

Association of Accounting Technicians (AAT) response to the Policy Connect Skills Commission call for evidence on Level 4 & 5 Higher Technical Qualifications

1. Introduction

- 1.1. The Association of Accounting Technicians (AAT) is pleased to have the opportunity to respond to this call for evidence, published on 6 May 2022.
- 1.2. AAT is submitting this response on behalf of its membership, primarily its 80,000 students, including 8,000 apprentices, as well as its prospective students.
- 1.3. Approximately two thirds of AAT's 80,000 students are aged over 25 indicating that many of these students are retraining/reskilling or upskilling. This is more profoundly highlighted by the fact more than 3,000 AAT students are aged over 50.
- 1.4. Those from higher socio-economic backgrounds are almost 80% more likely to end up in a professional job than those from a working-class background¹ and even when those from a lower socio-economic background secure a professional job, they typically earn 17% less than their more privileged colleagues². This emphasises an unacceptable balance which, irrespective of an individual's talent or potential, is driven by a lack of opportunity.
- 1.5. Educational institutions and businesses large and small can do more to help deliver greater social mobility and like many others, AAT is playing a part in seeking to change things for the better.
- 1.6. That said, the most significant change in this area could and should be delivered by Government, with the education system being the key to positive change.
- 1.7. Funding Further Education on similar per learner levels as Higher Education would be a good starting point. Likewise, increased promotion and awareness of the life changing opportunities that technical/vocational education can provide is essential given this is currently significantly under promoted in comparison to Higher Education as our response below highlights in more detail.
- 1.8. Similarly, whilst a focus on future generations is important, and AAT recognises that is the main focus of this call for evidence, reskilling and upskilling the existing workforce is similarly essential to addressing longstanding social mobility issues, the UK productivity puzzle and ensuring global competitiveness, especially in a post-Brexit, post-pandemic, era.

2. Executive summary

- 2.1. **Policymakers and regulators need to do more to recognise, embrace and encourage the shift to online distance learning provision.** This means appropriately funding and recognising such provision.
- 2.2. **Policymakers should carefully consider the merits of scrapping the lower rate apprenticeship wage.** This would mean replacing the Apprenticeship wage with the higher standard minimum wage rates.
- 2.3. **The recognition of prior learning is an important means of attracting and motivating some learners.** RPL encourages commitment and completion as learners can see that they are already some way down the path to completion rather than facing what for some can be a rather daunting prospect of starting from scratch.
- 2.4. **There continues to be a considerable lack of awareness about apprenticeships, numerous misconceptions about their value and that Higher Education is a route regretted by many.** Please see 3.28-3.21 below
- 2.5. **AAT supports both the applicability of the Gatsby benchmarks and the common sense requirements of the Baker clause.** However, AAT has concerns about the apparent failure of many institutions to adopt all of the Gatsby benchmarks and the failure of many institutions to adequately meet the requirements of the Baker clause, although AAT does note both have recently been strengthened.

¹ Social Mobility Commission, State of the Nation report 2018-19:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798404/SMC_State_of_the_Nation_Report_2018-19.pdf

² Social Mobility Commission, State of the Nation report 2018-19:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798404/SMC_State_of_the_Nation_Report_2018-19.pdf

