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The individual learning account experiment in the UK: A conjunctural crisis?

Bill Lee *

Accounting and Financial Management Group, University of Sheffield Management School, 9 Mappin Street, Sheffield S1 4DT, UK

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ABSTRACT

Individual learning accounts (ILAs) were a flagship policy of the 1997 Labour Government in the UK. ILAs provided a new universal right for all adults to receive State financial support to pursue lifelong learning that was delivered through markets in ways consistent with the prevailing neo-liberal hegemony. The scheme was suspended following allegations of fraud and abandoned after regulators of markets associated with the neo-liberal hegemony published reports. An analysis of these reports is used to highlight how they failed to emphasise the positive and novel universal right of financial support from ILAs, but instead criticised the adoption of light-touch accounting controls and gave these as a reason for fraud being possible and over-expenditure. Subsequently, when a replacement scheme was introduced, the novel principle of universal financial support was abandoned. Gramsci's concept of a conjunctural crisis is used to explain the abandonment of the novel element of ILAs while the neo-liberal hegemony endured.

1. Introduction

Individual learning accounts (ILAs) that provided all adults with a new right of Government monies to pursue lifelong learning was a "flagship" policy of the Labour Party when elected to Government in the UK in 1997 (Clough, 2008; Forrester and Payne, 2000, p. 154). Once introduced, demand for ILAs far exceeded expectations. A target of one million account holders by April 2002 was reached amid celebration in May 2001 (Blunkett, 2001) and demand continued to grow. Promises to expand the scheme were made at regular intervals (DfES, 2001; Labour Party, 2001). Then, following "serious allegations of potential fraud and theft involving ILAs" (DfES, 2005), the scheme was closed on 23rd November 2001.[1] A few successful prosecutions ensued. At the time of the closure, the Government promised to re-launch ILAs. Now, skills accounts are being piloted in the UK to be rolled out as a national policy in 2010 (Clough, 2008, p. 407; LSC, 2008). It would be tempting to view the scenario as one where there were some initial problems that were corrected and the scheme is being reintroduced successfully. However, the current skills accounts offer "virtual vouchers" (Clough *op cit*) rather than accounts for saving towards lifelong learning. Also, they do not provide universal financial support; instead, they are limited to either the unemployed, or to the least well-educated to allow them to obtain a minimum level of skills (LSC, 2008, p. 3; National Learner Panel, 2008, p. 1).

* Tel.: +44 0114 222 3432; fax: +44 0114 222 3348.
E-mail address: W.J.Lee@Sheffield.ac.uk.

[1] Figures, dates and specific details of initiatives relate to their organization in England. Arrangements were slightly different in Northern Ireland, Scotland and Wales.

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The purpose of this article is to use Gramsci's (1978) ideas of hegemony, organic crisis and conjunctural phenomena to consider an unexplored dimension of the ILA episode; namely the role of regulators of markets for State-financed services whose criticisms of the methods of financial control used in the scheme contributed to the replacement of ILAs by a markedly different form of State-support for prospective learners to the detriment of a broad range of people who could have benefited from ILAs. In doing so, the article does not intend to single out those regulators as wholly responsible for the episode, but instead to locate their role and responsibilities in a critical reflection on how the general form of delivering public services through regulated markets militated against endurance of the innovative principles of ILAs.

