

## CIPFA Response to the Government Consultation on the Potential Withdrawal of Funding for the Level 7 Accountancy & Taxation Apprenticeship

Highly skilled accountants are critical to ensuring that public money is meticulously managed and strategically spent to benefit society. Level 7 Accountancy and Taxation apprenticeships have been pivotal in supporting the development of finance professionals in achieving this objective and addressing critical talent shortages within the sector.

CIPFA calls upon the Government to engage with public sector employers to understand the impact of a withdrawal of funding for the Level 7 Accountancy apprenticeship, and commit to maintaining funding for Level 7 programmes within the sector.

### Introduction – about CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the only professional membership body in the world dedicated exclusively to public financial management. Our 14,000 members are qualified chartered accountants working throughout the public services to ensure best outcomes for public funds.

CIPFA's Level 7 apprenticeship programme focuses on public sector specific aspects of financial management, culminating in membership-readiness and full chartered accountant (CPFA) status. All those starting on an apprenticeship programme with CIPFA work in the public sector or provide services (such as local authority audit) *to* the public sector.

We believe that our unique position as a membership and standard-setting body, representing the public financial management community, coupled with our experience as a Level 7 apprenticeship provider delivering to a public-sector customer-base, make us uniquely qualified to comment on the challenges to the sector that we foresee, should funding for the Level 7 accountancy apprenticeship be withdrawn.

In this report we also include commentary from a Nov 2024 survey of CIPFA apprentice employers to which 102 employers contributed.

### The concern

In the public service context, the demands of transparency and accountability in decision making, the allocation of limited resources, value for money and safeguarding of taxpayers' money require appropriately skilled and qualified finance professionals. The potential withdrawal of Level 7 accountancy apprenticeship funding represents a significant threat to the sector's ability to recruit, develop and retain appropriately qualified finance personnel, with many other unintended consequences.

*These apprenticeships are not just educational programs; they are strategic investments in the financial stewardship of our communities. By providing advanced, specialised training, Level 7 apprenticeships ensure that accountants are well-equipped to handle the unique challenges of public finance. This specialised skill development is essential for maintaining the integrity and efficiency of financial operations within the public sector, which ultimately benefits the public by ensuring that funds are managed responsibly and transparently.*

**CIPFA Apprentice Employer – London Borough**

*The proposed changes will have a devastating impact on local authorities having well trained, qualified, professional staff working in finance teams. This comes at a time when local authority budgets (and finance staff) are under immense pressure, and an increasing number of authorities are facing section 114 notices. It's so important that we have professional, qualified finance teams. The CIPFA qualification [funded as part of the L7 apprenticeship] gives our staff not only technical competence, but a well-rounded ethical competence and leadership skills which are absolutely crucial in today's times. Without having CIPFA qualified staff, we would be at risk of issues being missed, ethical dilemmas not being addressed and further pressure on budgets.*

**CIPFA Apprentice Employer**

### **Skills impact for public sector employers**

Any withdrawal or reduction to funding for the Level 7 accountancy apprenticeship risks worsening existing skills shortages for public sector organisations who are already experiencing the impact of years of austerity and under-funding.

Local authorities in particular are already facing critical staff shortages in finance teams and are heavily reliant on interim staff at senior level, which further impacts strained budgets. Training is the route to addressing this in a sector that cannot recruit competitively on salary.

### **Vacancies**

The Local Government Association's Local Government Finance Workforce Action Plan published in October 2024 showed significant numbers of councils reporting that they were having/have had difficulties filling accounting posts:

- **26%** of accountancy roles were vacant, with **76%** of councils stating that they find it difficult to recruit permanent accountants.
- **17%** of Deputy Chief Finance Officer roles were vacant, with commentary that 'several councils reported gaps in their succession paths at Deputy CFO level. This is particularly a problem for the smaller authorities'.
- **20%** of business partner roles were vacant with **80%** of councils stating that they find it difficult to recruit to these roles.

