

ACCA championing learning and skills



an agenda for England

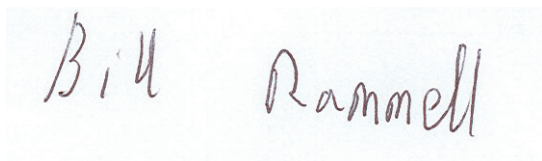
Ministerial foreword

I very much welcome the publication of this manifesto by ACCA – a professional body which continues to make a valuable contribution to the learning and skills debate.

As a nation, we face a number of pressing challenges in creating the right environment to ensure that Britain has a highly skilled workforce, coupled with a dynamic and innovative business community, fit to compete in an increasingly competitive global marketplace.

This is a time of great opportunity – with our new Department for Innovation, Universities and Skills and the recently published *'World Class Skills: Implementing the Leitch Review of Skills in England'*, we can put measures in place which will propel us to the forefront of the global economy.

Government and our delivery agencies look forward to continuing to work in partnership with ACCA, other professional bodies, employers and individuals, to boost workplace skills, tailor learning to business needs and help more people on the path to sustained employment, career progression, and increased income.

A handwritten signature in dark ink on a light blue background. The signature reads "Bill Rammell" in a cursive, slightly slanted script.

Bill Rammell MP
Minister of State, Lifelong Learning, Further and Higher Education



Introduction

It is my great pleasure to introduce *ACCA Championing Learning and Skills: an agenda for England*. As a global professional association and awarding body with over 100 years' experience, ACCA can provide expert input on a range of learning and skills issues. Professional bodies, like ACCA, provide a valuable bridge between employers, educators and government. Our membership base ensures that the comments in this paper are grounded in employment needs across a range of sectors (public and private), industries and services.

The 'one size fits all' model of education is outmoded. We now live in a world where the expectations of learners and employers are key - where individuals want to be able to learn at their own pace, using new technologies and where employers expect skills to meet their tough demands. Addressing current challenges in education is imperative to the future success and growth of the UK economy.

Finance is integral to the operation of every economy and pervades every part of individual and organisational life. We need to develop a financially intelligent society and see a new approach to personal financial management to stop consumers spiralling further into debt, and change society's attitude to debt, savings and pensions.

Government, working in partnership with stakeholder organisations, can deliver a learning and skills programme fit for the UK's educational and economic needs. ACCA looks forward to being part of this process and contributing further to the debate.

I should also like to take this opportunity to thank the National Institute of Adult Continuing Education (NIACE) for their support and guidance in the production of this paper.



Gill Ball
ACCA President
Finance Director, University of Birmingham



Contents

FOREWORD	02
INTRODUCTION	03
EXECUTIVE SUMMARY	05
ABOUT ACCA	06
ISSUES AND RECOMMENDATIONS	07
Financial literacy	
The skills strategy and response to the Leitch Review of Skills in England	
Curriculum development and qualification reform	
Lifelong learning	
ACCA's global perspective	
CONTACTS	14

Executive summary

ACCA CALLS ON GOVERNMENT TO:

- Utilise Skills for Life and consider the introduction of the financial equivalent of 'legal aid' to begin to address the challenges facing financial literacy in the UK.
- Give appropriate recognition to the role of professional bodies in addressing the skills needs of the UK.
- Use the forthcoming reform and re-licensing of Sector Skills Councils (SSCs) as an opportunity to establish a 'cross-sector' SSC for accountancy. Without some recognition of cross-sector skills, ACCA questions whether Government will genuinely achieve its target of 90% coverage of the UK's workforce within the Skills for Business (SfB) network.
- Consider including accounting practitioners on the Commission for Employment and Skills, recognising that accountants are the first choice adviser to SMEs and can offer expertise on, and access to, the SME sector.
- Ensure that employers are brought fully into the process of curriculum and qualification reform – it should not be a token measure. The new 14-19 Diplomas should be developed from extensive and meaningful consultation to ensure their successful implementation.
- Ensure that there is better information on, and consistency in the application of immigration policies. This must be addressed in order for the UK's position as an international educational hub to be maintained.

