aat Accountants for the real world

FILLING THE GAP

Skills report

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FOREWORD

Sarah Beale, AAT CEO

It's no secret, but the UK's productivity is in the doldrums, we face an alarming skills gap across nearly every sector needed to turn that productivity around and yet we have nearly 950,000 NEETs (young people aged 16-25 not in education, employment or training).

How is it possible that we can have two challenges on our hands that when placed together should provide the solution? I'm being simplistic, of course, to make a point – the UK is a long way off from solving either issue, but maybe the solution is closer to hand than we think.

This report is the first in a series of three exploring the UK Skills Gap, with a distinct focus on the accounting and finance profession – a key facilitator to any one of the government's identified growth sectors.

This first chapter focuses on the current landscape, painting a stark picture. Critical skills shortages are impacting productivity, and in some cases, pushing employers to outsource roles that could be filled here in the UK.

This disconnect between domestic talent left untapped and jobs left unfilled or outsourced is not just a big missed opportunity. It's a failure we can't afford to ignore any longer.

This report – including the two chapters that will follow in the months to come – is about more than data. It's a challenge to all of us: educators, employers, policymakers, and professional bodies. If we work together, we can fill the gap and unlock the potential sitting right in front of us. And its not just to the UK's young people that we need to look. Career changers and career returners also offer an opportunity for the UK that is potentially overlooked I firmly believe in the power of vocational, entry level skills to turbo charge the change needed – be that apprenticeships, T-Levels, or higher technical qualifications – developing home grown talent that is work ready can and should unlock productivity for UK plc.

Thank you to everyone who contributed to this important work. We're looking forward to continuing the conversation – and driving real change.

Sarah Beale MAAT, CEO, AAT

EMPLOYERS FACE CRITICAL SKILLS SHORTAGES IN ACCOUNTANCY AND FINANCE IMPACTING THEIR TALENT PIPELINE AND THE GROWTH OF THEIR BUSINESS.

That's the finding of research commissioned by AAT into the skills gap faced by UK businesses. Four in five of all employers report skill shortages which are leading to a drop in productivity and quality, and an increase in workload for existing employees.

Skills shortages are widespread

78%
of employers say they are facing a skills gap in their business, and only 19% say they have none

26%
have gaps across all or many areas of their organisation

84%
of employers report barriers to upskilling their workforce

Only 4%
say that Artificial Intelligence (AI) is a core part of their business

34%

OF EMPLOYERS STRUGGLED TO RECRUIT FOR FINANCE AND ACCOUNTING POSITIONS IN THE LAST YEAR

WHAT THE RESEARCH SAYS

72%
of respondents agree that there is an increased need for financial skills combined with digital skills

68%
agree that there is a lack of 'work readiness' in younger generations joining the workforce

50%
of employers say candidates for accounting and finance roles often have strong technical skills but lack the key transferable skills such as communication, resilience and problem solving needed to succeed in the role

Employers want to ***train and upskill employees***, but need more support to achieve this

Employers need to recruit people with "***power skills***" such as AI literacy, leadership and management, planning and organisation, as well as deep technical skills to run their operations

68%

of employers agree that there is a lack of work readiness in younger generations joining the workforce with *only 12% disagreeing*

KEY INSIGHTS INTO THE SKILLS GAP

The changing nature of the accountant means organisations need new entrants with a deep understanding of ***technology***, ***strategy***, ***critical thinking*** and ***problem solving***.

84% of employers ***encountered one or more barriers*** to upskilling employees through training.

The most commonly cited barriers to upskilling are time, cost, engagement and availability of suitable training.

For those employers who were experiencing a skills gap, the most mentioned impacts are:

- increased workload on existing employees **64%**
- reduced productivity **42%**
- reduced quality of work **40%**

In addition, 25% mention greater employee turnover while 24% mention high recruitment costs. Almost one in five also said they are having to outsource work within the UK (17%) and 10% outside of the UK.

"WITHOUT A STRONG FINANCE TEAM OR TRUSTED ADVISOR, BUSINESSES IN ANY SECTOR ARE VULNERABLE TO THE VOLATILITY AND ECONOMIC SHOCKS DRIVEN BY POLICIES AT HOME AND ABROAD."

Sarah Beale MAAT,
CEO, AAT

FINDING A FUTURE-READY WORKFORCE

There is a current and growing gap between what is needed from a future-ready workforce, and the current skill set of today's employees.

25%	AI and automation
25%	budgeting and forecasting
20%	cybersecurity

Proportion of employers who agree these will be the most critical skills in accounting and finance over the next three to five years.

Overall, almost ***one in five*** employers mentioned financial literacy as a skills gap in their organisation ***(19%)***.

THE URGENT NEED FOR EMPLOYERS TO TRAIN AND UPSKILL EMPLOYEES

Employers say they want the **right mix of skills** for finance and accounting roles which includes the ability to forecast, problem solve and think strategically.

They need **new entrants** to the workforce who are ready to meet the demands of the changing nature of a finance and accountancy career.

THE BOTTOM LINE

More training is needed to close the skills gap in finance and accountancy and to help build new and fulfilling careers.

