

Despite a buoyant economy, the UK is sliding down world competitiveness rankings due to skills shortages. How can members help? **Simon Evans**

# Building skills

If there is one thing that politicians and business leaders agree upon it is that skills matter. They also agree that in the UK we have a skills problem that needs to be addressed. As global competition increases, the skills shortage in the UK is becoming a more pronounced issue. Twenty-six million adults of working age have levels of literacy or numeracy below those expected of school leavers, and the proportion of adults without a basic school-leaving qualification is double that of Canada or Germany.

## Large variations

The skills profile of the workforce varies considerably across the UK. Over 35% of adults in the North East and Yorkshire and Humberside, for instance, do not have the equivalent of five good GCSEs. Scotland, meanwhile, is the only country or region with a greater proportion of the population holding a degree than the proportion without a basic school-leaving qualification.

The long-awaited report of the Leitch review on skills was published at the end of 2006. It formed the basis of the chancellor's skills agenda in his pre-Budget report in December, following hot on the heels of the Further Education and Training Bill introduced into the House of Lords in late November, which will see yet another reorganisation of the Learning and Skills Council.

The Leitch review reported that one in six children leaves school unable to read, write or add up properly. Evidence suggests that even if all current targets for up-skilling the UK are met, then in 2020 we would still have 4m adults with literacy skills below those of an 11-year-old and at least 12m with numeracy skills below that level. The UK will continue to be an average performer in worldwide comparisons: currently 20th in terms of intermediate skills among OECD countries.

'Our profession can make a real difference in addressing the skills gap'



Members are partnering with local secondary schools to deliver personal finance education

## It's a business issue too

The issue is not merely a matter of social policy – it is also a business issue. According to the institute's 2006 *Enterprise Survey*, the lack of leadership talent and specialist skills are among the biggest barriers to business growth. Interestingly, it is a bigger barrier for larger companies as compared with smaller ones.

The shortage of general management skills is also a concern. According to the TUC, over the next 15 years, about 20m individuals will need better skills than they have at present, especially if Britain's workers are to compete with Germany and France. Of course the challenge will be made that much harder as the developing economies, such as China and India, continue to invest heavily in developing the skills of their own workforces.

Our profession can make a real difference in addressing the skills gap. A pilot programme is

already underway in Coventry as part of the institute's financial literacy initiative. Members are partnering with local secondary schools to deliver personal finance education to improve financial capability. The pilot will be evaluated in the next few months and we hope to be able to roll out it out nationally later in the year.

## Your input valued

More broadly, we're keen to look at what else we can be doing to address what is such an important issue to the UK. Employers need to look at investing in training to help staff build new skills. In a world where there is a shortage of skilled talent, increasingly job candidates will pick their employers rather than the other way around. The experience and knowledge of members will be a vital component in getting our approach right as we decide how institute resources can best be targeted in future.

# Careers that count

Chartered accountants are debunking the myth that accountancy is dull and boring

## ACA is passport to an international career

**A** new publication has been launched for young people looking for overseas travel as an integral part of their future career. *Around the World as a Chartered Accountant* has been published by the ICAEW's Shropshire branch.

Author and education liaison officer Tom Heywood says: 'Smarting about yet another disparaging comment in a major newspaper about the 'men in grey suits', I decided to show people what life as a chartered accountant is really all about. My career has been exciting, flexible and varied – not many jobs can lay claim to scoring those three points.'

The new booklet contains real-life experiences of members who have found the letters ACA the gateway to a challenging and exciting career. Shropshire branch president John Cox says his career has enabled him to do business with a variety of countries, including Morocco,



**Going global:** Nigel Hastilow, ICAEW West Midlands regional manager; website designer Phil Howell; book designer Amanda Duffin; author and editor Tom Heywood and John Cox, Shropshire branch president

Pakistan, Bulgaria and Lithuania: 'My role today is specialising in strategic planning and helping business owners achieve their aspirations, which is very rewarding for me.'

Newly-qualified chartered accountants can earn a starting salary ranging from £25,000 to £42,000 with more achievable for exceptional candidates. While almost nine in 10 (86%) of the intake of ACA students have a degree, the new booklet helps to highlight other entry routes to the profession. The publication will be available nationally later this year. For more details, visit [www.shropshireaccountants.co.uk](http://www.shropshireaccountants.co.uk)



**Melanie Wilson: No grey suit required**

## Changing perceptions

Undergraduates still have some misconceptions about the accountancy profession as Melanie Wilson, vice-chair of Institute Members in Scotland, discovered when she spoke to them at careers fairs.

