the projected costs for 2004-05 (first complete year of the programme) whereas the figures shown for ALGs and FCFs relate to the academic year 2003/04.

<b>Programme</b>	<b>Total budget</b>	<b>Number of learners supported</b>	<b>Admin costs</b>	<b>Admin costs as % of total budget</b>
ILA Wales	£720,000	3,200	£115,000	15.9%
Assembly Learning Grants	£22,000,000	20,590	£575,000*	2.6%
Financial Contingency Funds (HE)	£5,000,000	7,867	£125,000*	2.5%
Financial Contingency Funds (FE)	£7,000,000	23,000	£175,000*	2.5%

\* Also includes local provider marketing costs.

## **EVALUATION**

16. External evaluators (BMG Research) were appointed at the start of the programme and have a contract to undertake evaluation during the first 3 years. The evaluation consists of a series of consultation, surveys and reviews of MIS reports with the aim of identifying the main strengths and weaknesses of the programme, and using that analysis to suggest how the programme may be adjusted.
17. The end-of-first-year report was submitted during the summer of 2004 with the main findings being:

### **Positive**

- The programme was established, with an administrative regime and MIS that worked.
- Probity was assured, with no indications that the programme was being defrauded.
- Marketing had brought reasonable, though short-term, public awareness and had stimulated participation.
- The programme had had some success in recruiting learners from the priority groups.
- The vast majority of individual learners were satisfied with the application process.
- ILA Wales -supported learners reported a range of positive benefits.

## **Negatives**

- Lower than expected number of applications and an even lower number of learners.
  - Low additionality – nearly half of ILA Wales learners said they would have learned anyway and a further quarter said they would probably have done so.
  - Providers complained about the learner registration process, which they believed acted as a barrier to participation and was a bureaucratic burden that was not justified by ILA Wales' financial value.
18. The evaluation report pointed out that during the first year the programme provided learning opportunities for less than 0.2% of the 1.3m adults with Level 2 or lower qualifications in Wales. It also concluded that “the bureaucratic complexity of guaranteeing probity and the intrinsic low demand from ILA Wales' target groups had combined to generate low levels of participation” and that “the programme required review and adjustment if it was to achieve its original ambitions.”

## **ADJUSTMENTS MADE**

19. Feedback from registered providers about the level of bureaucracy, added to the evaluation report findings, confirmed the need to simplify the administration procedures. There were two areas in particular which appeared to be causing concern for providers:
- The Course Booking process – the requirement was that ILA Wales registered learners should not start their programme of learning until the ILA Wales administrators at ELWa had approved their course booking; and
  - The Start Certificate – the requirement was that a start certificate was generated from the ILA Wales database by the provider and signed by the individual 14 days after starting their programme of learning. The signed start certificate included a declaration that the appropriate contribution had been paid by the learner. The signed start certificate provided the audit trail to approve the course booking for payment. All start certificates, which were approved, formed the basis of the “invoice” which the provider generated from the ILA Wales database and submitted to ELWa for payment.
20. It was agreed between ELWa and WAG that the course booking process could be streamlined without compromising the robustness and probity of the administration procedure. As a result the system was changed at the start of the second year of the programme, in July 2004, to allow learners from the 100% eligibility group to start a programme of learning without prior approval from ELWa, provided they completed the ILA Wales registration process within 20 days of the course start date. There was

some risk for providers and for ILA Wales arising from this change but it was agreed that these could be identified and managed through existing controls.

21. The Start Certificate requirement, however, was not changed, as it was felt that this provided an important assurance against fraud. ELWa and WAG agreed to consider again whether changes could be made, possibly allowing ELWa–contracted providers to submit Start Certificates without the signature of the learner, as those providers are subject to audit controls anyway. This possibility is still being considered.
22. In addition to the change to the course booking procedure, minor changes were made in order to clarify information issued to the learner. These included simplified versions of guidance notes and letters and the introduction of a voucher to encourage learners to notify providers promptly about their ILA Wales status.
23. These changes have been welcomed by providers and have probably contributed to the improved rate of conversion from registering for an ILA Wales to actually taking up learning. At a recent seminar, a small group of providers' representatives indicated satisfaction with the current system. This may be because they are now familiar with the rules of ILA Wales and know what is expected of them whereas, when the programme was first launched, many providers assumed that the rules and eligibility criteria from the original ILA programme would still apply. The second stage of evaluation is underway and will provide further information on the views of providers.
24. A preliminary report from the evaluators, based on consultations and surveys carried out in the current academic year (2004/05) indicates that providers believe that programme administration has become more efficient and speedy. However, despite an upward trend in registrations and course bookings in the August-September period, this has now slowed and the level of activity is at roughly the same level as at the same period in 2003/04.
25. The evaluators conclude that "low numbers of account holders are a function of the programme's design and its prescribed delivery system, not a consequence of failure to implement the programme efficiently."

