

School leavers

and the ICAEW qualification



Introduction

Over the last 5 years there has been a growing trend toward the recruitment of school leavers in the accounting industry in both large and small firms alike with the trend being driven by a number of factors:

University tuition fees & access to the talent pool: University fees were increased to £9,000 per annum in 2012 - this was seen as a watershed moment as the cost of university attendance became prohibitive for students from less affluent backgrounds. The accountancy industry was quick to realise that some of the best quality candidates were leaving school to join the job market directly, bypassing university. This change incentivised many firms to create school leaver recruitment programmes to secure top quality school leavers and to ensure that they are fully accessing the talent pool available.

The impact of apprenticeships: The introduction of the Apprenticeship Levy and trailblazer apprenticeship programmes has provided a meaningful and valid alternative to university degrees for school leavers; a means of incentivising school leaver recruitment for employers whilst at the same time providing a clear and robust framework for school leavers to “earn while they learn”.

Skills shortages following recovery: Since the global economic crisis there has been a slow but gradual recovery which has led to an increase in the demand for recruits in the accountancy sector. A lack of applicants with suitable skills forced firms to look beyond traditional graduate recruitment routes.

Ability to mould school leavers: Employers are finding school leavers more attractive as experience has revealed this talent pool can be more malleable than their graduate counterparts; firms have greater ability to mould school leavers into the type of accountancy professionals that have the best cultural fit, avoiding any of the preconceived ideas that time spent at university can sometimes instill.

Diversity and social mobility: It is now commonplace to find goals around social mobility built into social missions enabling firms to ensure that students from all social and economic backgrounds are able to reach their career potential. The drive to recruit school leavers has helped to promote social mobility.

It is worth noting that accountancy firms are very well represented in the 2019 UK Social Mobility Employer Index. The index ranks Britain’s employers on the actions taken to ensure they are accessing and progressing talent from all class backgrounds. PwC, KPMG, Deloitte, GT and Mazars all featured in the top 15 employers on the index.

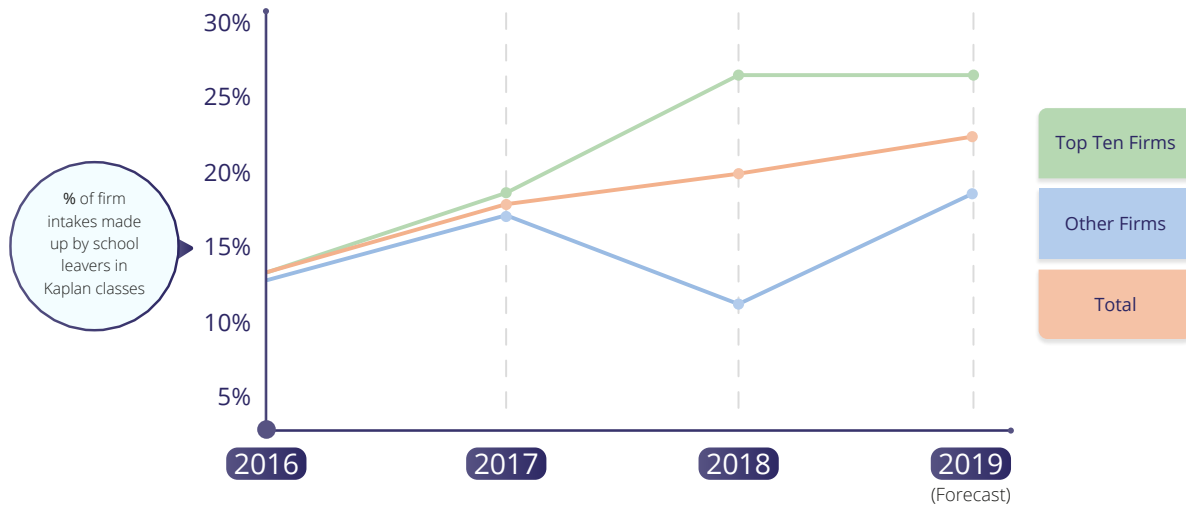
Cost: Recruitment of school leavers is also more economically beneficial to firms as generally school leavers cost less to recruit than graduates yet many fulfill identical roles and have very similar skill sets.

