

Power to the People

The case for Personal Learning Accounts

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*In January 2016, NIACE and the Centre for Economic and Social Inclusion
merged to form Learning and Work Institute*

Learning and Work Institute

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INTRODUCTION: THE CASE FOR PERSONAL LEARNING ACCOUNTS

Learning matters but participation is unequal...

Learning is central to a fair and prosperous society. The links between learning throughout life and national prosperity, business success, societal cohesion, and individual opportunity and life chances are clear and well established. Learning helps you earn more, live healthier and play a fuller role in society.

It is equally well established that the UK's skills base lags behind many comparator countries and that participation in learning is unequal. For example, people in higher socio-economic groups are twice as likely to participate in learning than those in lower groups. Similarly, those who left full-time education at age 21 or over are significantly more likely to participate in learning compared to those who left at age 16 or less. This creates a cap on aspiration, prevents many from fulfilling their potential and holds back our economy.

... and changes in society and the economy mean learning will matter even more...

The central importance of learning to both prosperity and fairness is increasing. The rise of emerging economies and the unrelenting advance of technology are placing a premium on skills for both life and work. They are remaking the world of work: the so-called 'rise of the robots' may not replace all of today's jobs, but it is changing the type of jobs and skills needed. **Once a lack of skills locked people out of career progression, increasingly it will lock people out of the jobs market altogether.** The same is true of access to many public and market services as they switch to 'digital by default' and offer their best deals online respectively, for example.

This is happening in the context of an ageing population. For many of today's school leavers, a 50-year career may lie ahead. Longer life expectancies bring increased demand for health and care services and pressure on the public finances. **Learning helps to maintain and improve people's health, so it must be a vital part of our response to demographic changes.**

Put simply, learning cannot be something that ends when you leave full-time education as a young person. Learning throughout life is vital to helping people adapt to change so they can stay in work and build a career.

And vital to boosting social inclusion and wellbeing: the positive impact of learning on these is just as well established as that for economic growth.

... meaning we need a step change in investment and participation by individuals...

Constraints in the public finances means that a step change in learning will need to be funded by a partnership between the State, individuals and employers. Increasing individual investment has the added potential benefit of increasing the impact of public investment in learning, by ensuring individuals have 'skin in the game' and are empowered to make active choices (this is a similar argument to that made for co-investment and greater control for employers over, for example, Apprenticeships).

There are few estimates of investment individuals make in learning, but suggest a figure of £2-5.5 billion per year, with the opportunity cost (the fact that time learning could have been spent on other activities) in addition. The 2010 National Adult Learner Survey showed the most commonly cited factor preventing people taking part in learning is cost. However, lack of time and inability to fit learning around job or family life are close behind. Lack of confidence and information are also mentioned and often people do not believe that learning will benefit them sufficiently.

This shows that a new funding mechanism (whether higher Government funding, loans, or other approaches) will not on its own increase individual investment in learning or cut inequalities in participation. These other barriers to learning also need to be tackled, and any approach to funding must put people in the driving seat and give providers greater incentives to meet their needs.

... driven by new Personal Learning Accounts.

Learning and Work Institute recommends that the Government **commit to increasing participation in learning and cutting disparities in participation between groups**. This should be reported on annually and placed on an equal footing with other goals, such as increasing employment.

To help deliver this step change in learning, **everyone should be entitled to a Personal Learning Account**. This would be an online skills passport of previous learning, information on the local labour market and success of learning providers in helping people get jobs and increase their earnings, and set out entitlements to public funding so people are clear what they are entitled to. It would build on the existing architecture of Lifelong Learning Accounts which people can activate through the National Careers Service. It would necessitate an open data revolution in information on which courses and institutions had the best record in helping people achieve their goals.

The Personal Learning Account would help to boost individual investment in learning through:

- A new **Help to Learn Bonus**, adding a Government top up when people invest money in learning that is accredited or agreed with an approved advisor, such as Jobcentre Plus Work Coach. This should start with a higher top up for tax credit and Universal Credit claimants who invest their Help to Save savings in learning. This could be a £1 top up for every £1 invested in learning. Help to Learn should be extended to people on higher incomes too, for example for people investing in Lifetime Individual Savings Account savings in learning;
- Building a coherent family of **Help to Learn loans**, including:
 - Making **Advanced Learner Loans, repaid only when people earn above a certain threshold, more flexible** so they can fund modules of qualifications;
 - **Reviewing Professional and Career Development Loans**, to ensure they are meeting needs not met through other loans and funding; and
 - Introducing a **Lifetime Loan Account** for flexible Higher Education learning throughout life, as recommended by Bright Blue. Over time, these loan products could be merged into a single Lifetime Learning Loan Account.

- Agreeing **Learning City pilots** with Local Authorities, to trial new and integrated ways to increase individual participation in learning and innovative approaches to delivering training through a **£50 million Innovation Fund**.