#### **CHANGES CONSIDERED BY REVIEW GROUP**

26. The Review Group was set up to consider whether more significant changes should be made to the scheme. In discussing options for the future of ILA Wales, the Group agreed that it was too early to consider abandoning the programme and that it should be given more time to establish itself. However, it was also agreed that simply tweaking current arrangements and streamlining processes would not have the effect of significantly increasing participation in ILA Wales. More radical change

was needed if the programme was to justify its continuation although it was agreed that the following points should be noted.

- Although there are other financial incentives for learning, such as Assembly Learning Grants and Education Maintenance Allowances, the ILA Wales programme does fill a gap in that it provides support for a group of learners who might not otherwise get help to finance learning ie adults with low or no qualifications.
- The focus of ILA Wales is on individuals and individual choice and that principle should be maintained. Keeping control in the hands of the learner was seen as important.
- Learners in ILA Wales priority groups were also helped by other programmes of learner support, particularly the fee remission policies of Further Education colleges, Objective 1 and 3 European Funded programmes in local areas, New Deal and Work-Based Learning for Adults. There is also some overlap with Financial Contingency Funds (FCFs) in the support they offer for purchasing course materials and books, although FCFs cannot be used to pay course fees. Learners in the priority groups are also, historically, the most difficult individuals to attract into learning.

## **Marketing**

27. The first stage of the ILA Wales marketing campaign had targeted providers and partners through a series of events across Wales, and this had been followed by a national multi-media campaign targeted at potential learners. These campaigns had been repeated during the spring and summer of 2004. While advertising had had a considerable effect on the number of ILA Wales applications, this effect was short lived and it was estimated that there would need to be 17 such campaigns to generate 10,000 course bookings.
28. The group agreed that providers and intermediaries, such as Careers Wales and Jobcentre Plus, should be encouraged to raise awareness of ILA Wales, particularly the 35 registered providers who had not generated any ILA Wales learners. ELWa's marketing team would issue newsletters via e-mail to active and non-active providers, and to intermediaries offering advice and materials to support any such activity. The ILA Wales team had also planned a series of visits to intermediaries to raise awareness and to providers to address any concerns about the programme.
29. It was also agreed that further promotional activity should be considered for the current year and a marketing plan for activity during January to March 2005 has been agreed between ELWa and WAG. The possibility of offering financial incentives to providers to promote ILA Wales was considered but would be difficult to administer as there was no ILA Wales contract between providers and ELWa and so no mechanism for payment.

30. The possibility of using intermediaries such as Careers Wales or Jobcentre Plus to endorse ILA Wales applications was considered this would need some lead-in time to allow for training so that applications that might break the eligibility rules were not endorsed. The changes that were taking place in Jobcentre Plus offices across Wales, and limited staff numbers, also meant that there was little capacity to allow this extra training to take place. The Group decided not to proceed with this idea, although this was an option that might be considered for the future.
31. The evaluation report had identified the lack of public awareness about the cost of courses that an ILA Wales could fund i.e. an ILA Wales could fund more learning than many people may realise. ELWa's marketing team would address this in future promotional literature. The ILA Wales team analysed course bookings to find out the cost of courses that had been the subject of ILA Wales bookings during the 2003/04 academic year. This showed that 66% of approved course bookings cost £200 or below, and also highlighted the variation in the cost of courses between providers (see Annex 2). A summary, referring to the average cost per course, per learning provider would be published on the ILA Wales web-site. This would include advice to learners that they should check what is included in the price of the course before making a decision.

### Changes to Rules

32. Various changes to the eligibility rules were considered. Taking each in turn:
- **Simplify the bands** so that only two levels of funding would be available – possibly 100% for those on all ILA Wales-eligible benefits and 50% for all other eligible learners. This would simplify administration and application procedures and be clearer. There is some evidence in the evaluation that there is a demand for learning from people who would currently fall into the 80% eligibility group but they are put off because they cannot afford to pay the required contribution. The evaluators have been asked to investigate whether those with 100% support are less likely to complete their courses because of lack of ownership and/or motivation.
  - **Relax the prior learning requirement.** This would involve a change to the ILA Wales 2003 Regulations. The proposal is, for those on ILA Wales eligible benefits only, to remove the requirement that their highest prior learning attainment must be Level 2 or below in the NQF. This would mean that people who are unemployed or on low wages could access an ILA Wales to pay for a relatively low-level course in skills that might improve their chances of employment or promotion (e.g. IT skills) even though they might hold other higher level qualifications. The Minister for Education and Lifelong Learning has agreed that the legislative process to allow this change should begin and a consultation letter setting out the proposed amendment to the

Regulations was issued on 7 February 2005. Should the outcome of the consultation be favourable the amended Regulations will come into force in July 2005.