ACCA WILL COMMIT TO:

- Working with our partner, The Open University, to deliver financial capability education across the UK.
- Exploring the potential for ACCA members to develop their capacity to act as advocates for learning and development within their organisations, and their clients' organisations. Trusted intermediaries, independent of government but supportive of government's aspirations, can deliver the agenda more effectively than commercial campaigns.
- Continuing to train and qualify professional accountants and accounting technicians in the UK, to ensure that the UK can meet the demand for finance professionals, current and future.
- Assisting the government and other relevant stakeholders in the provision of information and expertise in the area of curriculum development and qualification reform, via membership of working parties or task forces.
- Playing our part to ensure that the UK remains an international educational hub: the launch of our new International Certificate in Financial English in partnership with Cambridge Assessment aims to help our students and potential students with their English skills.

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing international accountancy body with 296,000 students and 115,000 members in 170 countries. We work to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

In the UK:

- ACCA has 55,000 members and 71,000 students
- 76% of our students are over 25 years old
- 45% are over 30 years old
- Women make up 48% of the UK student body
- 44% of UK students are White, 36% Asian and 18% of Black origin.

ACCA delivers qualifications for people pursuing careers in accountancy, finance and management. We do this in partnership with many organisations and support students and members throughout their careers. Our mission is to provide opportunity and access to people of ability around the world and to support our members throughout their careers in accounting, business and finance, to achieve and promote the highest professional, ethical and governance standards, to advance the public interest and to be a global leader in the profession.

ACCA has recently won its fourth Queen's Award for Enterprise, this time in the category of International Trade, in recognition of its significant contribution to global business.

Issues and recommendations

FINANCIAL LITERACY

Financial literacy is critical to all parts of society and should be embedded into the education and development of individuals in relevant ways at all stages of their lives – from early childhood to post-retirement. People need a sound understanding of personal finance issues if they are to act as informed citizens empowered to make decisions about their financial futures. This should bring higher levels of financial responsibility and planning, a more numerate workforce, and successful entrepreneurs better placed to assess and manage risk - thus contributing to future prosperity.

Empowering young people

ACCA believes that young people should be taught about tax, savings, debt and pensions in school to prepare for adult life. Basic lessons that explain how and why they will pay tax and National Insurance and why making early financial provision for pensions pays, may help alleviate on-going and longer term problems as they undertake the transition from dependence to independence. Such a foundation of financial awareness needs to be built early and reinforced throughout life – with opportunities for those who have fallen behind to catch up, especially through Skills for Life.

ACCA welcomes the move to introduce 'economic wellbeing and financial capability' as a new school subject – this is a positive step in the right direction. However, we note that this will be delivered through Personal Social Health Education (PSHE), enterprise and citizenship education, which will remain optional and non-examinable. Whilst there is clearly significant pressure on the curriculum to incorporate new subjects or increase the number of hours young people undertake existing subjects, such as sport, ACCA encourages Government to consider the introduction of a module or a GCSE level qualification in financial capability.

Financial capability for all

ACCA supports the moves by Government to improve financial literacy and inclusion, with the Treasury Committee Inquiry into financial inclusion late 2006 and the Financial Capability strategy launched in January 2007. ACCA believes that improving financial capability in adults is vital to the country's future economic prosperity, yet acknowledges the challenges facing Government to achieve this aim.

ACCA is working with The Open University on their new financial capability course, 'You and Your Money: Personal Finance in Context' to deliver financial capability education across the UK. This initiative encompasses a range of widening participation activities designed to remove the barriers to accessing financial capability education.

'Financial Capability: the Government's long term approach' recognises the information asymmetry that currently exists – that the financial services market is complex and most consumers seem to lack sufficient knowledge and understanding to participate effectively. This differs significantly from most other markets, where consumers know what they want and know how much they are prepared to pay. These issues have been raised by FIN-USE¹, an expert forum established by the European Commission to help improve policy making in the field of financial services, recognising that owners of small businesses' needs are very similar to consumers. ACCA's Head of Small Business, Professor Robin Jarvis, is Chairman of this expert group.