This report will now look at the school leaver journey and form conclusions as to what we could do better in the future to enhance student success, working through the following sections:

- 1) School leaver versus graduate recruitment numbers
- 2) How firms attract school leavers
- 3) How do school leavers study ACA?
- 4) Success rates achieved by school leavers
- 5) Changes to Kaplan’s school leaver course provision

1) School leaver versus graduate recruitment numbers

In recent years, there has been a shift towards more accountancy practices offering a greater number of school leavers an ICAEW chartered accountant (ACA) training contract.



As a proportion of total intake, the school leaver recruitment rates have risen from 14% in 2016 to approximately 23% expected in 2019 - a marked rise over the course of four years. This increase is primarily driven by the recruitment strategies of some of Kaplan’s largest ACA clients; firm’s in the industry top ten have seen school leaver recruitment rates rise from 14% in 2016 to 26% expected in 2019.

Outside of the top ten, school leaver recruitment in both absolute and proportionate terms has not shown the year on year increase we have seen elsewhere and has fluctuated over the course of this data set.

2) How firms attract school leavers

School leaver recruitment techniques vary from firm to firm but some of the main initiatives used regularly by firms are:

Insight weeks/work experience: Essentially involves working, usually over the summer, for a very short period of approximately 1-2

weeks. The weeks are programmed in advance to give the school leaver experience of specific areas to help them understand where their interests lie and if they would like to pursue a career in accountancy.

Internship programmes: An extended period of work experience with a more formal initial selection process. An internship programme will provide interns with a deeper understanding of what it is to work in the accounting industry and can act as an extended job interview with many internship programmes subsequently leading to full time school leaver and graduate jobs.

Careers events: Many firms host their own careers events and invite school leavers along to find out more about the different options and careers available to them. Many firms now host both office open events and also online career events. Events vary in format and duration but consistently feature on websites and seem to be one of the main methods used to engage with school leavers.

Once candidates are attracted, the type of job opportunity can vary from a graduate-type role to a bespoke school leaver specific role.

Job type	Key characteristics of programme
Higher apprenticeships	<p>An extremely popular choice of programme for school leavers. Higher apprenticeships on offer tend to have a duration of between 4 to 5 years to gain either CFAB plus ACA or AAT plus ACA. Apprenticeship specialisms are varied but include:</p> <ul style="list-style-type: none"> • Audit and assurance • Business and financial advisory • Human capital • Strategy and operations • Tax • IT and risk assurance • Corporate finance (transactions)
Sponsored degrees	<p>Not as common as higher apprenticeships but used by some firms to stimulate school leaver interest.</p> <p>This route offers school leavers the best of both worlds by allowing them to have a traditional university experience whilst also starting their career via a series of paid work placements throughout their time at university.</p> <p>The degree will usually be intertwined with the ICAEW qualification so that the student simultaneously achieves their degree alongside completing some of the ICAEW qualification.</p> <p>Students who impress during work placements can then often go on to receive a graduate job offer from the firm in question.</p>
Full time jobs	<p>Many firms also offer full time jobs in a similar range of careers as included in the higher apprenticeships section.</p> <p>Many of these opportunities are centred around building business skills in a chosen specialism alongside completion of formal training and studying towards a particular professional qualification.</p> <p>Training courses and associated costs are paid for by the employer, not the school leaver.</p>

3) How do school leavers study ACA?

Typically, graduates study ACA over a 3 year period or less (see Appendix 1 for illustrations of study pathways). The results achieved via this pathway are market leading with Kaplan consistently exceeding the ICAEW average pass rate.

Typically, graduates will:

- Complete Certificate Level in four months
- Complete the 6 Professional Level papers over twelve months (using a “3:3” approach to two exam sittings)
- Complete Advanced Level in seven months

Generally there are two routes that school leavers can utilise to complete the ACA qualification:

- Start at Certificate Level ACA - “CFAB first” (4 year route)
- Use the Association of Accounting Technicians (AAT) as a springboard, then join the ACA pathway at the Professional Level - “AAT first” (5 year route)

As a general rule, the majority of the top ten firms that Kaplan supports tend to use the CFAB/Certificate first approach for their ACA school leavers with other firms tending to opt for the AAT first route to qualification.