3. AAT response to the call for evidence

ACCESSIBILITY

- 3.1. The geographical distribution of Level 4 and 5 providers can certainly affect learner enrolment and the availability of course offerings but this is increasingly being minimised by the shift to online and distance learning.
- 3.2. In 2018, long before the Coronavirus pandemic, AAT highlighted that there was no reason why many colleges could not embrace remote learning in the same way that an increasing number of UK employers (including AAT) and Universities had done, stating, “...*whilst sensitivities around this may be greater in schools than colleges, there are many successful international examples proving this can lead to considerable educational success.*”
- 3.3. *One such example is the Alice Springs School of Air. Change was forced upon the school for geographical reasons – it has students covering an area 10 times the size of England. The school relied upon radio communications when founded in the 1950’s but since 2006 has relied upon satellite technology...the school for 4-13-year olds is in the top 10% for educational attainment in Australia’s Northern Territories.”³*
- 3.4. Of course, since then the pandemic has compelled many education providers to increase their online offering, and remote invigilation has increased with it. As a result, many more students have become accustomed to and welcome such a form of learning. Inevitably this means that geographical constraints whether local, regional, national or even international, are largely overcome.
- 3.5. Potential barriers to this innovative and increasingly common solution are regulatory (concerns around remote invigilation) costs (the costs to education providers of establishing such an offer, especially when adding remote invigilation) and outdated views amongst policymakers/regulators which often mean such courses are unfunded or unrecognised.
- 3.6. In more traditional settings, it is also worth noting the challenges of recruitment and retention of appropriately qualified staff, which impacts the availability of course offerings across the UK. The higher the level of qualification, the higher the level of skills and experience required and concomitantly the higher the costs of recruitment and retention.
- 3.7. In many professions, including accountancy, professionals can earn more money in practice than in teaching so there is a need to appeal to the broader benefits of teaching than merely the financial i.e. shaping young minds, giving something back to your profession etc. Many retired practitioners are attracted to teaching which is positive in terms of skills and experience but the longer they remain retired, the higher the risk of transferring outdated knowledge, especially if the individual does not remain a member of a relevant professional body and maintain a commitment to Continuing Professional Development.
- 3.8. One partial solution to this problem is ensuring FE and private training providers offer sufficient flexibility to allow part-time teaching that enables the continuation of work on a part-time basis too. This has proved particularly successful in attracting qualified and experienced accountants to teach AAT qualifications and doubtless occurs in other professions.
- 3.9. Career pathways are important at all levels, AAT offers clear progression routes from level 2-4 and finds that most students progress through the levels. Of course, employer recognition is key to this too.
- 3.10. Financial considerations are also key. In many cases, funding for individuals and training providers stops at level 4, unless on an apprenticeship and this can result in low take-up by FE Colleges.
- 3.11. Given issues with teacher recruitment and retention as outlined above, teacher salaries are clearly an issue too and need attention.
- 3.12. From the learner’s perspective, many Apprentices would doubtless like to see a higher minimum Apprenticeship wage, especially given the current cost of living crisis. Indeed, the NUS describe the Apprenticeship wage as “*exploitative*” and would like to see the standard NMW rates apply to Apprentices.

³ AAT Submission to Education Select Committee inquiry into the Fourth Industrial Revolution, 2018:
<https://www.aat.org.uk/prod/s3fs-public/assets/Fourth-Industrial-Revolution.pdf>

- 3.13. The Social Mobility Commission has similarly indicated that by offering such low rates of pay, Apprenticeships are not as attractive to those from socially disadvantaged backgrounds i.e. they are more attractive to those from middle income backgrounds because parental support can help to offset low wages.
- 3.14. Of course, whilst there is clearly an argument for increased apprenticeship wages, it is important to recognise the fundamental reason why there is a different wage rate for Apprentices.
- 3.15. Firstly, a lower rate makes taking on an Apprentice more attractive to employers and secondly many Apprentices are likely to spend more time training than working. Thus, it may be reasonable that they earn less.
- 3.16. There are various other financial advantages accrued by Apprentices too. For example, receipt of significant financial investment from employers – on average it costs between £15,000-£30,000 to train an Apprentice. It should also be remembered that the individual will avoid the high levels of debt accrued by those who attend University.
- 3.17. Although 8,000 of AAT's 80,000 students are Apprentices, the majority earn well above the Apprenticeship minimum wage. Nevertheless, AAT has previously recognised the importance of seeking their views on this issue and can confirm that the *AAT Minimum Wage Survey 2017* found that more than two thirds would like to see an increase in the apprenticeship wage (70%) compared to a noteworthy 0% who would like to see a decrease. 18% would like to see the current level maintained.
- 3.18. If policymakers do not wish to equalise the apprenticeship wage with standard minimum wage rates, it is absolutely vital that enforcement of the existing apprenticeship wage takes place. There continues to be substantial abuse of the Apprenticeship wage. It is often used to pay lower wages than necessary for employment that involves little or no training. This was prominently highlighted by the Subway case⁴ where a branch was advertising a 14 month "sandwich artist" apprenticeship which involved undertaking identical sandwich making duties to other staff but at the apprenticeship wage rate rather than the appropriate minimum wage rate.
- 3.19. More recently EDSK and others have raised concerns about rebadging of existing jobs in order to pay below standard minimum wage rates⁵.

