

# Consultation: A new Further Education Funding and Accountability System

A public consultation issued by Department for Education

Comments from ACCA to The Department for Education

**7 October 2021**

## About ACCA:

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

ACCA has a thriving community across the UK including **91,000** members and **72,000** future members, who work across a wide range of sectors, regions and business sizes. Our framework includes qualifications ranging from Levels 2 to 7. Through this we strive to uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital in helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at [accaglobal.com](https://accaglobal.com)

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## **Reforming Adult Skills Funding**

The shift towards a more employer-led training system outlined in the Skills for Jobs White Paper<sup>1</sup> was welcomed by SMEs and large organisations. Skills gaps have long been a significant concern for businesses, and the pandemic has further underlined the need to develop a more agile skills and learning landscape.

ACCA supports the government's ambition to develop a simpler and more streamlined adult skills funding system. However, the government must ensure that individuals, employers, and training providers can access the support they need to adapt to such change and ensure no unintended shorter-term consequences for the levels of delivery or adoption of training provision.

While we recognise the Department's focus on employment outcomes for learners, this can sometimes exclude employers that value skills in areas that require a longer course of study. The system must be forward-looking and possess an ability to adapt to changing economic and local area needs. The funding distribution must be fair and transparent while supporting learners and providers to plan, deliver and achieve.

ACCA founding principles are based on access for all regardless of age, background or prior skill level. In 1909 Ethe Ayres Purdie became an ACCA member, the first woman to belong to a professional body. Inclusion, Integrity and Innovation are our core values<sup>2</sup> – for this reason we support a range of learning routes to improve accessibility to adult education. This might include flexible study options such as:

- Self-study around existing commitments
- An online or face to face structured form of study
- Demonstrating competency on the job
- Asynchronous learning

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<sup>1</sup> <https://www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth>

<sup>2</sup> <https://www.accaglobal.com/gb/en/about-us/our-purpose-and-values.html>

We have a network of over 40 learning providers that support learners and employers with this activity across the UK.

ACCA is also committed to the United Nations Sustainable Development Goals<sup>3</sup>. We recognise the importance of all interconnected SDGs, and collectively, ACCA and its community can make our most significant commitment towards their achievement. This includes a commitment to Gender quality, and we are committed to promoting gender equality across our global community and to achieving gender equality across our employee population. Through our commitment to quality education, we will offer access to a quality finance and accountancy education that is free from artificial barriers.

## **Skills Fund Design**

The Augar review<sup>4</sup> highlights a number of the challenges presented by the lack of flexibility in the current funding system, making it difficult for providers to focus their provision on retraining or reskilling in a way that matches the needs of employers and individual learners. Additionally, SMEs have expressed challenges when seeking to upskill or reskill members of the workforce due to complexity in the funding system and a lack of dedicated resources to manage the process of accessing funding. Quality choice of access to learning and development for all is key to supporting potential. Merging the Adult Education Budget and the National Skills Fund into a single stream of funding would help simplify the finding system and provide more flexibility to training providers to work with employers to meet current and future skills needs. This would also help streamline the system for individuals seeking to access in-demand skills development. However, it is crucial to recognise that the adjustment period to a new funding system will present challenges for all stakeholders, and additional support during the transition is essential.

## **Simpler funding formula**

One of the critical challenges of the current funding formula is the inbuilt complexity which can make it challenging for employers, training providers or individual learners to access funding. A more streamlined mechanism could reduce this complexity and increase levels of

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<sup>3</sup> <https://sdgs.un.org/goals>

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/805127/Review\\_of\\_post\\_18\\_education\\_and\\_funding.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805127/Review_of_post_18_education_and_funding.pdf)

engagement. However, notification of new funding models for all stakeholders and providing support with navigating and accessing funding through any new models is vital.

Alongside this, we have found that the tender process can present a number of artificial barriers to inclusion of other well-established and employer-recognised courses.

Finance and accounting have long been seen as an area that requires greater access to skills and training to develop future finance professionals<sup>5</sup>. As outlined in the ACCA response to the DfE National Skills Fund consultation<sup>6</sup>: Many trade associations and professional bodies have catalogues of training courses and qualifications that have been developed with employers to ensure that the content is relevant and practical. This approach ensures that the skills learnt can be quickly utilised by employers. This is particularly important as the programmes rely solely on employer recognition of the skills gained, rather than accreditation.

We believe professional body courses can offer exceptional value for public money, granting learners the option to begin continuous learning journeys with initial funding support, with the option to continue on to achieve professional qualified status.

### **Simplifying funding for disadvantage, learning and learner support**

It is crucial that learners who require additional support can access the support they require to succeed. While the current system provides this support through disadvantage funding uplift, learning support and learner support within a provider's Adult Education Budget, this approach can lead to complexity for individuals seeing to understand the assistance available to them. This may, in turn, impact their ability to access appropriate help. Bringing disadvantage funding, learning support, and learner support into one element could help simplify the system and make it more accessible to learners who need additional help. However, any new system must have the ability to adapt and remain agile to meet any new or emerging learner support needs.