Learning is at the heart of a fair and prosperous society. But too many people are missing out today. Changes in our economy, society and population make it more important than ever to build a learning society. Achieving this will require a wider and deeper culture of learning, better communication of its lifetime benefits, and empowering people. Personal Learning Accounts offer a way to unleash innovation and aspiration and deliver a rocket boost to learning in our country.

1. STATE OF PLAY

- Learning throughout life is at the heart of a fair and prosperous society, helping to drive career opportunities, social and economic inclusion, and economic growth and business success.
- However, structural inequalities in learning hold back fairness and prosperity. Younger people, those in higher socio-economic classes, and those who already hold higher qualifications are far more likely to be learning. The result is that many people who would benefit from learning miss out.
- Individuals, employers, and the Government all invest significant time and money in learning. But current inequalities and the central importance of learning demand further action to boost demand for, and investment in, learning including by individuals.
- The evidence shows that lack of time and money can create barriers to learning for individuals, as they may not see the value of learning to personal goals and wider challenges relating to information and flexibility in delivery. This can underpin a view that increased learning will not bring direct benefits to people or communities – holding back a culture of learning.
- Increased investment in learning by individuals will only be unlocked if these wider barriers are tackled at the same time. Access to finance alone will not lead to a step change in learning.

Learning has never been more important. The links between learning and national prosperity, business success, social inclusion, and individual opportunity are clear and well established. They show that learning sits at the heart of a prosperous and fair society.

Learning has a value in and of itself. It also has a wide range of benefits, including for:

- **Job and career prospects.** Having qualifications is associated with an increased likelihood of working and higher earnings. For example, one study suggests those with a NVQ Level 3 are 15 percentage points more likely to be in work than those without and that people with a Level 3 Apprenticeship earn a net present value of £76-117,000 more over their lifetime;¹
- **Active citizenship.** Learning and skills are associated with higher levels of participation in society and improved wellbeing. For example, those with higher skills levels are more likely to vote and

¹ Returns to intermediate and lower level vocational qualifications, BIS, 2011.

education is associated with increased take-up of preventative measures in health, such as screening;²

- **Economic and business success.** Skills are one of the drivers of economic growth and needed for businesses to take advantage of new opportunities and technologies. For example, evidence shows one in five job vacancies are due to difficulties recruiting people with the skills needed.³

Structural Inequalities

Britain's overall skills base has long lagged well behind many comparator countries. This is particularly true of intermediate skills, with the UK 24th out of 34 OECD countries, and basic skills such as literacy and numeracy, which more than one in five adults lack.

The evidence shows clear structural inequalities in participation in learning. For example, Learning and Work Institute's participation survey found that 40% of adults said they had participated in learning in the last three years.⁴ However, this varied by:

- **Socio-economic class.** More than 50% of those in the highest classes (ABs) had participated in learning, compared to 26% of unskilled workers and those on limited incomes (DEs);
- **Employment status.** One half of those in work had participated in learning, compared to 28% of adults out of work but not seeking work;
- **Age.** 68% of 20-24 year olds had participated in learning, compared to 20% of 65-74 year olds; and
- **Attainment at school.** Those who left full-time education at age 21 or over are twice as likely to be participating in learning than those who left at or before age 16. Educational attainment of young people is also strongly linked to parental attainment: 36% of children eligible for Free School Meals gain A*-C in GCSE English and Maths, compared to 63% for all other pupils.⁵ This represents an unfair cap on life chances and a loss of talent for the UK economy.

These inequalities in learning can also be seen in the National Adult Learner Survey, which found that 84% of households with an income of more than £31,200 had participated in learning, compared to 55% of those with a household income of £10,399 or less.⁶ Similarly, it found that people

² Education, training and the take-up of preventative healthcare, Sabates and Feinstein, Centre for Research on the Wider Benefits of Learning, 2004.

³ UK Commission's Employer Skills Survey 2013: UK results, UKCES, 2014.

⁴ 2015 NIACE adult participation in learning survey: headline findings, Learning and Work Institute, 2015.

⁵ Impact indicator 8, DfE, 2015; Early, late or never: when does parental education affect child outcomes, Dickson, Gregg and Robinson, University of Bristol, 2013.

⁶ National adult learner survey 2010, BIS research paper number 63, BIS, 2012.

