

Rt Hon. Damian Hinds MP
Secretary of State
Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

19 June 2019

Dear Secretary of State,

RE: Independent Panel Report to the Review of Post-18 Education and Funding

I am writing to you regarding the recent report release on the Review of Post-18 Education and Funding, also known as the Augar Review.

We welcome this in depth study into post-18 education in the UK. We have concerns with some of the recommendations proposed, but we believe some will make a positive impact into improving skills and lifelong learning in the UK.

About CIMA and the Association

The Chartered Institute of Management Accountants (CIMA), founded in 1919, is the world's leading and largest professional body of management accountants.

CIMA helps individuals and businesses to succeed by harnessing the full power of management accounting – not just accounting for the balance sheet, but accounting for business.

Together with the American Institute of Certified Public Accountants (AICPA), we established the Chartered Global Management Accountant (CGMA) designation in 2012 to provide members with a new level of resources and recognition.

In 2017, members of CIMA and AICPA formed the Association of International Certified Professional Accountants to unite and strengthen the accounting profession globally. Representing an influential network of more than 667,000 members and students in management and public accounting, the Association prepares accountants for today's challenges and tomorrow's opportunities.

In the UK CIMA has over 80,000 members.

CIMA has been involved with apprentices in the past, working with OCR. This was based upon an existing training route and examinations, which are being phased out this year. The new apprenticeship (L4 and L7), have been developed with the same high requirements and bespoke to the standards set out by Trailblazers, with considerable investment upfront.

We are supportive of Recommendation 2.1 – ‘The government should introduce a single lifelong learning loan allowance for tuition loans at level 4, 5 and 6, available for all adults aged 16 or over, without a publically funded degree.’

This proposal is radical and positive and we believe giving people access to a loan of £30,000 throughout their lifetime could empower a significant segment of the working population to embrace retraining and second chance education. For too long we have felt that funding for non-university courses and vocational training has been overlooked in favour of more traditional academic options. We hope this proposed recommendation readdresses that imbalance.

We recently produced research into the future of finance and this showed that nearly two thirds of finance roles are likely to change significantly in the next three years, meaning finance professionals will need to hone new skills and competencies to stay employable and relevant to the every digitising world. A loan such as proposed in Recommendation 2.1 we believe will help with reskilling and retraining the workforce so they are ready for the economies of the future.

CIMA welcomes Recommendation 2.11 that aims to have a careers strategy rolled out nationally and that every secondary school is able to be part of a careers hub. Linked to this we would like to see secondary schools monitored and assessed on the amount of school leavers who go off to start an apprenticeship in the same way they are monitored on school leavers who leave to start a degree.

From our experience with the apprenticeship programme, we find many potential apprentices have no to little awareness of apprenticeship opportunities available to them. Some apprentices have said they received no advice or information from on apprenticeships from their schools. We would like to see this change and believe that by mandating schools to report on school leavers going onto start apprenticeships in the same way to do with school leavers going to university would encourage this change.

While we agree with the aims of Recommendation 5.1 around the need for apprenticeships that reflect the priorities of the Industrial Strategy we are concerned this may have unintended consequences.

The Industrial Strategy is a document that will soon be nearly two years old and the business and industrial environment is changing rapidly and constantly. We are concerned that by just prioritising and aligning apprenticeships to sectors and skills the industrial strategy identifies could mean other new and emerging sector and skills demands get ignored.

For example, there is a need for an additional 80,000 accountants in the UK by 2050 according to research by specialist recruiter Randstad. Yet accountancy barely gets a mention in the Industrial Strategy. This is just one example of many. We believe it would be far better if Recommendation 5.1 was changed to be based around emerging skills gaps and the changing needs of the economy.

On Recommendation 5.3 we have serious concerns. We do not support this recommendation at all and believe this proposal would go against some of the principles and proposals stated earlier in the report.

We find that many employers use higher level apprenticeships to retrain and provide new skills to both the apprentice and their organisation. This helps plug skills gaps and ensures employers have a route to retrain and keep their employees' skills and competencies current and up to date. The fact that an apprentice does not have to contribute to the cost of education via a tuition loan or fees means many more are likely to take up this route and it makes it more accessible.

We are worried that Recommendation 5.3 is part of a wider attack on higher level apprenticeships.

Higher level apprenticeships are key parts of the Apprenticeships Framework in England. These higher level courses allow candidates to gain the required knowledge, skills, expertise and qualifications to seek employment in the professions such as accountancy and audit. They also allow a different route into the accountancy and other professions and allow greater access for those who may have never considered a career in accountancy or other professional services before. These apprenticeships are a fantastic way to open up the professions and increase social mobility.

To remove or limit levy funding from Level 6 and 7 apprenticeships due to the growing financial pressures on the apprenticeship levy is not the answer. Currently, according to Department for Education figures 81% of apprenticeships starts are for courses below Level 6 and 7. This shows that the higher level apprenticeships do not make up the bulk of those studying and completing apprenticeships.

CIMA offers a Level 7 Apprenticeship through the Level 7 Accountant Standard. This level allows candidates to study for the CIMA Professional Qualification which is equivalent to Masters Degree. This means following their studies and apprenticeship students who pass their exams can apply to become a Chartered Global Management

Accountant. The CIMA Professional Qualification is recognised worldwide as the most relevant finance qualification for a career in business.

We support Recommendation 5.4 and believe this would make it easier for all involved in the apprenticeship programme in England.

In conclusion, we welcome the report on the Review of Post-18 Education and Funding and believe it shines a spotlight onto some key areas of the education sector and gives some good recommendations, such as 2.1, on how adults can retrain and engage in lifelong learning.

However, we have serious concerns around some of the apprenticeship recommendations and do not support 5.1 and 5.3 as they are currently proposed.

I hope you find this letter useful. I would be keen to meet with you or your team to discuss the report proposals and how CIMA can help deliver more Post-18 education in the UK.

I look forward to hearing from you.

Yours sincerely,

Andrew Harding
Chief Executive – Management Accounting