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<sup>5</sup> <https://www.accaglobal.com/my/en/professional-insights/pro-accountants-the-future/pro-accountants-heart-sustainable-orgs.html>

<sup>6</sup> <https://www.accaglobal.com/an/en/technical-activities/technical-resources-search/2021/october/consultaion-the-national-skills-fund.html>

High skill roles often require different levels of support and investment. SMEs face particular challenges when navigating hybrid working practices. New starters need access to digital assets, and some individuals may require adjustments which can be very costly for the SME. These costs must be taken into account in order to ensure high standards of training and delivery can be maintained.

As employers take increasing consideration of equality, diversity and inclusion, it is important that adult education is a key part of recruitment plans alongside other routes. In addition to a new simplified funding process for disadvantage learning and learner support, government should consider the allocation of a ringfenced amount of funding for employers take up of disadvantaged learners such as care leavers, wishing to continue into higher levels of study e.g. traineeships, apprenticeships or higher technical courses.

Data published by the World Economic Forum<sup>7</sup> shows that the global pandemic has significantly impacted younger people and has had a profound impact on job displacement. ACCA research published as part of our Gen Z and the future of accountancy report<sup>8</sup> shows that almost three-fifths of UK respondents to our survey cited lack of job opportunities and job insecurity as a key concern. Personal wellbeing was another area where UK Gen Z respondents expressed concern. Ensuring that both current and future learners can understand and access the support available will be key to their success.

As highlighted in our Gen Z report: Today it is more important than ever that we remain focused on ensuring that socially disadvantaged young people in the UK have opportunities to pursue enriching careers in accountancy. Even prior to the outbreak of the pandemic, the evidence was clear: those from worse off backgrounds were less likely to leave school with the capital, experiences and networks necessary to gain entry to a professional career pathway; a factor which follows through to employment where they must compete with peers from more privileged backgrounds.

## **Supporting Changes in Provision**

In order to support local areas to improve and expand their offer to better meet both current and future skills needs, employers must be placed at the heart of local skills systems. The development of new Local Skills Improvement Plans, as outlined in the Skills for Jobs White

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<sup>7</sup> <https://www.weforum.org/reports/the-future-of-jobs-report-2020>

<sup>8</sup> <https://www.accaglobal.com/sg/en/professional-insights/pro-accountants-the-future/gen-z.html>

Paper<sup>9</sup>, can support this process. In order for LSIPs to be effective, all existing stakeholders in a local area must have the opportunity to articulate their skills needs and participate in supporting the development of provision in response.

Many employers may have more prior experience of engaging in the local skills agenda either through independent training providers, colleges, universities or local authorities. However, many SME organisations may not have this experience, while others may not have the network required or bandwidth to engage and will therefore require a greater level of outreach and support to articulate their skills needs effectively. Employers place a significant value on transparency and clarity when seeking to communicate skills needs locally; the government must provide this degree of certainty.

While all elements of the proposed new funding system must fit together effectively to deliver in-demand skills for employers, there is a risk of education and funding deficiencies occurring. In order to mitigate such risk, we would encourage the government to implement an ongoing review process to identify gaps in the system. This would provide employers and other key stakeholders with a greater degree of certainty in the new system. Many professional bodies such as the ACCA are directly involved with strategic workforce planning. There is a huge range of value that can be derived from working with professional bodies given the longer term view available, alongside trade bodies and employers. There are long standing links through to schools which create a strong ecosystem for ongoing engagement and conversation to close longer term skills gaps.

## **A new Performance Dashboard**

The creation of a new performance dashboard would place a significant additional administrative burden on smaller colleges and training providers. The data that would be included in a dashboard of this kind needs to be considered carefully to ensure that the system is not too onerous while ensuring that local skills needs are being met. It is also to ensure that the colleges' varying roles in relation to local labour market needs is given full consideration. Colleges are complex organisations that seek to provide a broad range of provision for students with differing needs. If the dashboard was used to measure one college against another without considering the local context in which the college operates, these comparisons would not effectively support ongoing improvement. In addition, it would

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<sup>9</sup> <https://www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth>

likely lead to uncertainty and complexity for the colleges, employers, and individual learners. Employers value skills development with purpose, we encourage the government to consider ways in which this objective can be met through the use of the new performance dashboard.

## **Apprenticeships**

In order for providers to effectively monitor and report apprenticeship data, clarity around how this reporting will work in practice will be key. While featuring apprenticeship delivery in the future performance dashboard may support employers and other local stakeholders seeking to understand the landscape and provision available, providers must not be expected to report the same data through multiple channels.

We would encourage the government to consider ways in which progression tracking for individual apprentices could be utilised. For example, while some apprentices may not stay with the employer that initially sponsored the apprenticeship, collecting data directly from apprentices could be a beneficial way of gaining apprentice progression and career outcomes. This data would also provide insight into where the apprentice finds employment and if the apprentice is meeting local skills needs in the local area.