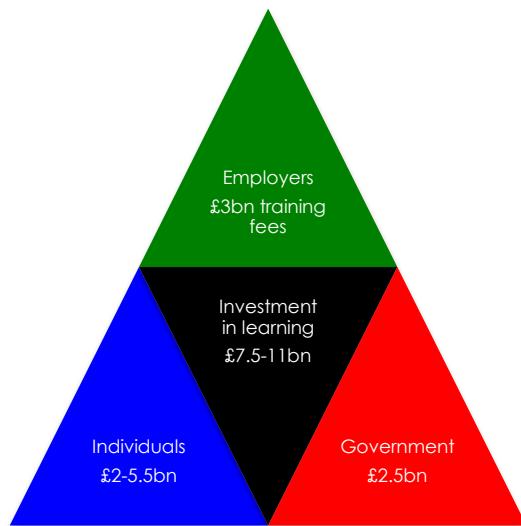
who already have a degree level qualification are more than three times as likely to be participating in learning than those with no qualifications.

In this way, inequalities in learning both underpin and perpetuate inequalities in life chances. Many of those who would benefit most from learning, are least likely to participate in learning.

Who pays for learning?

Learning comes with a cost: monetary (for example, fees for courses); time (for individuals trying to fit learning around busy work and home lives); and opportunity cost (time and money spent learning cannot be spent on other activities).

Figure 1: Annual investment in learning



Source: BIS, Employer Skills Survey, authors calculations.

Total **public funding** for adult learning in England in 2016-17 is around £2.5 billion, of which £1 billion is for Apprenticeships and £1.5 billion is the Adult Education Budget (AEB).⁷ This represents a cut of more than 40% since 2010. The Adult Education Budget will be protected in cash terms until the end of the decade, and the forthcoming Apprenticeship Levy (a payroll tax on large employers to fund Apprenticeships) will increase Apprenticeship funding to £1.5 billion by 2019-20. Public funding is predominantly targeted on younger people, those with fewer previous qualifications, and those out of work.

Employer investment is estimated through the Employer Skills Survey.⁸ This estimates total employer investment in skills of £45 billion per year.

⁷ Skills Funding Agency grant letter 2016-17, BIS, 2015.

⁸ UK Commission's Employer Skills Survey 2015, UKCES, 2016.

This includes, for example, the wage costs of employees being away from work while learning and statutory requirements, such as health and safety training. The total spend on fees to external training providers was £3 billion per year. The higher an employee's existing qualifications, the more likely they are to receive training from their employer.

Estimates of **individual investment** in learning are limited at best.

However, previous analysis suggested that individuals invest around £5.5 billion per year.⁹ Two countervailing trends will have changed this since then: a requirement for greater contribution by individuals may have increased their investment, however an overall fall in participation in publicly funded learning will have reduced it.

The National Adult Learner Survey shows that, in 2010 (the latest data available), 69% of adults said they had participated in learning in the last three years. One in four said they had to contribute to course fees, with an average contribution of £1,023. The average additional costs of books and equipment was £236. Applying this to England's population (the survey covered England only) suggests individual investment in learning of around £2 billion. Although not directly comparable and based on previous years' data, this suggests a reasonable range for individual investment in learning of £2-5.5 billion per year. It also highlights the need for further research in this area – for devoting the same time and effort to estimating individual investment in skills to that for employers.

The barriers to increased investment

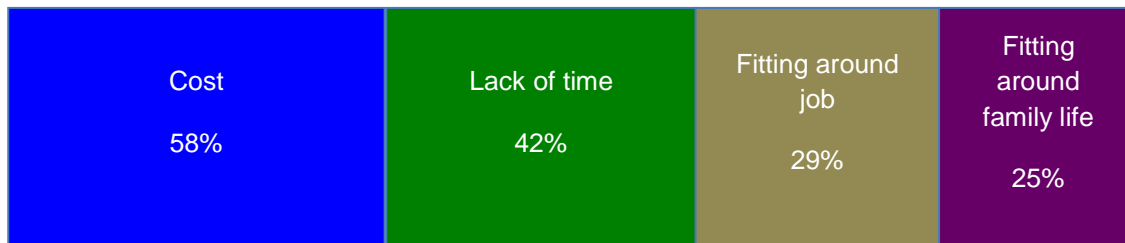
Investment in learning will always be a partnership between individuals, employers and the Government. This report focuses on increasing individual investment in learning. There are two central reasons this is a desirable public policy goal: the first is to help increase overall investment in learning in the UK to realise the economic and social benefits detailed above; and the second is to maximise the impact of investment by ensuring individuals have greater control over learning (as their investment sits alongside employer and Government investment), giving people some 'skin in the game'.

The most commonly cited reasons within the 2010 National Adult Learner Survey for not learning are cost (58%), lack of time (42%), and inability to fit learning around job (29%) or family life (25%).¹⁰ People with no or Level 1 qualifications also regularly cite lack of confidence (23%) and lack of information about available and appropriate courses (15%) as barriers to learning. This can underpin a lack of belief and confidence of the benefits of learning, that the returns (in their widest sense) will outweigh the costs.

⁹ Expenditure and funding models in lifelong learning: a context paper, NIACE, 2010.

¹⁰ National adult learner survey 2010, BIS research paper number 63, BIS, 2012.