- **Increase the maximum amount payable.** This is currently £200 and, as stated in paragraph 31 above, 66% of courses cost below this threshold. Although a minority of courses cost above £200, it is a sizeable minority. Increasing the limit would increase the amount of spend on ILA Wales, and although this change was not ruled out, it was felt that it would be unlikely to increase take-up and might have the effect of encouraging some providers to increase the cost of courses.
- **Extend the range of benefits** that counted towards eligibility for higher levels of discount. The inclusion of Incapacity and/or Disability benefits was particularly considered, as this might make a contribution to reducing the numbers of economically inactive adults in Wales. Several factors were considered, including;
  - Incapacity/ Disability benefits were not means-tested. Claimants were not necessarily on a low income and might have high levels of savings or live with high-earning partners. Those on low incomes would be eligible for the benefits (eg Income Support, Council Tax Benefit) that allowed greater ILA Wales discount anyway.
  - It was unlikely that a £200 ILA Wales allowance would be enough to entice someone into learning, especially if taking a course would put them at risk of losing entitlement to benefit by being considered fit enough for employment.
  - A customer in receipt of Incapacity / Disability Benefit would be eligible, under the terms and conditions of their claim, for training supported / funded through various Jobcentre Plus programmes.
  - Under the fee remission policies of some providers, particularly FE colleges, Incapacity and Disability Benefit claimants were often entitled to free or discounted learning.
- **Widen the range of ILA Wales- fundable courses**, in particular remove the exclusion that applies to learning that is a requirement for one's employment e.g. site Health and Safety Certificates for workers in the construction industry. However, this would only add to dead-weight – the learning would probably take place anyway - and would take the responsibility for funding occupation-specific learning away from employers, thus contravening ELWa's statutory duty to encourage employers to contribute to the cost of post-16 education and training.

- **Introduce a means-tested scheme** as in the newly re-launched ILA Scotland. In Scotland, individuals with an income below £15k are eligible for up to £200 towards a course of learning, subject to a minimum personal contribution of £10. It was agreed that the cost of implementing and administering such a scheme would outweigh the benefits. We already use income-related social security benefits to identify those on low incomes (including those in employment and in receipt of Working Tax Credit) and introducing means-testing would not be likely to increase the number of eligible learners significantly.

## RECOMMENDATIONS

33. The Group proposes that the following changes, considered practical and likely to be beneficial, should be introduced by July 2005. The impact of these changes and the overall performance of the programme should be carefully monitored and reported by January 2006 to inform the decision about whether or not ILA Wales should continue or be withdrawn for new applicants from July 2006.

- Merge the 80% and 100% bands so that all those on ILA Wales-eligible benefits receive 100% support.
- Remove the prior learning requirement for those in receipt of ILA Wales-eligible benefits.
- Expand marketing activity to target
  - Inactive providers
  - Trades Union Learning Representatives
  - Intermediaries like Careers Wales, Jobcentre Plus and NIACE
  - Probation Service in Wales
  - Learners in employment e.g. through HR departments

34. Targets for ILA Wales should include targets for course bookings as well as registrations. It was agreed that realistic targets for 2005-06 would be:

- 7,000 registrations,
- 4,200 course bookings
- 40% of learners to be from priority group
- 25% renewal rate (ie re-applications from previous ILA Wales learners)

35. Should the programme continue beyond July 2006,

- the maximum amount payable should increase to at least £250, and
- consideration should be given to assigning more responsibility to learning providers in deciding whether courses are eligible for support from ILA Wales, subject to monitoring and audit.

<b>Title of Document:</b>	Individual Learning Accounts Wales: Report of Strategic Review Group
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<b>Overview</b>	A report summarising the Strategic Review Group's analysis of the Individual Learning Accounts Wales programme.
<b>Action required</b>	For information only. No further action required.
<b>Further information:</b>	Enquiries about this guidance should be directed to :- Mrs Jacqueline Nicholls Department for Training and Education Welsh Assembly Government Cathays Park Cardiff, CF10 3NQ Tel: 029 2082 5948 Fax: 029 2082 6838 E-mail: <a href="mailto:education.training@wales.gsi.gov.uk">education.training@wales.gsi.gov.uk</a>
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## INDIVIDUAL LEARNING ACCOUNTS WALES

## Total Course Bookings by Programme Area

	no.of bookings	%
Arts and Media	42	1%
Construction	166	4%
Education, Training and Employment	261	6%
Engineering and Technology	152	4%
Health, Social Care and Public Services	542	13%
Hospitality and Catering	145	4%
Information and Communication Technology	1925	47%
Languages and Communication	270	7%
Management, Business, Administration and Financial and Legal Services	201	5%
Science and Mathematics	59	1%
Humanities and Social Sciences	100	2%
Agriculture, Horticulture and Animal Care	38	1%
Transportation	89	2%
Leisure, Travel and Tourism	69	2%
Retail and Commercial Enterprises	75	2%
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