

Response to the Education Select Committee Covid-19 Inquiry on ‘The impact of COVID-19 on education and children’s services’

Written Evidence Submission by The Chartered Institute of Management Accountants (CIMA)

Executive Summary

The UK’s productivity challenge:

- The UK faces a long-term productivity problem. British workers produce less output per hour than their European counterparts and productivity growth has stalled.
- Currently, millions of UK workers are being paid not to work and many are not participating in training during this period.
- Employers may be reticent to invest in training and skills development given the economic uncertainty.
- The existing apprenticeship scheme rules are insufficiently flexible and significant amounts of levy funding are not being spent promptly.
- Extra skills developed during lockdown could boost UK productivity post crisis and will ensure this period is not wasted.
- This is a historic opportunity to invest in UK skills and training.

This crisis has changed the way we work in the following ways:

- CIMA now provide all our exams online and has had to alter the way we deliver our courses to achieve this.
- The testing centres we work with have closed. This is being kept under review.
- CIMA have updated our policies and procedures to ensure the integrity of our online exams.
- CIMA have put extra resources in place to advise our students on the new approach.
- The majority of CIMA employees are now working from home.

Recommendations:

- 1) Apprenticeship levy funds could be spent on training for furloughed workers during the lockdown.
- 2) The Apprenticeship Levy could be made in to an ‘Apprenticeship and Skills Levy’ where levy money can be spent by employers both on apprenticeships, but also on recognised continuing professional development.
- 3) The rules of the apprenticeship scheme could change to allow providers to be end point assessors and tuition providers reducing complexity and cost.
- 4) A rebuttable right to retrain could be introduced to empower workers to request training and development.

About CIMA

The Chartered Institute of Management Accountants (CIMA), founded in 1919, is the world’s leading and largest professional body of management accountants, with members and students operating in 179 countries, working at the heart of business. CIMA members and

students work in industry, commerce, the public sector and not-for profit organisations. CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the employers' choice when recruiting financially trained business leaders. Chartered Global Management Accountant (CGMA) is the most widely held management accounting designation in the world. It distinguishes more than 137,000 accounting and finance professionals who have advanced proficiency in finance, operations, strategy and management.

CIMA is a founder member of The Association of International Certified Professional Accountants (the Association). The Association is the most influential body of professional accountants, combining the strengths of the American Institute of CPAs (AICPA) and CIMA to power opportunity, trust and prosperity for people, businesses, and economies worldwide. It represents over 650,000 members and students in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues. In the UK alone CIMA has over 80,000 members working across all sectors. With broad reach, rigor and resources, the Association advances the reputation, employability and quality of CPAs, CIMA and CGMA designation holders and accounting and finance professionals globally.

One of the core missions of the organisation is to develop research and analytical thinking of the challenges faced by both our management accounting professional but also the wider and global finance sector.

Contact

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Responses to the relevant topics listed in the Terms of Reference for this Inquiry:

The effect of cancelling formal exams, including the fairness of qualifications awarded and pupils' progression to the next stage of education or employment

1.0 CIMA has not cancelled its exams and we took steps from the start of the crisis to migrate all our examinations online to ensure CIMA students suffered minimal disruption and can make progress in their career as planned.

1.1 CIMA apprenticeships in England can take their exams online. For apprentices those on Level 4 took their objective exam on 2 June 2020 and those on Level 7 took it on 27/28/29th May 2020.

1.2 We have published extensive guidance for students on how to schedule their online exams which is available here: <https://www.cimaglobal.com/Studying/Student-Coronavirus-COVID-19-exam-FAQs/>

1.3 Students can now book in their exams in line with their study plans. Students have been able to sit their Objective Tests from home from the 4th May. The case study exams are taking place on their scheduled dates as planned. Exam scheduling opened on 22 April.

1.4 Online exams require that we apply different processes to ensure that integrity of the process is maintained. Some of the steps we have taken include the following:

- Where candidates have a Government issued photo ID this is checked against an international database.
- Photo of candidate taken and stored.
- Video recording of duration of exam.
- Human observer via webcam & audio – students are allocated a remote invigilator to do their security and room checks and watches during the objective test.
- If there is AI detection of unusual activity a report is generated for post exam review
- Computer Lock Down: Prevention of cutting / pasting / browser etc.
- Measures to prevent collaboration.
- Updated terms and conditions, this is a formal agreement, the breach of which might lead to a void result or to a disciplinary.
- Breaks are not allowed during the exam for any reason. If the student leaves their computer during your exam the proctor/invigilator will end their session and they will be unable to continue testing.

1.5 Through the adoption of the measures above we have ensured the integrity of the CIMA exam process for our students in all parts of the world.

The effect on apprenticeships and other workplace-based education courses

1.6 CIMA's apprentices are continuing with their qualifications because of CIMA's decision to migrate all its qualifications online.

1.7 We provide apprenticeship qualifications at L4 and L7. CIMA has 1,987 apprentices registered with it. 369 of these apprentices are on our Level 4 programme and 1,618 are on our Level 7 programme. The 2020 exams for apprenticeship students took place between 27th May and 2 June 2020 broadly as scheduled.

1.8 In addition, CIMA has made its other qualifications such as the CIMA Professional Qualification available for remote testing.