Whilst there are clearly benefits in education so that all consumers have a basic understanding of financial services products, the reality is that due to the complexity of financial services products, consumers

¹ FIN-USE Annual Report 2006/2007

must often seek further advice from an intermediary. There have traditionally been challenges with the service provided by intermediaries – ‘financial advice’ is viewed as expensive; there have been issues associated with mis-selling of products, and Independent Financial Advisers (IFAs) often work on commission for companies and so are not seen as truly ‘independent’.

Financial Aid

ACCA believes that the Government should commit to extend the provision of financial advice and consider establishing the financial equivalent of ‘legal aid’. This ‘financial aid’ would seek to bridge the gap between, and substantially contribute to, the current financial advice network, spanning from Citizen Advice Bureaux to commercial IFAs. As the emerging themes from the Thoresen Review highlighted, the term ‘financial advice’ is too closely associated with FSA-regulated advice and the challenges associated with this service. ACCA proposes that a ‘financial aid’ service would aim instead to identify a network of ‘trusted intermediaries’ to provide guidance, support and information to consumers.

Accountants are in a strong position to act as ‘trusted intermediaries’ and deliver financial education and sound guidance. ACCA members are highly regulated as accountants and have a strong grounding in financial services. They are uniquely placed to look at ‘the whole picture’ for business and personal finance and can provide guidance and information accordingly. As the interim findings from a forthcoming ACCA research study by Ian Stone at Durham University demonstrates, accountants already undertake this role within the small business community – they are the first choice advisers to small businesses on the introduction of stakeholder pensions.

THE SKILLS STRATEGY AND RESPONSE TO THE LEITCH REVIEW OF SKILLS IN ENGLAND

The need for more accountancy skills

In recent times, an increase in world trade and regulation has created demand for professionally qualified accountants. But the supply has not met the demand and this has led to a shortage of finance professionals required to support the growth of the world’s major economies. The Big Four accounting firms are recruiting internationally to meet their staffing demands, despite the fact that almost 34,000 professional accountants qualified between 2000-5 in the UK². In addition, it has been recently reported that the shortage of skilled accountants is pushing up salaries, with the average wage of accountants working in business now at more than £100,000³. This issue is likely to continue for some time and will be exacerbated by the impact of an ageing demographic across most developed economies, leading to further skills shortages.

In March 2006 the Financial Reporting Council in the UK issued a report titled ‘Review Of How Accountants Support The Needs Of Small And Medium-Sized Companies And Their Stakeholders’. This identified that some accountants, particularly those in smaller practices, reported a shortage of ‘good quality’ bookkeepers. ‘Good quality’ was defined as having appropriate skills in accountancy and bookkeeping systems together with a basic level of business acumen. If businesses are forced to employ the services of unskilled finance staff, the quality and integrity of financial information relied upon by investors may be jeopardised.

The UK is, therefore, on the brink of a financial skills shortage crisis. ACCA will play its part in continuing

² Professional Oversight Board, Key fact and trends in the accountancy profession, November 2006

³ “Accountants earn £100,000-plus” B4, The Daily Telegraph, 20 June 2007

to train and qualify professional accountants and accounting technicians in the UK. This will go some way to ensure that the UK can meet the demand for finance professionals, current and future. ACCA is, however, concerned that professional bodies are being overlooked in the implementation of the Leitch Report and the reform and re-licensing of the Sector Skills Councils, both of which are discussed in more detail below.

Sector Skills Council for accountancy

The Skills for Business (SfB) network has 25 sector skills councils (SSCs) reportedly covering around 85-90% of the UK workforce. Accountancy is not represented by a Sector Skills Council but relies on the Accountancy Occupational Standards Group, a non-SSC sector body.

ACCA believes that the focus on specialised occupational areas rather than ‘cross-sector’ competencies is restrictive and that the reliance on the SSCs to identify cross-sectoral skills requirements, such as accounting, within their Sector Skills Strategies is flawed. ACCA calls on government to use the forthcoming reform and re-licensing of SSCs as an opportunity to establish a ‘cross-sector’ SSC for accountancy. Without some recognition of cross-sector skills, ACCA questions whether the government will genuinely achieve its target of 90% coverage of the UK workforce within the SfB network.