Employers desperately need people with **transferable skills** as the world of work changes rapidly.

There is **widespread AI inequality**, with some organisations at the forefront and others lagging behind.

Employers would like to see more **government support** and **financial incentives** around apprenticeship schemes.

THE WORLD OF WORK IS CHANGING RAPIDLY

Nowhere is this more apparent than in finance and accountancy roles which are vital for the health and growth of a wide range of businesses and organisations. Finance and accountancy professionals are the custodians of companies and organisations, playing a vital role in risk management, ethics, strategy and growth.

Without a *strong finance team* or *trusted advisor*, businesses in any sector are vulnerable to the volatility and economic shocks driven by policies at home and abroad.

Through its Modern Industrial Strategy, a ten-year plan to increase investment in eight growth driving sectors, the government has put the spotlight of the roles needed to drive forward its growth ambitions including those within professional, business and financial services. However, a shortage of finance and accountancy professionals to fill vital roles is driving concerns for businesses across the whole economy, regardless of sector.

This report is the first in a series of three that explores the UK's skills gap, setting out the challenge and calling for collective action between government, training bodies and employers to ensure that professional training is available for employees at all levels of their career.

WHY SKILLS MATTER

Almost four in five of all employers (78%) say they face at least some skills gap in their business.

While skills shortages are often addressed in general terms, there has until now been little research into how finance and accountancy roles have been affected. AAT commissioned the research for **Filling the gap** to build a clearer picture of what changes employers would like to see around support and training for people in these roles.

78% of all employers face at least some skills gap

26% report gaps across many or all areas of the business

FINANCE AND ACCOUNTING TEAMS ARE THE BACKBONE OF ORGANISATIONS

They ensure money is managed responsibly, risks are understood, and decisions are made strategically with accurate information. Without these skills, organisations experience delays in reporting, week cashflow management, higher costs and missed opportunities.

THE SKILLS GAP PROBLEM

With four in five employers experiencing a skills gap, there's a danger that the businesses that drive the UK economy will be ***unable to meet their full growth potential***.

For those employers experiencing a skills gap.

two-thirds (64%)
of employers say ***workloads are rising***

four in ten (42%)
that ***productivity is falling***, and ***work quality slipping*** (40%)

one in four (25%)
say ***employees are leaving*** because of it, while 24% mention ***high recruitment costs***

almost one in five
also said they are having to ***outsource work within the UK*** (17%)

27%
of private sector accountancy firms have ***outsourced work internationally***.

Larger firms are more likely to report lost productivity and higher recruitment costs while small firms say gaps are holding them back from expanding. In the public sector, reduced morale is the biggest issue. Employers want people who combine solid, technical skills with transferable skills that are real-world ready.

SPOTLIGHT ON ACCOUNTING AND FINANCE ROLES

34%

of employers struggled to recruit for finance and accounting positions in the last year

Accountancy is changing, and we need finance and accounting professionals who can lead teams and guide strategy as well as manage budgets. Young people need clear, balanced career guidance about all the options open to them - university, apprenticeships or other vocational routes.

of businesses (34%) tell us that they have struggled to recruit for these roles in the past year, with employers reporting a shortage of skills in key areas of critical thinking and problem solving, strategic thinking, leadership and management and digital and written skills.

OVERALL, 68% OF EMPLOYERS AGREE THAT THERE IS A LACK OF ‘WORK READINESS’ IN YOUNGER GENERATIONS JOINING THE WORKFORCE WITH ONLY 12% DISAGREEING.

In addition, 50% say candidates for accounting and finance roles often have strong technical skills but lack the key transferable skills such as communication, resilience and problem solving needed to succeed in the role.

The most mentioned technical skills gap for accounting and finance teams over the last year includes budgeting and forecasting (24%) and data interpretation and analysis (23%). Financial reporting is mentioned by 21% of respondents and payroll and HR is mentioned by 20% of respondents. 17% of respondents mention AI and automation. The transferable skills most in demand for accounting and finance roles in the last 12 months were critical thinking and problem solving (27%), strategic thinking (27%) and leadership and management (25%).

TOP TECHNICAL SKILLS EMPLOYERS HAVE STRUGGLED TO FIND IN ACCOUNTING AND FINANCE JOBS OVER THE PAST YEAR*

24%
said budgeting and forecasting

23%
said data interpretation and analysis

21%
said financial reporting

TOP TRANSFERABLE SKILLS EMPLOYERS STRUGGLED TO FIND IN ACCOUNTING AND FINANCE JOBS OVER THE PAST YEAR*

27%
said critical thinking and problem-solving

27%
said strategic thinking

25%
said leadership and management

This reflects the need for accountancy qualifications that are human, practical, and have direct application for the finance roles that are evolving in today's workplace.

* Of those who said that they had found it difficult or neither easy nor difficult (44%) to find people with the right skills to fill accounting and finance roles in the last 12 months.

FUTURE SKILLS AND AI ADOPTION

There is a worrying gap in the technology and AI skills that employers predict they will need in three to five years and the proficiency of their employees in these areas.