The following argument about the ILA scenario will be made. During an organic crisis of deep-rooted economic and political change, the 1979–1997 Conservative administrations institutionalised market-based practices to deliver State-funded services – thus, utilizing notions of profit to motivate service providers – and strengthened regulators of those markets as part of a new neo-liberal hegemony or form of political and ideological leadership. The new Labour administration of 1997 proposed ILAs as a universal right for all citizens to receive financial support for lifelong learning but accepted the neo-liberal hegemony and used market-led arrangements for delivery of that learning. Private learning providers were allowed to offer learning alongside public sector providers as their pursuit of profit was deemed likely to lead them to devise efficient ways to deliver learning to non-traditional learners. Thus, supply expanded to satisfy demand from new learners and the number of accounts grew rapidly. A failure to persuade financial institutions to manage the accounts deprived the policy administrators of a means to regulate the pace of spending. Those administrators' own use of light-touch accounting controls meant that they did not anticipate the rate of outgoings accurately, so over-expenditure occurred, which was attributed to widespread fraud. Administrators gave greater priority to stopping fraud than they gave to realising learning objectives and suspended ILAs. Regulators sought explanations of why ILAs were suspended and highlighted how limited controls – rather than any profit motive residing in the market for learning – led to the potential for fraud by private learning providers and high costs. Policy-makers in the relevant Government department were reluctant to embark on such a radical innovation again. Thus, although they persisted with market-based provision of learning that complements the neo-liberal hegemony when replacing ILAs, they introduced a scheme that did not offer universal financial support so spending was more limited and could be more easily controlled. The movement away from the initial "flagship" policy should be seen as a conjunctural crisis of a transient event that caused temporary embarrassment for a Government at a time when the prevailing hegemony endured.

The discussion is organized as follows. The next section outlines Gramsci's ideas – of hegemony, organic crisis and conjunctural phenomena – that are used to develop the theoretical argument. The ensuing section describes the political context of the prevailing neo-liberal hegemony and its market-based provisions and methods of accountability for State-financed services. The following section discusses the policy of State-financed ILAs and why the format of that scheme led to over-expenditure which was attributed to fraud and led to suspension of ILAs. The subsequent section analyses different regulators' reports about ILAs and the evidence of fraud surrounding the scheme to suggest that it was the recommendations in the report – rather than the actual levels of fraud – that contributed to the movement away from universal financial support in the ILA scheme. The final section concludes that the furore surrounding the ILA episode and the abandonment of its novel universal qualities when the prevailing hegemony remained intact, should be seen as a conjunctural crisis.

2. Understanding continuity and change through a Gramscian lens

The idea of continuity in societies is apparent in Gramsci's concept of periods of hegemony which are generally lengthy, lasting several decades. Hegemony is discussed elsewhere in the accounting literature – see, for examples, Alawattage and Wickramasinghe (2008), Cooper (1995), Goddard (2002, 2005), Lee and Cassell (2008), Lehman (1995), Lehman and Tinker (1987), Richardson (1989), and Spence (2009). It is, thus, sufficient to define hegemony as political leadership achieved through a mixture of the attainment of consent from a majority of a population through the propagation of ideas about the rights of the leading class and a threat of force against any deviant minority, to create the conditions for the development of an economy under the direction of that leading class and its allies (Gramsci, 1978, p. 12). Although political representatives of a leading class may oversee the establishment of enduring organizations and practices and the generation of common sense ideas to support periods of routine development of the economy in ways that help to perpetuate the position of that leading class, Gramsci never saw hegemony as given (Hall, 1983). It has to be renegotiated constantly and constructed by the political representatives of a leading class to ensure a configuration of Government policies that a majority of the population continue to find attractive. To discourage resistance and gain acceptance for actions favourable to the leading class, political representatives will formulate policies that meet some interests of subordinate groups (Gramsci, 1978, p. 258), although not in ways that threaten the leading class's economic prominence (Gramsci, 1978, p. 161).

Change in Gramsci's work may be categorised into two general forms. Firstly, there is the most fundamental change, namely organic crises. The latter days of a period of hegemony will be marked by an organic crisis that entails "incurable structural contradictions" (Gramsci, 1978, p. 178) that prevent further development of the economy. At that stage, a previously subordinate class may be able to formulate an alternative hegemony to gain power and change the fundamental nature of society, or representatives of the existing leading class may establish a new hegemony involving new ideas and policies for a further period of economic development under their direction. Although organic crises have occurred, the political representatives of those who control capital have managed to formulate a new hegemony involving far-reaching policy changes to maintain capitalist economies in Western societies.