

Consultation: Skills for Jobs: Implementing a new FE funding and accountability system

Consultation issued by Department for Education
Comments from ACCA
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ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

In the UK we have a thriving community of over **90,000** members (beyond graduate level) and over **70,000** future members (students), 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

Further information about ACCA's comments on the matters discussed here can be requested from:

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GENERAL COMMENTS

ACCA welcomes the opportunity to respond to the Department for Education's consultation on *Skills for Jobs: Implementing a new FE funding and accountability system*.

Feedback from ACCA's network indicates strong employer demand across all levels of provision, however the most consistent levels of interest are for levels 4-7 from employers looking to bring on 'workplace ready' talent.

One of the primary challenges for employers when considering candidates at levels 2 and 3 is the lack of basic skills required to progress into more technical study, leading to concerns around retention. While the recently announced 'Multiply' scheme is a welcome step towards supporting individuals with basic numeracy skills – literacy skills alongside soft skills are consistent areas of concern.

A large proportion of individuals at levels 2 and 3 lack the confidence to engage and collaborate with key stakeholders in a work-based environment, this can include when engaging virtually either over the phone or via online conferencing. We are committed to providing high quality support and access to opportunity for all who seek to grow and develop their potential through a range of activities and provision.

SPECIFIC COMMENTS

1. New National Funding Model

The *Skills for Jobs* White Paper¹ presented a vision for a more employer-led training system, which was welcomed by both SMEs and large organisations across all regions of the UK. Skills gaps have consistently been one of the leading concerns for business and the pandemic has further highlighted the need to develop a more adaptable and flexible skills and learning landscape.

While we support the proposal to create a national model for funding which is simpler and more streamlined for individuals and employers to engage with, it is crucial to ensure that all stakeholders, including training providers, can access necessary support to adapt to such change and ensure there are no transitional or longer-term consequences for the levels of delivery or uptake of training provision.

The Skills for Jobs White Paper sets out a vision for a Skills Fund that supports adult learners across England to gain skills which can lead them to meaningful, sustained, and relevant employment, or to enable them to progress to further learning which will deliver that outcome. This focus on employment outcomes for learners is very welcome, however, there is a risk that

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

this approach can lead to the exclusion of employers who value skills in areas that require more lengthy courses of study.

We believe the system must be future-looking and adaptable to react to local skills needs and the broader economic environment. Funding distribution must be fair and transparent while supporting learners and providers to plan, deliver and achieve. Greater transparency around the learning outcomes for the level 3 offer is required. Consistent feedback from employers and learning providers highlights that new recruits often lack basic skills to progress into more technical study, resulting in linked concerns around retention.

2. Supporting Social Mobility

Employers of all sizes and across all sectors have embraced new vocational and technical education routes and are taking increasing consideration of equality, diversity, and inclusion approaches across their organisations. However, we would encourage the DfE to continue developing new mechanisms to support employers with navigating the skills system and continuing to support a broader range of individuals from disadvantaged backgrounds. This will help ensure those individuals can continue to higher levels of employer-linked study such as traineeships or higher technical courses.

ACCA founding principles are based on access for all regardless of age, background or prior skill level. In 1909 Ethel Ayres Purdie became an ACCA member, the first woman to belong to a professional body. Inclusion, Integrity and Innovation are our core values² – 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

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

ACCA is also committed to the United Nations Sustainable Development Goals³. 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 equality, 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.

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

³ <https://sdgs.un.org/goals>

ACCA promotes social mobility as a vital element in the creation of a healthy, vibrant, and fair economy with opportunities for all.

3. Skills Gap Identification

The newly introduced Unit for Future Skills (UFS) is a welcome addition to the landscape and will play an essential role in gathering and processing data relating to skills supply and demand across all sectors. However, it is important to note that professions such as ours are both an industry sector in its own right, through accountancy practices, but also a large proportion of finance professionals are employed in industry and public sector organisations, whose primary purpose is something else. ACCA is concerned that analyses of data by Standard Industrial and Occupational Classifications could provide a misleading picture of the labour market. We have seen evidence of this through the Local Skills Reports produced by Local Enterprise Partnerships and the first Local Skills Improvement Plans.

While Local Skills Improvement Plans are being established to enable employers to highlight skills challenges they are facing. There is a significant risk of exclusive emphasis being placed on specific skills needs for industry clusters, to the detriment of in-demand roles that exist across the full range of organisations in any given area. An example of this could be for a region that is known for manufacturing vehicles, one of the likely in-demand skills facing a shortage might be engineers. However, organisations in this sector would also likely to be facing significant skills shortages for accountants in industry, as will other organisations across other sectors.

Accountants in industry work across all regions and nations of the UK, and for this reason, there will always be less of a local concentration when looking at the skills shortages in the profession. The shortage of qualified professional accountants however continues to be a challenge for organisations of all sizes. It is critically important for the full range of skills challenges facing employers at both a local and national level to be accurately measured and addressed to support contenting economic growth and prosperity. We believe it is critically important to look at the skills needs of any given area holistically to ensure that the local economy has everything it needs to succeed. Providing individuals from all backgrounds with access to the profession can present a life-changing opportunity to that individual but also bring vast benefits to the organisations that employ them, and the broader economy.

4. Distribution of Funding

Current funding formulas present a range of challenges given the inbuilt complexity, which makes it difficult for employers, training providers or individual learners to understand and access funding. A shift towards a more streamlined approach, designed to reduce this complexity and increase levels of engagement, is welcome. However, it will take significant resources and time for all stakeholders to become aware of and understand new approaches to funding distribution. In addition, any changes to the system that create additional administrative burdens for providers come with the risk of providers needing to withdraw from delivery. This is more likely to have a long-term effect on regions which already suffer from the most significant attainment gaps.

As outlined in the ACCA response to the DfE *National Skills Fund* consultation⁴: 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. Professional bodies are uniquely placed to extend high-quality learning opportunities and employer-recognised qualifications to remote communities and areas with the greatest attainment gaps.

Professional bodies such as ACCA are directly involved with strategic workforce planning. We believe there is significant value that can be derived from working directly with professional bodies given the longer-term view available. We would therefore encourage ongoing communication between all relevant parties, both locally and nationally, including the new UFS, training providers, employer representative bodies, chartered professional bodies, and trade associations, to ensure the employer demand can be accurately tracked and met.

We believe professional body courses offer exceptional value for public money while granting learners the option to begin lifelong learning journeys that can enable learners to achieve professional qualified status.

5. A new Performance Dashboard

As detailed in [our response](#) to the department's consultation on a new FE funding and accountability system in October 2021, we are concerned about the burden a new performance dashboard would place on smaller colleges and training providers. While there are potential benefits to establishing this kind of dashboard, such as helping benchmark performance and drive improvement from the inside out, there is a risk that this requirement would become too onerous for smaller colleges and training providers to remain agile in a fast-changing skills landscape.

Many of the providers that deliver in the UK also deliver a range of provision internationally. It is important that the UK remains an attractive place for these providers to deliver provision, and that dashboard reporting requirements do not become barrier for continued or increased investment in delivery across the UK.

We would favour an approach that provides a single point of data and would encourage the department to explore how this could be developed within the parameters of existing dashboards. The framework for this dashboard must recognise colleges' varying roles in relation to local labour market needs and not add additional complexity to their operational model.

⁴ <https://www.accaglobal.com/an/en/technical-activities/technical-resources-search/2021/october/consultaion-the-national-skills-fund.html>