Figure 2: Barriers to learning



Source: National Adult Learners Survey 2010, BIS

So people do perceive financial barriers – indeed seven in ten said they would be willing to save toward future learning (though answering a survey and human behaviour are of course two different things). However, this is in the context of concerns over time, the long-term benefits, lack of information, and confidence and motivation. These barriers cannot be tackled in isolation as they are related. A step change in individual investment and participation in learning will require a holistic approach and culture shift in our society.

In other words, even if all learning were free, it is likely that many people would not invest the time and money in learning that a purely rational calculation of the lifetime costs and benefits in a world of perfect information might suggest.

Learning is of central importance to building a prosperous and fair society. The UK's skills base lags behind many comparator countries, with significant inequalities in access to learning. Tackling these will require action to boost demand for and investment in learning. To do this requires an integrated focus on the key barriers for individuals – only in this way can increased investment be unlocked and its impact maximised.

2. TRANSFORMERS

- Changes to our economy and society are likely to further increase the importance of learning to prosperity and fairness in the coming decades. Learning is one of the best ways to ensure people can make the most of the changes underway, rather than being left behind by them.
- These include the rise of emerging economies and advances in technology, which are changing the jobs available and skills required in those jobs. This means an increased need for people to have the confidence and opportunities to update skills throughout lengthening working lives. Qualifications achieved at school might not be relevant 20, 30 or 40 years later. Learning also has wider effects, beneficial throughout life and helping boost health, wellbeing and social engagement.
- This is the context for significant changes in Government policy. These include the Apprenticeship Levy aimed at boosting employer ownership of workplace training, devolution of the Adult Education Budget to give local areas the opportunity to tailor support, and the rollout of Universal Credit which includes a commitment to greater support for people in low paid work to progress.
- However, taken as a whole the policy response remains disjointed: skills funding focused on young people and those with the lowest qualifications, the Levy limited to Apprenticeships, and the benefit system on those out of work. There is little on offer for people in work who want and need new skills to change career or progress, or for people wanting to improve their wellbeing.
- In the context of longer and more fluid working lives this leaves gaps. For example, for someone in their 40s who has worked all their lives but needs to retrain as their sector declines or their job changes. Or for the parent who has spent time out of the labour market and needs to brush up their skills to go back to work. Or the older person wanting to remain active and included.
- The welfare and skills systems do not provide sufficient support for these groups and aren't built for 21st century realities. They provide support at moments of crisis rather than enabling people to support themselves. In today's Britain, supporting people to invest in their future through learning is one of the best ways to ensure security and opportunity through change.

The importance of learning to prosperity and fairness is increasing as a result of shifts in two 'tectonic plates' of our economy and society.

1. Changing economy and society: the rise of the robots?

The rise of emerging economies like India and China, combined with advances in technology, are fundamentally changing our economy and labour market. They allow businesses to build global supply chains and draw on talent from around the world. They also change the way people learn and access information, open up new opportunities, and new ways to engage in society and access services.

Recent decades have seen many low value-added manufacturing activities move to emerging economies. Increasingly this also applies to higher value added activities and the service sector – more and more jobs can be based anywhere and emerging economies are moving up the value chain. Many fear a so-called ‘rise of the robots’ will replace many of today’s jobs. The Bank of England’s Chief Economist suggested that up to 15 million jobs could be automated in the next 20 years, one in two of today’s jobs.¹¹ These changes are also changing the ways public services are delivered (for example the ‘digital by default’ approach to Universal Credit) meaning that adapting to changes and learning new skills are critical to life outside work as well.

There has been more scepticism recently, with OECD research suggesting that one in ten jobs could be automated, with automation affecting certain tasks within other jobs rather than replacing them entirely.¹² And of course the rise and fall of sectors, firms and jobs, whether due to advances in technology, changing consumer tastes (the rise of the coffee shops?), or changes in the global economy, has always been a fact of life. What is clear is that technology has changed many jobs already and will continue to do so in the decades to come, in ways we can only speculate about now. The ability of our economy and society to benefit from these changes will depend in large part on adaptability and flexibility, which will in turn be driven by opportunities to learn and develop new skills.

2. Changing population: the 50 year career?

The UK population is ageing and life expectancy is increasing. By 2050, one in four people will be aged over 65, compared to one in six today.¹³ It is unambiguously good news that people are living longer. But it brings significant challenges and changes too.

¹¹ The future of employment: how susceptible are jobs to computerisation? Frey and Osborne, University of Oxford, 2013; <http://www.telegraph.co.uk/finance/bank-of-england/11991704/Half-of-all-British-jobs-could-be-replaced-by-robots-warns-Bank-of-Englands-chief-economist.html>

¹² The risk of automation for jobs in OECD countries, Arntz, Gregory and Zierahn, OECD, 2016.