Leitch Agenda

“World Class Skills: Implementing the Leitch Review of Skills in England”, July 2007 is a positive document which sets out how Government will commit to taking the Leitch Review forward. ACCA is concerned that the role of Professional Bodies is not fully recognised or addressed within the implementation plan, which leaves serious gaps in provision.

Although ACCA is a professional rather than a purely academic qualification, there is a need to build clear progression routes towards it that allow the widest possible range of opportunity. In addition, it is important that our members can continue to develop higher level skills throughout their careers. Government may choose to prioritise certain attainment levels but this should not be at the expense of the coherence of the overall system, from foundation level through to the highest levels of expertise.

Research demonstrates consistently⁴ that an accountant is a small firm’s first choice adviser and over half of ACCA’s members in the UK work in or for a small business. Small businesses comprise 99% of businesses in the UK and are vital to the success of the UK’s economy. ACCA believes that accountants, in their role as trusted business adviser, can play a significant part in the successful implementation of the Leitch agenda.

We urge the Government to consider including accounting practitioners on their Commission for Employment and Skills. They can offer expertise in and access to the SME sector and ACCA would be happy to explore ways in which our members might develop capacity as ambassadors for skills and learning.

⁴ For example, Federation of Small Businesses (2006), *FSB Survey, Lifting the Barriers to Growth in UK Small Businesses*.

CURRICULUM DEVELOPMENT AND QUALIFICATION REFORM

Employer-shaped qualifications

ACCA conducts a fundamental review of its professional qualification once every six years. This qualification combines workplace experience and formal examinations. Central to the review is consultation with our students, members and employers. In 2004/5 we received responses from 5,000 qualified accountants and 25,000 students about the type of qualification which will deliver their future needs. ACCA successfully employs focus groups, online questionnaires and specialist workshops to reach our stakeholders. We not only ask them 'up front' what type of qualification they need, but also build time in the development process to go back with a proposed qualification for detailed comment and refinement.

14-19 Diplomas

ACCA supports the introduction of the 14-19 Diplomas as aiming to 'chart a middle course between vocational and academic learning'. ACCA has pioneered the breakdown in the distinction between 'academic' and 'vocational' qualifications in its innovative partnership with Oxford Brookes University, where ACCA students can obtain a degree in 'Applied Accounting' whilst working towards their professional qualification. This degree recently celebrated its 5,000th graduate.

We welcome the implementation of the new Diplomas and have been positive in contributing to their development. ACCA has contributed to the Business, Administration and Finance Diploma, managed by the Financial Services Skills Council. We have, however, found that the consultation process has not always been managed efficiently. ACCA appreciates that this has been caused, in part, from an underestimation of the complexity of the project.

ACCA calls for a review of the project management of the Diplomas. In addition, ACCA urges Government to learn lessons from the pilot testing of five Diplomas from 2008. During this period, it will be important to see true partnership working and stakeholder engagement – ACCA knows from experience in the development of our own qualifications the importance of this.

LIFELONG LEARNING

ACCA understands the importance of lifelong learning to individuals, organisations and the UK economy as a whole. As a result, we have developed significant expertise in developing our education and skills programmes to achieve commitment from our members to lifelong learning. As a global educator, ACCA would be happy to contribute our expertise in this area via membership of government working parties or task forces.

Flexible learning

ACCA members and students combine work, study and family life. A guiding principle of ACCA learning and development is, therefore, that all our programmes must be designed to fit in and around our members' and students' lives. All ACCA qualifications are modular in design and allow the learner to progress at their own pace.

Continuing Professional Development (CPD)

All 115,000 ACCA members are required to undertake relevant CPD on an annual basis to ensure that they maintain and develop the knowledge and skills needed to succeed in today's dynamic and demanding business environment.

Our CPD programme is the result of consultation with over 10,000 ACCA members and employers around the world. It reflects cultural differences and recognises the many ways people learn and focus on work tasks, business objectives and personal development. Using cultural differences as an example, consultation findings highlighted that in the Americas, 22% of respondents prefer to carry out their CPD via tests and assignments, compared to only 5% in the UK and Ireland. ACCA's CPD, therefore, recognises both traditional approaches and work-based learning which includes online learning, mentoring or coaching, delivering business presentations and research.