FLEXIBILITY

- 3.20. Modularisation can help to better meet individual learner needs, especially those who are studying part-time. Increasingly we are seeing a desire amongst adult learners to undertake smaller amounts of learning, and smaller amounts that are offered remotely. This is doubtless due to the convenience such an approach offers around existing work and/or family commitments. However, in AAT's experience, modulation can also negatively impact completion rates.
- 3.21. As with lower level qualifications it may be more suitable to examine whether there are appropriate break points/step off points where a smaller qualification is awarded that can subsequently be built upon rather than simply providing a unit credit.
- 3.22. In addition, there needs to be joined up thinking alongside the new IFATE kitemarking which have very specific requirements but should help students pick qualifications with direct employment opportunities. The kitemark is likely to be particularly helpful in the somewhat crowded QCF aligned market.
- 3.23. With regard to the recognition of prior learning (RPL) and how it can support learner needs, AAT believes it is particularly important when dealing with adult learners who may be looking for recognition of skills they have already achieved in the workplace. RPL contributes significantly to helping learners upskill/reskill. Recognising such prior learning undoubtedly has a motivating impact on learners, encouraging commitment and completion as they can see that they are already some way down the path to completion rather than facing what for some can be a rather daunting prospect of starting from scratch.

⁴ Metro, 2017:

<https://metro.co.uk/2017/03/18/subway-criticised-for-paying-apprentices-just-3-50-an-hour-6518746/>

⁵ BBC, January 2020:

<https://www.bbc.co.uk/news/education-50973579>

- 3.24. Yet it is also important to ensure RPL does not in any way undermine the qualifications being sought. If RPL policies were too generous they could undermine the value of the qualification in the eyes of other learners, employers and of course regulators. For this reason, AAT students can achieve up to a maximum of 50% of the units required to achieve an AAT qualification using RPL and they must achieve at least one unit using the assessment method required by that unit. A student may not be certificated for any level of the AAT's qualifications using RPL alone. Likewise, if a student has failed an AAT assessment, AAT will not accept RPL applications for that unit for a period of two years from the date of the failed assessment.
- 3.25. To ensure the robustness of our RPL procedures, AAT requires that all evidence submitted for RPL assessment must be:
- valid – it should relate to the assessment criteria
 - authentic – it must be the student's own work
 - current – no more than 24 months old at most
 - sufficient – it must meet all of the assessment criteria

PARITY OF ESTEEM

- 3.26. After many years of engagement, marketing and positive employer experience, AAT has become firmly established and very well known as a non-graduate route into the accountancy profession.
- 3.27. Nevertheless, many teachers and parents continue to wrongly believe that individuals can only become accountants if they attend University. Tackling these ingrained misconceptions, which appear across many other industries, is an ongoing challenge but there is evidence that positive change is occurring.
- 3.28. Recent research from AAT⁶ shows that there continues to be a considerable lack of awareness about apprenticeships, numerous misconceptions about their value and that Higher Education is a route regretted by many.
- 3.29. The AAT research shows:
1. A continuing lack of awareness
 - only 29% of 18-24-year-olds said that they heard about alternatives to degrees, such as apprenticeships, while at school
 - most people aged 18-24 (53%) think there should be more resources available to help people learn about apprenticeships.
 2. Multiple misconceptions
 - 41% of 18-24-year-olds believe that apprenticeships don't pay enough
 - 34% think that apprenticeships are only available for manual labour jobs
 - only 36% see apprenticeships as a good alternative to university
 - 40% are aware that apprenticeships enable people to earn whilst they learn.
 3. Higher Education doesn't always pay
 - 42% of people aged 21-45 believe their degree has not played an essential role in their careers to date
 - 16% of all people with degrees wish that they had chosen a different route (this figure rose to 20% of those aged 24 and below)
- 3.30. Higher Education remains a great route to employment for some but it can be an expensive option and the proposed changes will make it even less affordable for many.
- 3.31. Given the high numbers of graduates who either regret their degree programme or admit it hasn't played an important role in their career, it would make sense for schools, colleges and policymakers to do much more to promote alternative routes to employment such as apprenticeships, higher technical qualifications and others – whether in accountancy or any other subject.
- 3.32. As the Skills Commission will be acutely aware, technical education and qualifications are supposed to be given as much prominence as academic routes in careers advice, guidance and information but this is often not the reality. The Gatsby benchmarks have provided some much needed focus to this area and provide an excellent framework. However, most schools continue to meet only half of these 8 benchmarks on average so it is clear that further action is needed.