¹³ The ageing population: key issues for the New Parliament, House of Commons Library, 2010.

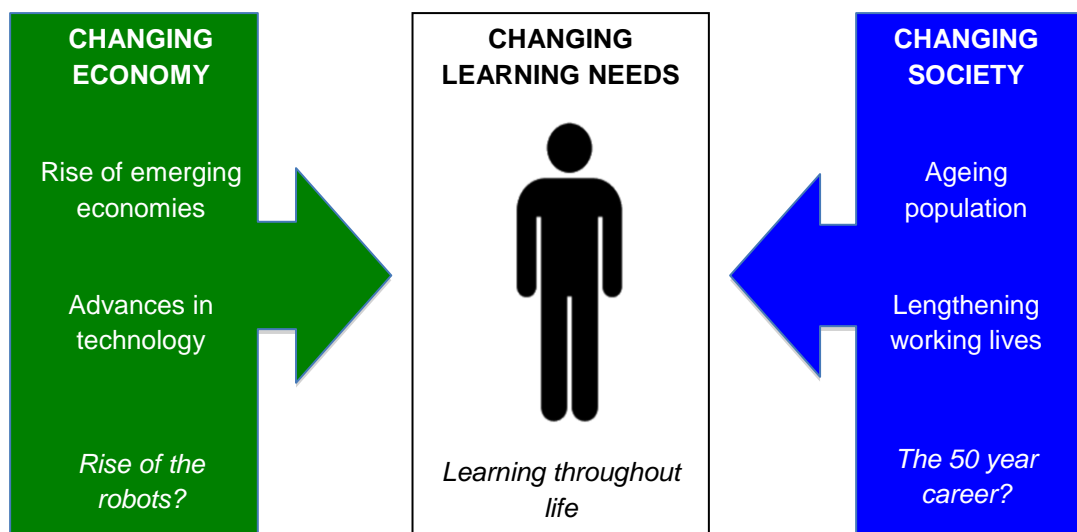
Firstly, longer life expectancies mean longer working lives: many young people entering the labour market today may well have a 50 year career. So more people will need to change careers and update their skills many times: learning is essential to enabling this to happen.

Secondly, it brings pressures on the public finances as much public spending is age-related. The Office for Budget Responsibility estimates that demographic trends will increase spending pressures, but not increase tax revenues.¹⁴ Based on current policy, health spending would rise from 6.2% of GDP today to 8% in 2064-65 and State pension costs from 5.1% of GDP to 7.3%. Learning both helps people work for longer and improves health and wellbeing, so can help to ease these long-term fiscal pressures.

Thirdly, it requires action to ensure good health and wellbeing during a longer period of older age, the need to balance caring responsibilities (with some needing to care for young children and older parents at the same time), and moving beyond a binary approach to work and retirement. The links between learning and wellbeing are well established: evidence shows a statistically significant relationship between lifelong learning and health and wellbeing, particularly for non-accredited learning.¹⁵

Put these two seismic changes together and the challenge becomes clear. The jobs and careers on offer, and the skills needed within them, will change significantly over the coming decades. As will the ways that people access public services and engage in society. And longer working lives will mean a greater need for people to change career and update their skills. At the same time, the health and wellbeing effects of learning also suggest a clear benefit to promoting learning throughout life.

Figure 3: Tectonic shifts in our society and economy



¹⁴ Fiscal sustainability report, Office for Budget Responsibility, 2015.

¹⁵ The relationship between adult learning and wellbeing: evidence from the 1958 National Child Development Study, BIS Research Paper 94, BIS, 2012.

The policy context

Significant policy changes are planned or underway, including:

- devolution of the **Adult Education Budget** (AEB) in England to cities and local areas;
- introduction of the **Apprenticeship Levy** on large employers to fund growth in Apprenticeships to meet the Government's target of 3 million by 2020;
- expansion of **Advanced Learner Loans** (ALL) which provide university-style, income-contingent loans for people aged 24 and over taking a Level 3 or above qualification and those age 19 and over taking a second or subsequent Level 3 or higher qualification. **Professional and Career Development Loans** also offer loans on commercial terms for learners; and
- rollout of **Universal Credit**, bringing together a number of in and out of work benefits. This includes requirements for people in low paid work up to agree activity with Jobcentre Plus to increase their earnings (either by increasing their hours or finding a better paid job).