Furthermore, the survey showed high staff turnover rates, of c12.5% per annum, in the finance function: 'causing significant costs and demoralising teams. It means staff are having to take on increased duties as business as usual, which is not sustainable.'

*Recruitment and retention of Finance staff is an ongoing challenge, particularly in the light of well documented financial challenges within local government. We need to ensure the continued supply of future finance professionals to enable succession planning and quality finance provision, so the removal of the L7 apprenticeship will inevitably reduce the number of opportunities provided.*

**CIPFA Apprentice Employer – County Council (South)**

*Local Government Finance teams have suffered over the years of austerity, to a position where recruitment is very difficult. There have been several years where the number of accountants being put through professional qualifications by Local Authorities have been limited, due to financial difficulties in the public sector. This has had significant implications which can be seen in the current audit backlog issue. If the level 7 apprenticeship funding is removed it will make it extremely tough for Local Authorities to grow the next generation of Chief Finance Officers and alike as budgets are already extremely tight and the cost of training staff is something which may be lost (as was seen during the years of austerity).*

**CIPFA Apprentice Employer – District Council (NW)**

*With difficulties in recruiting qualified or qualifying accounting staff already a problem this is likely to enhance recruitment difficulties for finance staff in local government. In recent years a significant proportion of our vacant Accountant roles have been filled by our CIPFA apprentices. Should we have to reduce the number we employ it would have a significant impact on our workforce strategy and resilience moving forwards.*

**CIPFA Apprentice Employer – City Council (Midlands)**

**Use of agency staff**

Almost 1300 agency staff were estimated to be employed by local authority finance teams on 1<sup>st</sup> October 2023, with a full time equivalent of approximately 1200. Half of all respondents said that the main reason for using agency staff and interims was because the recruitment activity did not generate candidates with the required skills and experience.

**£540m**

23/24 forecast for spend on agency staff in local government finance teams

A key way to counter these skills shortages is to develop existing staff members working at lower levels, using apprenticeship levy funding.

*There would be a significant impact to the Council if the Level 7 Accountancy standard is no longer levy funded. We struggle to recruit and retain qualified chartered accountants within the Council, as we cannot compete with salaries in the City of London. Our "Grow our Own" accountancy programme has served us well. As we exclusively recruit apprentices from our Borough and because we invest in their training and development, we have seen our retention rates improve amongst apprenticeship graduates and we get more rounded and better trained accountants.*

**CIPFA Apprentice Employer – London Borough Council**

*Without the apprenticeship levy I highly doubt my organisation would have gone down the route of 'training its own' and would have ended up with temporary staff that usually move on after short periods. Not sustainable for any functioning local government finance team.*

**CIPFA Apprentice Employer – District Council (South)**

## Financial impact on public sector employers

# £11k

Average (non-levy) spend on finance team training per English council

The Local Government Association’s Local Government Finance Workforce Action Plan (Oct 2024) shows that councils across England spent an estimated £3.4m on finance team training in 2022/23.

Public sector organisations do not have substantial training budgets to supplement levy-funded training and development.

*Overall, the sector is under great financial challenge and we need suitably skilled and qualified finance professionals to allow us to respond to these challenges and prevent financial failures. The withdrawal of funding for L7 Accountancy Apprenticeships will ultimately reduce our capability to respond appropriately to the challenges faced leading to an increased chance of financial failures across the sector.*

**CIPFA Apprentice Employer**

Whilst public sector organisations continue to pay the apprenticeship levy in full, a withdrawal of funding for the Level 7 Accountancy and Taxation will create significant budgetary challenge. Not only will organisations need to find budget to pay for the training, but they will also lose the National Insurance exemption currently available for apprentices. This may result in further cuts to other vital services being necessary, bringing with it enormous risk to the stewardship and best use of public funds.

