

Executive Summary

The importance of Level 7 apprenticeships in the accountancy sector

Levy funding for the Level 7 Accountancy/Taxation Professional apprenticeship has been central in addressing skills shortages in the accountancy sector and will play a vital role in supporting Government missions – from economic growth to breaking down barriers to opportunity. This Level 7 apprenticeship integrates Levels 4, 5 and 7 in a 3-year programme. Each year it is transformational in equipping 7,000 young people aged 24 or below with high-level accountancy skills. This gives them the opportunity at an early age to become qualified Chartered Accountants who fill roles in key growth sectors including professional, business and financial services. Level 7 has been instrumental in driving social mobility, equality and diversity in the accountancy sector, while also supporting thousands of SMEs and public sector employers such as the NHS, which rely on levy funding to develop high-level accountancy skills.

Key benefits of the Level 7 in the accountancy sector:

- **Skills development for young people:** Level 7 provides a pathway for young people to become Chartered Accountants, **with over 70% of learners starting at age 24 or below, totalling around 7,000 young people per annum.**
- **Support for SMEs:** Levy funding helps SMEs to develop 1,800–2,000 apprentices annually to fill essential finance roles, often in towns and rural areas. Without this funding SMEs would not be able to train as many new accountants, limiting economic growth.
- **Social mobility & equality:** The apprenticeship promotes diversity, with **85% of Level 7 learners coming from state schools** and many being the first in their family to enter a professional career. This gives young people from disadvantaged backgrounds access to high-paying careers.
- **Economic impact:** High-level accountancy skills, such as audit and tax, are integral to key growth sectors including financial, professional and business services. They also support growth in other priority sectors such as clean energy industries and life sciences. 83% of non-levy employers of accountancy apprentices support the Government's priority sectors. These skills are already seeing critical shortages.

Three statistics about Level 7 accountancy apprentices:

1. 67% come from non-professional family backgrounds
2. 92% of employers expect new recruits at Levels 2, 3 and 4 to progress to Level 7
3. 93% of non-levy employers said that if Level 7 was not available they would find it harder to meet the demand for high-level accountancy skills

Risks of removing levy funding:

1. **Reduced professional career opportunities in accountancy for young people** leading to a reduction in the number of aspiring accountants entering the profession.
2. **Exacerbating the existing skills shortages** of qualified accountants. This will weaken the ability of businesses, including in the financial services sector, to navigate complex and dynamic financial landscapes, leading to increased offshoring of finance functions.
3. **Reduced social mobility** disproportionately affecting young people from disadvantaged backgrounds. Blocking access to this essential pathway into the accountancy profession will reverse the equality and diversity improvements the finance sector has achieved.
4. **Constraining economic growth.** SMEs, public sector organisations, and industries reliant on high-level accountancy skills will face increased recruitment and retention challenges, restricting growth and productivity in key sectors.

Recommendation: In order to support the development of young people into the high-skilled accountants essential to the UK's economic future, full levy funding for the Level 7 Accountancy/Taxation Professional apprenticeship must be retained. We urge the Government to engage with employers of Level 7 accountancy apprentices – particularly SMEs and the public sector – to understand the vital importance of the Level 7 programme, and take into account its contribution to economic growth, social mobility, and high-level finance skills development in developing the new Growth and Skills Levy.

Key Data

AGE OF LEARNERS

70+%

of Level 7 learners are aged 24 or below upon starting their programme

"In 2023, 79% of ICAEW's Level 7 accountancy apprentices were aged 24 or under when they started."

Will Holt, Managing Director of Education & Training, ICAEW

NON-LEVY EMPLOYERS

83%

of non-levy employers employ a greater number of accountancy trainees because of Level 7 funding

"Without the financial support we receive through the levy we would inevitably be more limited in how many new trainees we could fund through their training and hence be restricted in offering as many roles to future young people."

Jill Wright, Partner, Kirk Newsholme Chartered Accountants

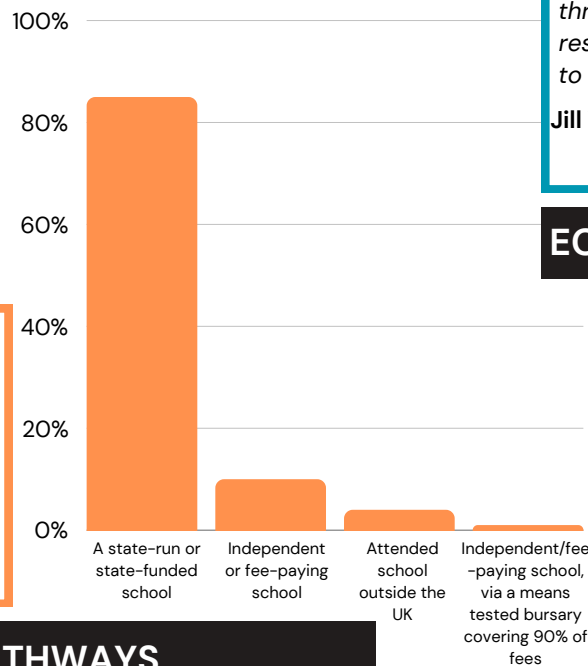
DIVERSITY & SOCIAL MOBILITY

85%

of Level 7 accountancy apprentices attended **state school**

"One of the biggest benefits of the Level 7 apprenticeship is the diversity of people it brings in. It opens the door for people from all sorts of backgrounds."

Alex Ditalia-Riley, Leeds Teaching Hospital NHS Trust



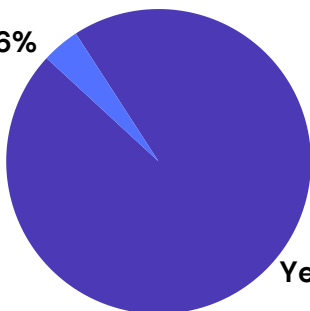
ECONOMY AND SKILLS

94%

of employers say that supporting new accountancy trainees under apprenticeships is an important way to address the lack of experienced, qualified accountants

PROGRESSION PATHWAYS

No 6%



Yes 94%

94%

of apprentices said the potential to progress to complete Level 7 was an important reason they started their accountancy training

"Cutting off pathways to higher qualifications, including the Level 7 apprenticeship pathway that leads to chartered status, risks limiting the range of futures available – having the effect of deterring more of the very talent we're trying to attract."

Sarah Beale, Chief Executive, AAT

"We have seen first-hand the growing need for highly skilled professionals who possess not only technical expertise but also strong leadership and strategic thinking abilities. This is where the introduction of Level 7 apprenticeships has become invaluable to our business and the wider economy."

Darren Eastham, Director, Wheawill & Sudworth, Huddersfield