Taken together, some key themes emerge:

- **Greater responsibility for individuals and employers.** Public investment in skills has fallen by around 40% in England since 2010. Individuals and employers are expected to invest in skills and learning, primarily through the Levy and ALLs. This is to both increase investment in learning as public funding declines, and give individuals and employers more 'skin in the game' so they will make more active investment decisions that maximise its impact;
- **Local leadership.** Devolution of the AEB to cities and local areas gives an opportunity to tailor solutions to local need and integrate learning together with other support and policy, including employment support, housing and employer need. In this way, aiming to ensure more joined-up support and maximise the impact of investment across a range of policy areas; and
- **Outcomes.** The key measurement of public skills investment has often been qualifications. Increasingly there is a drive to measure outcomes for individuals and employers, such as increased earnings and employment, more directly. For example, Learning and Work Institute's Citizen's Curriculum approach saved local public services £3.68 for every £1 invested.¹⁶

¹⁶ <http://www.learningandwork.org.uk/our-work/life-and-society/citizens-curriculum>

Mind the gap

The introduction of Advanced Learner Loans has been associated with a one third reduction in learning among eligible groups.¹⁷ The reasons are not clear, but could include: risk and debt aversion; inadequate information on the potential job and earnings benefits of learning; and lack of an adapted learning offer from providers to better fit around their needs and lives. Learning and Work Institute's Ambition London project will test new ways to increase take-up and return on investment.

There are also three clear gaps in policy and support. The first is **supporting learning that is not an Apprenticeship or full qualification**. The earlier evidence showed this learning has economic and social benefits, and that it is valued by individuals. The reductions in public funding and the focus of ALLs on full qualifications mean this is a growing gap. The Government recognised this in the 2016 Budget, saying that it would '*review the gaps in support for lifetime learning, including for flexible and part-time study*'.¹⁸

The second is **support for people in low paid work**, including Universal Credit claimants. The evidence of what works to support people to increase their earnings is relatively limited. Government and Local Authorities are undertaking a range of trials to test different approaches. The evidence to date suggests that a caseworker, individualised action plan, and range of formal and informal support (including learning, work shadowing and mentoring) can have an impact.¹⁹ Increasing individual investment in lifetime learning can therefore help to build a fuller offer for in-work Universal Credit claimants.

The third is **support for career changers and those needing to update their skills**. This results from the concentration of the employment system on those out of work, and the publicly funded skills system on the young and those with fewer previous qualifications. The result is that many people find themselves without support: for example, someone who was worked their whole life but finds their sector declining and needs to retrain; the parent returning to work and needing to update their skills; the professional wanting to invest in themselves to make the next steps in their careers. This is as relevant for people for qualifications which are now less relevant, as for those with no or low qualifications.

All of this can contribute to a decline in the perceived legitimacy of the benefit system if people feel that they pay in, but do not get support when

¹⁷ Evaluation of 24+ Advanced Learning Loans: an assessment of the first year, BIS Research Paper 263, BIS, 2016.

¹⁸ Budget 2016, HM Treasury, 2016.

¹⁹ No limits: from getting by to getting on, NIACE, 2015.

they need it. It can also be a symptom of employment and skills systems that often intervene only when people lose their job, rather than actively enabling people to maintain employment by learning new skills relevant to today's labour market.

Learning throughout life is of growing importance as result of changes to our economy, society and population. Policy aims to encourage greater investment in learning by individuals and employers and give them greater control. However, in practice it is often falling short for individuals: participation has fallen where loans have been introduced, and loans and public funding do not cover a range of learning which individual's value. To meet the challenges of the 21st century and tackle structural inequalities in learning and opportunity, we need new ways to help individuals invest in their futures.

3. QUANTUM LEAP

- As a nation, we need to increase participation in learning and cut inequalities. The Government should publish an annual report on its progress in doing so, mirroring the approach for employment and Apprenticeships.
- To help deliver increased participation, every citizen should be entitled to a Personal Learning Account. This should be a digital record of achievement, entitlements to public funding, and information on local provision and its success in helping people find jobs and increase earnings.
- As part of this, the Government should introduce a Help to Learn Bonus for people of all incomes investing in approved learning, including in Help to Save for Universal Credit and tax credit claimants and promoted through services such as health, housing, and employers.
- Alongside this, Advanced Learner Loans should be expanded to fund modules of learning. Cities and local areas should be supported by a £50 million Innovation Fund to test new ways to increase learning and individual investment in learning.
- Learning has the power to be transformative. Too many people are missing out on the power of learning today, and changes in our economy and society are making this more and more important. Personal Learning Accounts and Help to Learn Bonuses can help build a culture of learning.

This report has made the case for greater investment in learning by individuals and national action to promote a widespread culture of learning. This should be a shared national goal of the same level of importance as increasing employment. **The Government should publish an annual update on progress increasing participation in learning by adults and reducing inequalities.**

Personal Learning Accounts

To help deliver this, this report proposes everyone should be entitled to a Personal Learning Account. It would provide a single online port of call for:

- **Skills passport** setting out skills and qualifications gained to date, including digital accreditation and badges;
- **Information** on the local labour market and performance of local learning providers (including the employment and earnings achievements of their students);
- **Entitlements** to public funding (as now, for eligible qualifications) and loan support (extended to modules of learning as well as full qualifications, and rebadged as Help to Learn support); and
- **Help to Learn Bonus**, with the Government topping up money saved by individuals toward learning. The level of the top up would need to be tested through rigorously evaluated pilots, and would also depend on the budget available. However, it should be set higher than the planned Help to Save bonus (of 50% up to £600 after two years) to ensure sufficient incentive to invest in learning.