MOST IN-DEMAND ACCOUNTING AND FINANCE SKILLS IN THE NEXT 3-5 YEARS

AI and automation	25%
budgeting and forecasting	25%
cybersecurity	20%

When asked to rank the top three finance and accounting skills over the next three to five years, employers said AI and automation (25%), budgeting and forecasting (25%) and cybersecurity (20%) will be the most critical. Yet employers are concerned about the future. Over half (52%) said their employees had only basic or no skills in AI, a quarter said the same for cybersecurity (25%) and 15% for budgeting and forecasting.

52%

said employees had only basic or *no skills in AI*

Without action, the future risks becoming unevenly distributed, and some employers will power ahead, while many others fall behind.

TRAINING AND UPSKILLING

Overall, 84% of all UK employers report barriers to upskilling their workforce.

BARRIERS TO UPSKILLING WORKFORCE

84% of all UK employers report barriers to upskilling their workforce

41% said there was a lack of time for employees to train

35% highlighted the cost of training

27% cited a lack of employees engagement

22% highlighted a lack of suitable training programmes available

The most mentioned action taken by employers in the last 12 months to tackle the accounting and finance skills gap was to upskill existing employees in the organisation (26%). This was followed by spreading additional workload amongst employees (23%). A total of 12% have offered apprenticeships to bring in new talent. Interestingly, 10% of employers have outsourced work within the UK and 5% have outsourced work overseas in order to fill the accounting and finance skills gap.

ACTIONS TAKEN BY EMPLOYERS TO FILL THE ACCOUNTING AND FINANCE SKILLS GAP IN THE LAST YEAR

26% have ***upskilled*** existing employees

23% have spread additional workload amongst employees

12% have offered apprenticeships to bring in new talent

10% of employers have outsourced work within the UK

5% have outsourced work overseas

WHAT EMPLOYERS WANT

Businesses are calling for practical support to build a future pipeline of finance and accounting talent.

36% want incentives for hiring apprentices or trainees

29% want clarity on which short courses will be funded via the new Growth and Skills Levy

25% want more practical help for SMEs to navigate the skills system

THE MESSAGE IS SIMPLE: THE SKILLS SYSTEM NEEDS TO BE EASIER, CLEARER AND MORE FLEXIBLE.

CONCLUSION AND RECOMMENDATIONS

There is a shortage of both technical and transferable skills, but we believe this can be tackled by government, employers and professional bodies such as AAT working together. We need government support to fund highly valued apprenticeships and further training, and we need employers to invest in the skill set of their people.

Skills shortages cannot be solved by government alone. We need a collaborative process with professional training at the centre to help build careers that are fulfilling, keep businesses growing and competitive, and help drive forward the UK economy.

THERE IS A NEED FOR ACCOUNTANCY QUALIFICATIONS THAT ARE HUMAN, PRACTICAL, AND HAVE DIRECT APPLICATION FOR THE FINANCE ROLES THAT ARE EVOLVING IN TODAY'S WORKPLACE.

RECOMMENDATIONS FOR BUSINESS

1. Provide clear progression routes to retain and nurture talent, and partner with training providers to upskills employees in automation, cybersecurity and digital finance systems.
2. Work with training providers and awarding bodies to co-design training schemes that meet real world business needs to provide a new pipeline of talent to help your business grow.
3. Share insights with training providers and awarding bodies on the future skills you would like to see in new trainees to inform the evolution of apprenticeships and professional qualifications at entry, mid and senior levels.

RECOMMENDATIONS FOR GOVERNMENT

1. Create an "SME Skills Navigator" service to help small employers access relevant finance training and apprenticeships.
2. Urgently clarify what types of short courses in accounting and finance will be eligible via the new Growth and Skills Levy, with clear timelines for implementation.
3. Develop a new campaign targeted at learners and employers to increase the attractiveness of apprenticeships, with a particular focus on SMEs.

Source

Conducted by YouGov on behalf of AAT.

This research explores the skills needs of UK employers in accountancy and finance roles, based on a survey of 1,396 UK employers. Conducted by YouGov on behalf of the AAT (Association of Accounting Technicians), it included responses by HR decision makers, senior managers, directors and member of the C-suite. Filling the gap is the first in a three-part series providing insights into current and future skills gap, recruitment challenges, and training priorities.

WHAT WE OFFER

AAT opens up access to careers in finance for everyone regardless of background or career journey. We're a membership body, awarding organisation and supervisory body supporting over 7000 licensed accountants, who in turn support more than 840,000 small to medium enterprises (SMEs) across the UK, around 15% of the total SME population.

With skills needs in the sector changing at pace, AAT is launching it's Skills Map in early 2026. The Skills Map is a unified framework that will help individuals plan their careers, employers build stronger teams, and AAT align its qualifications and future offerings.

Our new curriculum has been redesigned to ***create accountants of the future*** who have the skills needed to succeed in today's fast paced and rapidly changing environment.

ANY QUESTIONS?

If you'd like to know more about AAT and our qualifications, please get in touch with us.

Call us on **+44 (0)20 3735 2468**.
Lines are open 09.00 to 17.00 (UK time), Monday to Friday.

Email us at **aat@aat.org.uk** or visit **aat.org.uk/fillingthegap**

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