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Pwyllgor yr Economi, Masnach a Materion Gwledig

Ymchwiliad: Llwybrau prentisiaeth

Cyf: AP36

Ymateb gan: ACCA (Cymdeithas Cyfrifwyr Ardystiedig Siartredig y DU)

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Welsh Parliament

Economy, Trade, and Rural Affairs Committee

Inquiry: Apprenticeship pathways

Ref: AP36

Evidence from: ACCA (Association of Chartered Certified Accountants)



Inquiry into Apprenticeship Pathways

A public inquiry issued by the Senedd Cymru Economy, Trade and Rural Affairs Committee
Comments from ACCA to the Senedd Cymru Economy, Trade and Rural Affairs Committee

7 February 2025

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About ACCA:

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500 members** and **526,000 future members** in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at: www.accaglobal.com

For further enquiries please contact:

Lloyd Powell
Head of ACCA Cymru/Wales
lloyd.powell@accaglobal.com

Joe Fitzsimons
Senior Manager, Policy and Insights (UK and EEMA)
joe.fitzsimons@accaglobal.com

Pathways between apprenticeship levels

ACCA member feedback in Wales has highlighted frustration regarding the limited range of higher level Apprenticeships in Wales, with degree-level apprenticeships (L6) offered only in limited subject areas and an absence of funding for professional apprenticeships (L7) in Wales. This reduces opportunities to progress along Apprenticeship pathways, to upskill new and existing staff and also places the Welsh economy at a comparative disadvantage to England, where higher level apprenticeships (L6 and L7) have been adopted by employers of all sizes.

This, in turn, can lead to less talent retained in Wales and a smaller talent pool for organisations to recruit from. The primary concern expressed is that if this does not change, Wales will not be able to establish and maintain a global identity and a competitive workforce at UK level. Given the broader economic pressures on business, it is more important now than ever to attract and retain talent in Wales – there is significant risk of talent moving outside Wales, and less incentive for businesses to set up in Wales.

ACCA strongly supports apprenticeships as a vital route into professions such as accountancy and finance. Since our formation, we have provided opportunities for learners from any background to access a career in accountancy and finance. In today's world, professional accountants have the potential to shape bold strategies and drive innovative business decisions that protect people, society and the planet.

As Professional and Business Services (PBS) have been identified as a priority sector in the UK government's Industrial Strategy and forthcoming Trade Strategy, and to ensure that accountancy continues to provide the contribution to the Welsh and the wider UK economy, we would urge the Welsh government to look at ways to support this vital pathway.

Welsh economy

EY led research in 2023 on the Professional and Business Sector (PBS) in Wales found that the total GVA for the 2-digit SIC codes comprising their definition of the PBS sector was £4.247bn in 2019, using current price estimates. The same database states total GVA for all industries in Wales to be £67.141bn in 2019 using current price estimates, therefore the PBS sector accounts for approximately 6.3% of total GVA across Wales. This figure excludes the

contribution from accountants and finance professionals working outside the PBS sector, for instance in the public sector or in SMEs.

Demand for professional finance skills is growing, with many employers unable to recruit the talent they need. Across the wider economy, spending on training has declined in a complex skills landscape where employers can struggle to navigate training opportunities and funding.

Skills development is fundamental to harnessing the opportunities cited by businesses, including: the use of data and AI; expansion into overseas markets; opportunities in supporting the climate transition and digital transformation. 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.

In an ever-changing geopolitical landscape it is important to recognise the role of the accountant in supporting organisations of all sizes and sectors. ACCA considers accountancy to be one of the most important subsectors to be focused on, in part through their ethical sustainable and innovative contribution to both business and society. The profession is essential for confidence within the market and amongst investors and is therefore a cornerstone of the success of effective investment and efficient financial flows. Research published in 2024 by Intuit QuickBooks highlighted the transformative impact of professional accounting and booking services in UK small and medium sized businesses.¹ This research underlines the crucial role of the accountancy profession in transforming outcomes for enterprises of every size and demonstrates that more data-driven decision making can lead to growth in revenue for SMBs of 11.5%.

ACCA's 3500+ members in Wales come from organisations of all sizes, in all sectors of the economy and are geographically spread across all parts of Wales. This diversity of organisation size and sector and provides a range of opportunities for those seeking to move into the profession at any stage of their career.

Professional accountants play a key role in helping organisations create, protect and report sustainable value. In 2021 ACCA published a report on professional accountants at the heart of sustainable organisations which examined the role of accountants in supporting the entire

¹ <https://quickbooks.intuit.com/uk/blog/accounting-for-smb-economy-study-2024/>

economy and the importance of building a future skills pipeline to support all organisations, regardless of industry, sector or size.²

ACCA's learning partner First Intuition has identified a number of key benefits from funding Level 7 apprenticeships in England; these include:

- Impact on growth: High-level accountancy skills such as financial reporting, audit and tax are integral to the Professional & Business Services and Financial Services sectors, and also unlock investment decisions and productivity improvements in key growth sectors such as Clean Energy Industries.
- Youth talent pipeline: Around 73% of Level 7 apprentices in the accountancy sector start the programme at age 24 or younger to train in early-career roles, making Level 7 a critical career entry route for ambitious young people.
- Diversity and social mobility: Level 7 apprenticeships have broken down barriers to opportunity in the accountancy sector where 85% of Level 7 learners attended a state school, and many are the first in their family to enter a professional career.
- Strength of employer support: 93% of employers who hire accountancy apprentices at Levels 2 – 4 expect those entry-level learners to advance to Level 7, with 94% viewing Levy funding of Level 7 programmes as critical for internal talent development.