This would have a range of benefits:

- **Digital approach.** Ensuring people can access their skills records online and providing one place to go for information on local providers and their entitlements. In this way, making it easier for people to know where they can learn and which providers deliver the best outcomes;
- **Open data revolution.** Providing accessible information on jobs and careers, and data on the employment and earnings achievements of students by qualification and provider (through the current linking of Individual Learner Records (ILR) with HMRC employment and earnings data);
- **Incentives to invest.** Encouraging people to invest in learning by topping up their saving. This should help to maximise the impact of public investment, by co-investing alongside individuals who have a clear incentive (because they are investing their own money too) to focus on learning that will benefit them;
- **Dual key investment.** Money in Personal Learning Accounts could be invested in SFA-accredited courses, or in other learning where this is part of an action plan agreed with an approved adviser. Approved advisers would include those from Jobcentre Plus, employment programmes, National Careers Service, and potentially others such as Housing Associations and Local Authorities. This allows greater flexibility, while ensuring the proper use of public funds; and

- **Flexibility.** Moving away from restricting people to full qualifications when often they (and employers) want bite size learning. This would be driven and underpinned by both co-investment (individuals investing alongside public funding) and the dual key approach (approved organisations such as Jobcentre Plus agreeing activity with individuals).

Personal Learning Accounts are different to, but learn from, Individual Learning Accounts (which suffered from widespread fraud and so were closed).²⁰ They encompass a wider range of information and digital accessibility (not least as technology has advanced significantly since ILAs). And the dual key approach, coupled with the need for co-investment from individuals, helps to ensure the proper use of public funding. ILAs operated in Scotland and Wales for many years after they closed in England – the problem was with how the scheme operated (the National Audit Office noted that ‘*poor planning and risk management by the Department led to weaknesses in the system*’) rather than the principle.

Introducing Personal Learning Accounts will not deliver a learning revolution on its own: in this case, supply does not create its own demand, nor will demand necessarily be met with the right supply. Advanced Learner Loans (to date associated with a one third reduction in eligible learning) and the previous Government’s Savings Gateway (where the evidence, although not clear cut, suggests that savings top-ups did not increase overall saving) have shown this.²¹

This report’s proposals would require Government to develop better and more accessible data on the links between learning and outcomes, by course and institution, so that people can make informed choices about investment. It would require action to support providers to develop new and innovative approaches to engaging individuals, and new ways of delivering learning so it is accessible and people are better able to fit learning around their work and family life. And it would require central and local Government to work to build Personal Learning Accounts into the delivery models of other public services: such as health (where the evidence cited earlier shows the links between learning and health), employment (where learning could be a first step to engaging someone out of work for years, and career progression for those in work), and economic development (where targeted learning and skills development can support the growth of employers or help to prepare for jobs and investment ahead).

In other words, this should not just be the introduction of a new mechanism for funding learning. Instead, it should underpin a new partnership approach

²⁰ Individual Learning Accounts, National Audit Office, 2002.

²¹ Final evaluation of the Savings Gateway 2 pilot: main report, IFS, 2007.

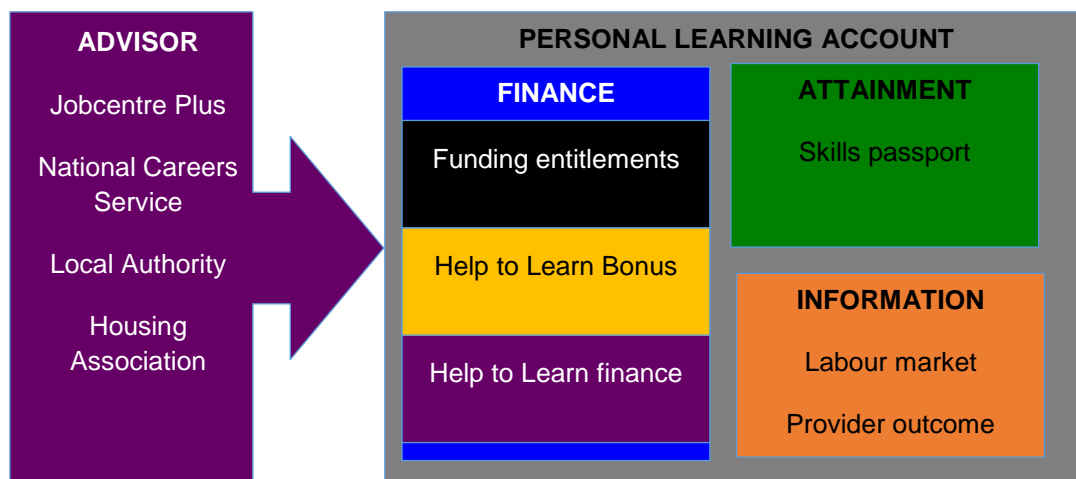
between people and Government to co-invest in learning for work, life and wellbeing in a changing world. Consider pensions: the introduction of auto-enrolment was accompanied by engagement with employers and individuals to explain the changes and why they mattered, and work with the pensions industry to develop stakeholder pension products.