Wilson found a lack of understanding about the profession and the 'grey suits and red braces' image of accountants still endures: 'I spoke to numerous students at St Andrews, many of whom saw the profession as dull but well paid. Once we spoke to them, they were pleasantly surprised. It was not just that we were friendly and approachable; they hadn't realised there are several ways that the qualification can be used – and not just for auditing.'

Misconceptions aren't confined to students, as Wilson found out at an event aimed at careers advisers: 'Many of them thought that a degree was essential.'

'They didn't realise that you can train straight after A-levels or via the Association of Accounting Technicians (AAT). They also underestimated the versatility of the qualification, so it was hugely rewarding to be able to arm them with the facts.' It goes to show, perceptions do matter.



**Ummar Ahmed: On the career ladder**

## Ummar takes the fast-track

Turning down offers from a couple of top universities might seem a reckless decision for a sixth-former planning a successful and rewarding career. But Ummar Ahmed hesitated only briefly before declining places at Manchester and Lancaster – even though he has set his sights on becoming a chartered accountant.

Ummar is one of a growing number of young people in the North West who have recognised the benefits of the AAT to ACA 'fast-track' route. He chose instead to take a full-time job at Moore & Smalley in Preston.

'Accounting was the subject I liked most at college because I found it challenging,' he says. 'I realised that becoming a chartered accountant will mean a very wide range of career options are open to me. I thought it was a much better option because it means you are learning and working to earn a living at the same time.'

Avoiding the expense of tuition fees and student grants involved in a degree course is an obvious attraction, but the prospect of gaining three years' practical experience before embarking on the ACA course means Ummar will also have a head start on graduates joining the profession.

Equipping young people with the right skills for today's fast-changing economy is exercising the minds of business and education chiefs throughout the country. So how can chartered accountants help?

# Skilling up for the future

## Bringing expertise to education

Just one of the examples of chartered accountants addressing the skills gap in UK regions comes from Yorkshire and Humber, where institute initiatives are creating interest in the profession and encouraging entrepreneurship in schools, colleges and universities.

David Warren, former president of the West Yorkshire Society of Chartered Accountants, is so keen to boost the popularity of maths in schools that he has inaugurated a yearly prize-giving for some of West Yorkshire's best pupils.

Warren, partner at MGI Watson Buckle in Bradford, says: 'I would urge other businesses to recognise schools' achievements in this way. We firmly believe that by offering incentives and recognition we can actively help raise skills levels in a key area.'

Addressing the need for higher leadership skills and specialist expertise, industry members in Humber have been invited to speak to finance and accountancy students at Hull University Business School about how the subjects they are studying actually apply in the real world of business.

Local ICAEW executive Graham Haldenby says the university believes that an experienced industry chartered accountant can bring technical subjects to life, help students grasp where their qualification can take them and make them more enthusiastic. The intention is to extend this programme to other universities later this year.



David Warren (MGI Watson Buckle, Bradford) with teachers and award-winning pupils from Belle Vue High Schools' Maths Project

## Enterprise links on the curriculum

Ensuring young people have the necessary skills to meet the demands of the modern workplace has become something of a mantra in the North East. Recognising the problem is one thing – doing something about it is quite another.

But it is being tackled – and chartered accountant John Cuthbert is playing a front-line role in this process. Cuthbert, managing director of Northumbrian Water and a board member of the regional development agency One NorthEast, is chairman of Skills North East (SNE).

As part of its wide-ranging strategy, SNE has made focusing on the 14-19 age group a key priority to ensure young people are 'motivated and skilled in order to succeed in an increasingly knowledge-based labour market'.

An example of this is improving links with business by developing enterprise within schools and colleges. A former North East business executive of the year, Cuthbert believes SNE's action plan will achieve 'real and measurable progress towards meeting the skills needs of the region's businesses and individuals'.



John Cuthbert: Tackling skills gap

## Helping young achievers to succeed

In a region where 1.4m adults have a numeracy level under the age of 11 – the second worst in the country – business and financial knowledge in the next generation is an issue that concerns the East of England's chartered accountants.