⁶ AAT Apprenticeships Week Research, published February 2022

- 3.33. Publishing updated statutory guidance for schools, further education colleges, and sixth form colleges on the delivery of career guidance last summer (July 2021) solidified the position of the Gatsby Benchmarks as the single organising framework for career guidance in England and was helpful in providing further detail on the role senior leaders and governors should play in a careers programme, explaining changes to technical education, and ambitions on how these changes should be referenced in careers programmes and re-emphasising the commitment to The Careers & Enterprise Company, Careers Hubs and Career Leader training. One year on it would be interesting to see what difference this has made to the number of schools meeting all 8 Gatsby benchmarks.
- 3.34. An area that has been repeatedly shown to make a positive difference is the training of careers advisers, which enhances knowledge and skills, the quality of careers programmes and performance against the Gatsby Benchmarks⁷.
- 3.35. It is also worth considering the effectiveness of the so called Baker clause, requiring schools to, *“...ensure that there is an opportunity for a range of education and training providers to access registered pupils during the relevant phase of their education for the purpose of informing them about approved technical education qualifications or apprenticeships”* was another well intentioned and much welcomed development.
- 3.36. As the Commission will know, this has been widely disregarded by schools since it came into force in January 2018, with the IPPR suggesting in 2019 that as many as two thirds of schools were ignoring it⁸. The fact it very recently became legally enforceable should help improve matters. Furthermore, the decision by Ofsted to update their handbook and make clear that they will report where a school falls short in this regard is likely to further concentrate the minds of headteachers.
- 3.37. AAT, like many other organisations, has numerous examples of fantastic success stories that have commenced with an apprenticeship. Time and time again, these apprentices have confirmed that they received no help, or very little from their school or college, who are often fixated with encouraging learners to pursue Higher Education. Instead apprentices have found the rewarding route into an apprenticeship by an internet search or a chance encounter. It would be immensely rewarding, for the learner, for providers and for the UK economy if apprentices were succeeding because of the education system, not despite it.
- 3.38. In response to questions around a return on investment to higher technical education look like for learners, these are likely to be the same as apprenticeships, graduates and most other forms of education – better quality employment than would have occurred without the qualification whether that means securing a job or if already employed, securing a promotion, ultimately an improved financial position.
- 3.39. For employers, a good return on investment in funding such qualifications is gaining the reassurance that the individual can competently meet the requirements of their role and add value wherever possible, this could also mean upskilling or reskilling staff to take on responsibilities that positively impact the company in terms of productivity and innovation. There may well be additional benefits in terms of improved employee retention (reduced staff turnover), increased motivation and staff loyalty.
- 3.40. In general terms, the decline in participation in Level 4 and Level 5 qualifications in the UK can be attributed to a relentless push towards increasing the number of Higher Education students, adequately reflected by the recent Tony Blair Institute for Global Change report recommendations that HE be expanded from 50% of young people to 70% by 2040⁹.
- 3.41. However, with the Government recently proposing to reform graduate finance that will see the threshold for Student Loan repayments reduced to just £25,000, and the repayment term lengthened to 40 years, and given the debt burden already discourages many from pursuing a University education, these changes could hasten the decline in University applications and see an increase in the number people pursuing technical level education at levels 4,5 and above.
- 3.42. The success of many apprenticeships and vocational qualifications demonstrates that if a qualification is well funded, mapped to employers needs and provided by a reputable, regulated organisation, it will be more successful.

⁷ Careers & Enterprise Company

<https://www.careersandenterprise.co.uk/our-evidence/evidence-and-reports/the-benefits-of-gatsby-benchmark-achievement-for-post-16-destinations/>

⁸ The Baker Clause one year on, January 2019:

<https://www.ippr.org/research/publications/the-baker-clause-one-year-on>

⁹ We Don't Need No Education? The Case for Expanding Higher Education, 21 April 2022:

<https://institute.global/policy/we-dont-need-no-education-case-expanding-higher-education>

- 3.43. Of AAT's 80,000 students, 8,000 are apprentices. This not only demonstrates the strength of the apprenticeship offer in the accountancy sector, but it also demonstrates that 72,000 non-apprentices, and non-graduates, recognise the merit in pursuing level 2,3 and 4 qualifications that are widely recognised and respected.
- 3.44. Replicating this approach for Higher Technical Qualifications at Level 4 and 5 could well reverse their general decline.

4. Further information

- 4.1. If you have any queries, require any further information or would like to discuss any of the above points in more detail, please contact Phil Hall, AAT Head of Public Affairs & Public Policy:
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Phil Hall, 27 May 2022