We need the same national effort to boosting investment in learning as we saw for increasing saving for retirement.

Introducing Personal Learning Accounts

The Government should aim for all citizens to have an entitlement to activate a Personal Learning Account by 2022, giving five years for full national implementation.

Figure 4: Personal Learning Accounts



The Government should publish a rollout plan that includes clear milestones based on the following:

- 1. Build on existing infrastructure.** Today, people can open a Lifelong Learning Account through the National Careers Service. This puts in one place the learning they have done and any public funding they have received. Personal Learning Accounts would build on this system, avoiding the need to create a brand new IT infrastructure, but supercharge both content (by including entitlements, information on the quality of providers, and a Government top-up to savings to learn) and take-up (by proactively prompting accounts to be opened). This could be delivered from within the National Careers Service budget.

2. Introduce Help to Learn.

- a. **Help to Learn Bonus.** The Government should top up every pound individuals invest in learning that is either accredited or agreed with an adviser such as a Career Coach. This could be £1 top up for every £1 saved, depending on the available budget. This would provide an incentive for people of all incomes to invest in learning. There would need to be an approved list of bodies that could agree an action plan with individuals to unlock this top up (for example, colleges, Jobcentre Plus advisers, National Careers Service, union learning reps, Housing Associations). This would in effect be a tax credit for learning, mirroring the Research & Development tax credit for businesses.

This should start with a Help to Learn Bonus for Universal Credit and tax credit claimants taking part in Help to Save (where the Government adds 50% after two years for up to £50 per month saved). This would in effect be an extra top up where people invested their saving in learning that was either accredited or agreed with a Jobcentre Plus adviser. Help to Save is projected to cost the Government £70 million per year by 2020-21.

Assuming that 15% of people taking up Help to Save choose to use their funds under Help to Learn, this could cost an additional £10 million by the end of the decade.

- b. **Help to Learn Finance.** Professional and Career Development Loans should also be reviewed, including considering renaming them Help to Learn Finance to build a consistent and simple offer for people.

3. Help to Learn finance.

- a. **Make Advanced Learner Loans more flexible.** The Government should make the Advanced Learner Loan system more flexible by making accredited modules eligible. This could be done on a trial basis to test its impact and whether people progress, and with a minimum loan amount of £300 (as now). This would not have an upfront cost, although the likely repayment rates would need to be modelled to estimate the longer-term Exchequer impact (this could be positive if this more flexible approach to learning better helps people to find work and increase their earnings). These could also be brought into the Help to Learn brand;
- b. **Review Professional and Career Development Loans.** To ensure that they are fit for purpose and meet a clear need, particularly given the wider changes underway such as the

Apprenticeship Levy and extension of Advanced Learner Loans;
and

- c. **Introduce a Lifetime Loan Account for Higher Education.** This would build on the Bright Blue proposal to give people a more flexible funding allocation over their life (rather than a qualification-by-qualification basis), to try to increase the number of people undertaking flexible Higher Education over their lifetime (beyond the traditional three year undergraduate degree).²² Over time, the case for merging these loan products into a single lifetime loan allocation for learning at all levels should be considered.

4. **Agree Learning City pilots.** Cities and local areas should be invited to propose action to boost demand for and investment in learning by individuals, including trialling some of the above flexibilities and models. This could be funded by areas agreeing to ring-fence part of their devolved Adult Education Budget, supported by a central Government Innovation Fund of around £50 million.

These approaches should be robustly evaluated to assess by how much individual investment in learning does (or does not) increase, the types of learning invested in, and the impacts delivered. The new approach should also be underpinned by regular research to explore the amount that individuals invest and what they invest in – the evidence base for individual investment in learning should match the evidence base for employer investment.

Learning is vital for life, work and wellbeing. Changes in our society and economy are making it more important, but also changing how people can access learning and how it can be delivered. Personal Learning Accounts and Help to Save Bonuses can ensure people have support to co-invest in their own futures, help to tackle inequalities in learning and deliver the step change the UK needs for a more prosperous and fairer society.

²² Going part-time: understanding and reversing the decline in part-time education, Shorthouse and Dobson, Bright Blue, 2015.