Impact on employers

Welsh employers place high value on apprenticeships given the critically important role they play in the education landscape. They are a cost-effective way to attract, develop and retain skilled employees and are particularly important to employers seeking to bridge skills gaps, given broader economic challenges and heightened inflationary pressure. The opportunity to 'earn as you learn' is attractive to learners who might not want to take on the burden of debt accumulated through higher education. Employers have reported that students taken on from school have the opportunity to learn on the job, and are often more likely to develop skills and are more likely to stay with, and progress with the organisation.

However, the lack of available progression routes beyond Level 4 can make the Apprenticeship route a less attractive route for Welsh students and employers. As noted above, in England, First Intuition reported that 93% of employers who hired accountancy apprentices at Levels 2 – 4 expected those entry-level learners to advance to Level 7. In

² <https://www.accaglobal.com/my/en/professional-insights/pro-accountants-the-future/pro-accountants-heart-sustainable-orgs.html>

Scotland, the Modern Apprenticeship route is a pathway to the Graduate Apprenticeship, and to students becoming a fully qualified accountant.

Limited funding for higher level Apprenticeships in the current challenging time for businesses can have negative impacts on Welsh businesses and workers. One accountancy practice highlighted that although they have funded study for at least 28 individuals over the past decade, given current economic pressures, they will need to cut back on training budgets to survive, and future talent might be forced to relocate to England to further their careers. This view has been echoed by other organisations across Wales. We have also seen some companies, driven by cost pressures and talent shortages, offshoring certain activities from the UK, which further reduces opportunities and does not contribute directly to the growth of the Welsh economy.

Feedback from our network indicates that the system of funding and application and administrative requirements all must become clearer to SMEs who might want to take on an Apprentice – who do they speak to, how much will it cost, and what the administrative and support requirements are for an Apprentice.³

ACCA research on Gen Z highlights the importance of remaining focused on ensuring that socially disadvantaged young people in the UK have opportunities to pursue enriching careers in accountancy.⁴ Even prior to 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. As noted above, First Intuition's research found that in England, Level 7 apprenticeships have broken down barriers to opportunity in the accountancy sector, where 85% of Level 7 learners attended a state school, and many are the first in their family to enter a professional career.

ACCA research shows that just 9% of members in the UK were influenced to start a career in accountancy via a teacher or careers advisor.⁵ Furthermore, people from non-professional backgrounds sometimes lack the support networks which can help advise and guide them on career choices. For someone from a non-professional background navigating their way into a professional career is therefore likely to be significantly more challenging.

³ <https://www.gov.wales/apprenticeships>

⁴ <https://www.accaglobal.com/us/en/professional-insights/pro-accountants-the-future/gen-z.html>

⁵ <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2018/january/Purpose-and-the-profession.html>

In our 2024 UK policy prospectus, ACCA called for a review of the career guidance and support landscape in England to identify gaps or weaknesses in provision.⁶ We would welcome a similar review in Wales, to ensure that the work of Careers Wales and Working Wales in reaching all potential users – schools, career changers, people looking to upskill and reskill, and to involve employers when opportunities arise to highlight a sector, or career in a particular industry or organisation. While information and guidance does exist, the process and information needs to be clearer to potential Apprentices – who do they should speak to, how much will it cost, what are the study and work requirements for an Apprentice.

The Welsh Government's role

Demand for professional finance skills is growing, with many employers unable to recruit the talent they need. Across the wider economy, spending on training has declined amongst a complex skills landscape where employers struggle to navigate training opportunities and funding.

As noted above, the lack of funded Apprenticeship routes beyond Level 4 in many subject areas places the Welsh economy at a comparative disadvantage to England, where degree-level apprenticeships have been widely adopted by employers of all sizes. This, in turn, leads to less talent retained in Wales and a much smaller talent pool for organisations to recruit from. We appreciate the pressure on the Welsh Government budget at present, but believe that expanding degree level Apprenticeships into a broader range of subject areas and ideally to Level 7 would bring a range of benefits for learners, employers and the Welsh economy, such as:

- Encouraging greater levels of employee retention and skills development within Wales.
- Supporting employers seeking to upskill their existing workforce.
- Encourage closer collaboration between key stakeholders at a local level, including employers, universities, colleges and professional bodies.
- Helping existing and new employers in Wales to attract high calibre staff.

⁶ <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2024/June/acca-policy-prospectus-uk.html>

Additional higher level Apprenticeship options would also help to give apprenticeships and vocational learning parity with higher education as an option for career success.⁷

In addition to supporting high wage, high-value jobs, higher level apprenticeships in Accounting and Finance could help to solve Wales' long-standing productivity challenge. Learners on higher level apprenticeships develop a broad range of leadership skills which in turn will support organisations of all sizes, including SMEs and public sector organisations.

As highlighted in our 2024 skills policy paper, ACCA would support the introduction of a Skills Tax Credit Pilot across the UK which would complement apprenticeship funding and provision⁸. This targeted incentive would empower organisations currently eligible for the Employment Allowance to begin bridging the gaps they face in digital, sustainability and financial competence skills by offsetting up to £5,000 of the cost of selected accredited training from their tax liabilities. By addressing the impact of chronic under-investment in training, this approach would drive economic growth and productivity, the global competitiveness of Welsh economy and support staff retention and growth within organisations.

⁷ https://www.insidermedia.com/roundtables/wales-skills-and-apprenticeships-roundtable?utm_source=wales_newsletter&utm_campaign=wales_news_tracker_features_1_tracker&utm_medium=insider_features_article#Grant-Santos

⁸ [Skills development: Policies for enhancing the employer ecosystem | ACCA Global](#)