*My challenge is that we need some employees with L7/professional qualifications on team service, but have no dedicated training budget due to financial constraints. As a result of withdrawing the L7 apprenticeship/levy funded route, I would likely need to give up developing/training/succession planning with the service for these posts, and instead recruit fully qualified staff directly from the external market. This will have an impact on our recruitment offer, retention for lower graded posts and career progression opportunities/succession planning.*

**CIPFA Apprentice Employer – City Council (NW)**

CIPFA surveyed 102 apprentice employers in November 2025 and in response to a question about the likely financial impact of a withdrawal of levy funding for the Level 7 Accountancy apprenticeship, coupled with the loss of the National Insurance exemption for apprentices.

# 86%

said that the impact would be ‘severe’ or ‘difficult’

*The withdrawal of the level 7 apprenticeship standard would mean I would no longer be able to train and maintain/ increase the numbers of level 7 qualified accounting and finance staff, placing strain on the service that requires that level of skills and experience in order to deliver the statutory financial responsibilities of local authorities.*

**CIPFA Apprentice Employer**

## Broader Socio-economic impact

Whilst it should go without saying, it is nevertheless worth explicitly noting that if public sector organisations cannot find budget to pay for the development of accountants, the recruitment challenges will worsen, and skills shortages and cost pressures caused by use of agency staff will be exacerbated. This will all impact on the quality of decision making and potentially on the very outcomes expected from the funds used in public services – in education, social care, NHS, policing, and all council services.

*If the funding is withdrawn, this would create a significant risk to the Council, as we would have to pay significantly more in recruitment and salary costs, and it is unlikely that we could provide the level of training opportunities that we currently have access to. Given that the funding cap is currently £21,000 for each apprentice, we would not be able to fund these programmes from the Council's budgets. This will be detrimental to services, and will ultimately directly impact the public because we will not have such well trained and qualified staff. If the funds were somehow shifted from other parts of the organisation, other vital public services would need to be cut to pay for accountancy training.*

### **CIPFA Apprentice Employer – London Borough Council**

*If we were to fund the Level 7 apprenticeship ourselves we would have to find the funding from elsewhere. This would fund 15 hours of support for children in our organisation, it would be difficult to deprive our schools of this amount of support to fund a level 7 apprentice*

### **CIPFA Apprentice Employer**

## Social mobility impact at employer/programme level

Apprenticeships have provided a route to qualified chartered accountant status, and high-earning potential, for those from less advantaged backgrounds. Many of our local authority employers have 'widening participation' schemes through which opportunities are given to those who have lived or were educated in the area – to ensure that staff members are as representative as possible of the communities they serve. Very many will not have attended university. Removal of apprenticeship funding is likely to have a negative impact on the social mobility of young people aspiring to a professional role in accountancy.

*If the funding is withdrawn, the organisation is likely to look unfavourably on candidates not already fully qualified which restricts the development potential of local and existing staff.*

### **CIPFA Apprentice Employer – Fire & Rescue Authority**

CIPFA's statistics show that for current Level 7 Accountancy apprentices employed in the public sector, a 52% majority do not have a first degree – and of those who do have a degree, for the large majority the degree is not in an accounting and finance related subject. They also show that a majority are in the 25+ age category at the start of their apprenticeship.

**52%**

do not have a degree

**71%**

of those who do have a degree do not have it in accounting and finance or related subject

**36%**

are in the 24 and under age group (at start)

**64%**

are in the 24 and over age group (at start)

These statistics reflect not only the recruitment challenges that public sector employers face but also their commitment to social mobility and ‘grow your own’ policies. Apprentices are often non-graduates and older when they start as many will be existing employees who may not have had educational opportunities earlier in their career, being developed into senior roles. This is in sharp contrast to the private sector where a recent report\* shows that 70% of apprentices start at age 24 or below.

\*Level 7 Accountancy/Taxation Professional Apprenticeship Standard Impact Report, First Intuition, Oct 2024

*The apprenticeship route offers the opportunity for those unable to go to university for financial reasons to study a professional qualification while earning, and also to gain valuable on the job and life skills. The cost of an accounting professional qualification is prohibitive for many individuals if an employer does not support financially.*

**CIPFA Apprentice Employer**

The full CIPFA member base was surveyed in 2023 and 82% of respondents said that they went to a state school (10% were privately educated, 2% privately educated but with a bursary covering 90% or more of the fees, 6% educated outside the UK).