Learning champions

ACCA shares the government's commitment to continuing education and training and has observed with interest the way in which trade union learning representatives have acted as workplace learning champions.

ACCA members have the potential to act as advocates for lifelong learning within their organisations because

- they know the benefits of learning themselves
- they have insights into the value of learning for organisations
- they are able to identify bottom-line benefits of learning upon productivity and competitiveness.

ACCA will explore the potential for members to advocate the benefits of lifelong learning to the small business sector, which is traditionally a very difficult sector for government policies to reach. Trusted intermediaries, independent of government but supportive of government's aspirations, can deliver the agenda more effectively than commercial campaigns, and, most significantly, can be open and honest and report back when there are failings in the system.

ACCA'S GLOBAL PERSPECTIVE

Economies across the world need effective finance professionals more than ever before. International accounting standards are gaining acceptance across the globe, enabling finance professionals to share a common language. In some respects, this employment-driven trend is no less developed than other international initiatives among education providers such as the Bologna process in HE and EU-led initiatives to harmonise vocational qualifications. Multi-nationals are moving their employees across continents as readily as they once moved them across corridors. Within this context, there are significant opportunities but also challenges for global financial education. ACCA urges the government to consider how UK bodies in different branches of further, higher education and training can transfer expertise and learn from each others' experience.

Mobility in education

The UK has long been regarded as an education hub. However, this position is being challenged by Australia, Singapore, Vietnam, Malaysia and Hong Kong, which are making significant investments to secure their places in the knowledge economy. These investments are not being matched by the UK which, in time, may impact on the ability to attract high calibre students.

Whilst English has become the international business language, it can still pose a barrier to exam success. ACCA has recently launched a new International Certificate in Financial English in partnership with Cambridge Assessment to help our students and potential students with their English language skills. A key challenge for government and educators will be to provide sufficient opportunities for English language proficiency.

Better information on, and consistency in the application of immigration policies is needed to prevent an adverse effect on student numbers in the UK. Uncertainty in the application of UK immigration rules may deter thousands of talented individuals from coming to the UK to gain an internationally recognised qualification and the opportunity of a professional career – at a time when the economy most needs their skills. A study carried out by the British Council in 2004 estimated that in 2001/02 international students in the HE sector contributed around £3 billion (in tuition fees and other spending) to the UK economy⁵. This is a significant contribution to the economy, which should be encouraged and developed, not stifled.

There is discrimination within current immigration policies when comparing students studying professional qualifications versus academic ones. For example, graduates from UK universities can apply to stay in the UK and get a job for an extra year (two years in Scotland) after their degree course finishes, without obtaining a work permit. This opportunity is not available to students who successfully complete professional studies, despite work experience being an integral part of professional qualifications. ACCA calls on the Government to address this inequality.

Mobility in careers

The increased mobility of finance professionals leads to a need for clarity and transparency in the equivalency of global qualifications. Mechanisms need to be put in place for qualifications to have value and recognition across borders to help individuals, employers and economies achieve the efficient deployment of talented individuals.

⁵ "The Global value of education and training exports to the UK economy", British Council and UK Trade and Investment, April 2004

ACCA has designed its professional qualification in line with the International Federation of Accountants (IFAC) International Education Standards for Professional Accountants. These standards have the potential for international recognition, acceptance and application. The IFAC standards provide a global benchmark for creating systems for recognition of qualifications in the accounting profession. ACCA actively supports IFAC's efforts to achieve convergence of the global accounting profession around these education standards.

In this context, ACCA also supports the Bologna Process. Through its voluntary collection of signatory countries in the European Union, we support the aim of the Bologna Process to develop a broad framework to enable comparability of higher education qualifications across the EU.

Contacts

CONTACT THE ACCA PUBLIC POLICY UNIT

ACCA Public Policy Unit
29 Lincoln's Inn Fields
London
WC2A 3EE
+44 (0)20 7059 5726
public.policy@accaglobal.com
www.accaglobal.com/policy