1.9 Students who passed their qualifications from 1st February 2020 to the present have faced a delay in the dispatch of their student qualification certificate due to coronavirus.

2.0 This crisis is a historic opportunity to improve UK productivity through investing in training and skills development. CIMA would like to expand its provision of apprenticeships and provide its broad range of qualifications to a more diverse audience. Making the following changes in Government policy could help with this:

1) Apprenticeship levy funds could be used to fund training during lockdown for furloughed workers:

2.1 This is the most immediate change needed. The UK has long-standing issues regarding productivity. The output of British workers is around 16% lower than the G7 average. The UK Government has sought to address this issue through investment in infrastructure and the adoption of the apprenticeship levy.

2.2 A significant amount of apprenticeship funds is languishing in employer apprenticeship accounts unspent, with some employers viewing the levy as a tax to be paid rather than a training fund.

2.3 In normal times training and skills development takes workers away from profit generating opportunities and there is an opportunity cost, no such barrier exists now. Employers may rightly be fearful of spending scarce resources on training at this time. However, we now have millions of workers sitting idle.

2.4 The relative cost of a worker learning a new skill has decreased both to the employer and the individual. There has never been a better time to invest in skills development.

2.5 The furlough scheme has been extended until October. Even if, as seems likely, the scheme is adapted to allow furloughed workers to work part time for their employer this still leaves millions with the spare capacity to learn a new skill.

2.6 It is understandable that the furlough scheme does not allow those in it to work full time for their employer because it is there to allow employers to retain staff for whom there is temporarily no work and not to subsidise employment more broadly. However, training is a sensible use of the furlough period and it benefits everyone.

2.7 In contrast, a period of extended stasis for millions of UK workers is likely to reduce productivity growth as skills are forgotten, skills become obsolete and workers fall out of the rhythm of work. Deploying the unspent apprenticeship levy funds to expand training opportunities makes sense. This money has already been collected but it is not being spent.

2.8 Ensuring workers are ready to return to work is vital. Furloughed staff should be expected to engage in training to increase their skills. A more skilled and productive workforce could return to work and generate more output.

2) *The Apprenticeship Levy could be made in to an ‘Apprenticeship and Skills Levy’ where levy money can be spent by employers both on apprenticeships, but also on recognised continuing professional development.*

2.9 Significant levy funds are being lost to employers as they languish in apprenticeship accounts. The cost of setting up an apprenticeship scheme is prohibitively expensive for some firms. Many employers will be understandably preoccupied with fighting to save their firm during this difficult period for the UK economy.

3.0 Furlough offers employees the opportunity to learn skills and take qualifications that will help advance their career. Expanding the range of qualifications that apprenticeship funds can be spent on will help rapidly expand the number of people participating in training during lockdown.

3.1 Professional development courses should be included in this expansion. They provide value through activities such as academic and professional qualifications, internal and external training courses, conferences and events, coaching and mentoring, reading technical reports and journals, online learning, research and discussion forums among other practices.

The financial implications of closures for providers (including higher education and independent training providers), pupils and families

3.2 Working with our test delivery partner, Pearson VUE CIMA closed all Pearson owned UK exam centres from Friday 20 March 2020. This exam centre closure will clearly impact the testing centres and the staff that work there and our delivery partner Pearson VUE.

3.3 Our highest priority is the health of our staff and students and CIMA is monitoring the situation regarding the Coronavirus. When it is safe and economic to reopen the testing centres we will do so, adhering to the relevant Government guidance.

3.4 The cost of CIMA's move to an online based model has been met internally. The cost of the examinations has remained the same in 2020. This has minimised the cost to students. Some students may make a small saving from not having to incur the travel costs to a testing centre.

3.5 By moving to an online based examination model CIMA is allowing our students to make progress with their qualifications without delay. This will allow them to enter the profession earlier and not incur greater debt and additional costs.

3.6 However, there is understandable concern among our students at the possibility of a decline in employment in the sector if there is an economic downturn caused by the virus. A focus on restoring economic growth and growing UK productivity now will help provide reassurance.

What contingency planning can be done to ensure the resilience of the sector in case of any future national emergency?

3.7 Making it easier for workers to request training and to allow providers to be end point assessors will help build greater resilience. The Government could consider the following:

1) Establishment of a rebuttable right to retrain:

3.8 Post crisis the creation of a rebuttable right to retrain as part of any package of recovery measures could increase the investment in UK workers' skills development. It would also fulfil the 'ultimate ambition' to establish a 'Right to Retrain' that the Conservative Government included in the 2019 manifesto.

3.9 It would allow UK workers to increase their skills while maintaining their employment and an income, and boost opportunities to train where employers are currently sceptical about offering this and where employers do not offer schemes themselves.

4.0 A right to retrain would make it easier for employees to broach the conversation with their employer. It resets the question by making the default position to be the approval of extra training and skills development.

4.1 The right could be rebuttable because there will be cases where the employee is urgently needed for a core business need.

2) Allow tuition providers to also be end point assessors under the apprenticeship scheme:

4.2 Having a more joined up provision of apprenticeships will deliver many benefits.

4.3 It would promote greater resilience by allowing provider organisations to balance risks and reduce costs. This will simplify the process for students by reducing the number of points of contact they need to interact with. The proposal matches the system already in place in UK Universities where it is working well and delivering high standards.