**82%**

CIPFA members who went to a state school

**54%**

CIPFA members from families where main earner worked in a non-managerial role

Furthermore, when asked about the occupation of the main household earner when members were aged about 14, only 26% answered that they were in a ‘Modern or Traditional Professional Occupation’ and 20% answered ‘Senior or Junior Managers or Administrators’. 54% indicated that the main household earner was in a non-managerial or professional role.

*All of our trainee (levy funded) accountants come from the local Borough, many of whom are from deprived backgrounds. All of these apprentices are in post on merit, and many of them would not be in a position to either self-fund or aspire to become chartered accountants without the opportunities offered by the current apprenticeship funding models. Many of our apprentice accountants started their journeys as apprentices at Level 2 or 3, and have developed their skills and worked incredibly hard to aspire to and reach the Level 4 qualification to gain access the Level 7 programme. This vital aspirational route will be lost for local people if the funding is withdrawn, because the budgetary squeeze on local authorities means that we either deliver public services, or we train our accountants using that funding. We cannot do both, and this notion of withdrawing funding is unnecessary and massively detrimental.*

*There is a wider issue here around Level 7's and the ability to inspire people through apprenticeships and create that bottom to top pathway for career progression, supported by an employer. Removal of the Level 7 will likely mean an artificial "glass ceiling" is re-introduced in many employers - which will mean that talented people from lower socio-economic backgrounds have further barriers put in their way; limiting their earning potential and halting new apprentices to enter the organisation at the bottom to replace people who are promoted through the ranks. This is so unfair on individuals and organisations, and it is not the type of approach (given the current economic backdrop) that any responsible government should be taking.*

**CIPFA Apprentice Employer – London Borough Council**

## **In summary:**

CIPFA calls on the government to enable the continuation of the professional development and qualification of public sector finance staff via the ongoing provision of Level 7 apprenticeship, or other, funding.

## **Final thoughts from two London Borough Councils:**

*The finance service in our London Borough has ten trainee posts where predominantly, but not exclusively, young people are offered training contracts allowing them to work, study and take professional qualifications such as the Chartered Institute of Public Finance (CIPFA). They can qualify in 3 to 4 years, and this creates a pipeline of suitably trained staff for us. Public accounts are statutorily different to other entities and this is why CIPFA exists.*

*Trainee Schemes like this are vital in bringing in new members to a professional body dedicated to the management of public finances. Many of our trainees progress into permanent roles in our finance team, but others will move onto other councils, government departments, the NHS etc. We unequivocally see this as a good thing and a measure of our success.*

*Short term, given the extreme budget pressures in local government, there is a very real risk that at a cost of c.£20k for the 3.5 years of training needed for a CIPFA-qualified accountant, these trainee posts will get cut, and I'll look to recruit permanent staff who are already qualified. But in the medium term where will these staff come from?*

*Cutting Level 7 qualifications like CIPFA from what is allowed to be funded by the Levy will lead to perverse decisions at a sector level. It will lead to staff shortages and higher cost agency workers. See the impact on Social Work across London if you want to see an example of the difficulties this causes a profession.*

*Our London Borough already struggles to spend the Apprenticeship Levy. So there would a net loss to the authority.*

*I appeal to decision makers to make some sort of consideration for allowing the apprenticeship levy to continue to fund professional public service qualifications. They are sorely needed and I fear there would be an unfortunate unintended consequence to excluding them from the levy.*

### **CIPFA Apprentice Employer – London Borough Council**

*We believe Level 7 apprenticeships are a vital component of the public sector's strategy to maintain a highly skilled and competent accounting workforce. It is imperative that these apprenticeships continue to be funded by the apprenticeship levy to ensure the financial sustainability and effectiveness of local governments.*

### **CIPFA Apprentice Employer – London Borough Council**