The ICAEW and the district societies are involved in some of the many initiatives launched to help enhance the skills of young people. In south Essex, the institute hosted a session of the Business Game at Brentwood School with Bill Collins, president of the institutes South Essex society presenting the prizes to the winners.

Meanwhile, for students and newly-qualified chartered accountants, a young professionals business network based around Milton Keynes is in its third year of holding an RBS Business Challenge for younger members. Also planned is a series of masterclasses in business and finance for sixth-formers in conjunction with Young Enterprise, with whom members work as business advisers in schools all over the region.

For the last three years, the Beds, Bucks and Herts society has sponsored 12 students studying for their accountancy degrees by awarding bursaries to the top three students in each intake, to help support them through each year of their course.

# Money is **not** enough



There is a knowledge gap among business owners, entrepreneurs and business advisers who need mentoring and support on how to access the right kind of capital for different stages of business development: not surprising perhaps given the plethora and different types of funding vehicles available within the UK and EU more widely.

To shed some light on how businesses can raise finance for growth, start-up, acquisitions and management buy-outs, the institute's London society has organised a series of free evening seminars throughout the London region for small and medium-sized enterprises and their advisers.

Chaired by London regional director, Ian Strange, and

supported by the London Development Agency, the *Finance for growth: money is not enough* seminars offer crucial advice from leading experts on the range of grants available including DTI schemes for research and development and grants for both start-ups and established businesses. These include government-supported funds – encompassing regional venture capital, early growth, community development or enterprise capital – as well as other funds such as those operating in the creative sector.

For details of the events running from 27 February 2007 to June 2008, contact Ana Fariña on 020 7920 8519 or [ana.farina@icaew.com](mailto:ana.farina@icaew.com)

## Advisers **prepare** next generation

The Young Enterprise (YE) team from Newquay Tretherras School in Cornwall had a great experience representing the UK in Switzerland after winning the national YE Innovation Award.

The Cornish students' company, Timeless, took fourth place in the competition in Interlaken with its environmentally-friendly surf board wax made with hemp oil, tree resin and beeswax.

Teacher Jez Orrell, who runs the YE programme as an extra-curricular activity for 14- and 15-year-olds, says: 'The students learn so much, because they are actually doing it themselves, rather than being told about business and finance.'

The ICAEW supports annual awards for the best regional and national YE business advisers and encourages members to take part in the scheme. One trainee chartered accountant who has recently become an adviser is Marc Berryman,

who works for Deloitte in Bristol. Berryman, 24, an adviser at St Mary Redcliffe and Temple School, Bristol, took part in YE himself at school and is highly enthusiastic about the benefits for both pupils and trainee professionals like himself.

'As a trainee, it enables me to put into practice the knowledge I have gained and to communicate complicated business management and business finance issues to others,' he says. 'These students are the innovators who will come up with the new products and services of the future.'

YE regional manager Kate Clark says she hopes that chartered accountants will volunteer to take part in the YE programmes across the South West in the coming year.

To find out more, contact ICAEW South West regional manager Jeremy Stewart on 0117 344 5603 or email [jeremy.stewart@icaew.com](mailto:jeremy.stewart@icaew.com)

## Three-pronged attack on future skills gap

The ICAEW Enterprise Survey and most recent Business Confidence Monitor have revealed that a lack of leadership talent, non-management and specialist skills are among the biggest barriers to future growth in the East Midlands. The institute is addressing future needs in three ways. Members from the major accountancy firms in and around the East Midlands region have been involved in presentations at networking events at Nottingham Trent, Nottingham and Leicester Universities, extolling the benefits of joining the profession to final year students. Business games and 10 careers fairs in the East Midlands will see the ICAEW out in force in 2007 to promote the ACA qualification.

## A collective voice of business

ICAEW South East has joined forces with five other leading business support organisations to create a major new business voice in the region. The South East Business Forum (Sebus) aims to help shape the region's future economic development. Along with the CBI, South East Chambers of Commerce, Engineering Employers Federation South, Federation of Small Businesses and the Institute of Directors, the ICAEW hopes the group's collective voice will resonate in the corridors of power.



Made in Cornwall: Young entrepreneurs from Newquay Tretherras School