In addition to longer durations, the programmes within are often adjusted for school leavers in terms of how many papers they study at the same time, the blend of classroom v digital learning, and the number of days given to study the more difficult papers.



	Certificate	Professional	Advanced
Duration and order of attack	Most favour a 12m approach; generally Accounting is sat early although some firms have chosen to position this paper towards the end of Certificate Level (Accounting is considered to be one of the more difficult papers). The timing of the Accounting exam has no notable impact on success rates (discussed later).	All follow a 2:2:2 approach to the Professional level with a fallow Professional sitting for resits in between each set of exams.	The general approach at this stage is to decouple the Corporate Reporting and Strategic Business Management papers from Advanced Case Study.
Blend	<p>Accounting and Assurance - most firms favour a fully classroom approach.</p> <p>Principles of Tax and Management Information - some firms happily use a more blended approach with smaller firms still opting for classroom in the main.</p> <p>All students study Business, Technology & Finance and Law via On Demand.</p>	<p>The majority of the Professional Level courses are delivered in the classroom with a small amount of online/on demand delivery incorporated as part of the Knowledge phase of each course.</p> <p>Some of our clients have opted for a higher degree of remote learning with the entire Knowledge phase being delivered online.</p>	
Individual course duration	<p>Some larger clients have developed bespoke pathways for their school leavers which provide extended course durations.</p> <p>All other clients opt for consistent durations applying to both school leavers and graduates</p>	All clients opt for consistent durations between their school leaver and graduate student populations.	

4) Success rates achieved by school leavers

Our analysis takes pass rate data and benchmarks the pass rates achieved by Kaplan's ACA school leaver population with the pass rate achieved by Kaplan's entire ACA student population over the last three years on a three year rolling average basis.

The raw data set produced also segments the results by client and by approach i.e. AAT first versus CFAB first. Due to the sensitivity of the data, not all of it can be shared as part of this document but the relevant conclusions drawn are still included below.

The aim of this analysis is to identify:

- Trends by paper - which papers do school leavers find most difficult and why
- Trends by cohort - are there any approaches in terms of blend or order of attack that provide superior results
- Trends by pathway - does the overall approach to the ACA qualification have a bearing on the results achieved

The following colour key has been used in the results analysis:

	Within 2% of the overall Kaplan average
	3 - 5% below the Kaplan average
	> 5% below the Kaplan average

Certificate Level

Certificate level	Accounting (ACC)	Assurance (ASS)	Principles of Tax (PTX)	Management Information (MI)	Law	Business, Technology and Finance (BTF)
School Leaver versus Kaplan Average						

As a general trend, whilst often attending the same courses as graduates, there is a significant school leaver pass rate gap ("school leaver gap") at the Certificate Level. Before we look at individual papers, it's worth noting that some firms have stipulated lower academic prerequisites from their school leaver population to make access to accounting easier and to encourage diversity. An analysis of the underlying data suggests that this is impacting pass rates, with school leavers in firms with the lower academic prerequisites yielding lower pass rates than firms of a

comparable size in the marketplace without the same policy.

Accounting: Accounting is one of the papers that school leavers find most difficult. All school leavers irrespective of client or route sit the ACC paper primarily using a classroom method of delivery. Of all the Certificate papers, Accounting is considered to:

- Have the largest syllabus albeit with the longest course of study

- Be the most technically demanding in terms of syllabus complexity
- Contain some of the more abstract concepts that school leavers may struggle to relate to i.e. the introduction of debits and credits and double entry bookkeeping
- Require the greatest amount of applied knowledge to successfully answer exam questions

Taking these factors into account it is perhaps not surprising that Accounting is one of the papers with the largest school leaver gap. The school leaver gap remained consistent irrespective of some clients choosing to position the Accounting paper later in the Certificate study journey, allowing students a longer period of time to settle in and gain some vocational experience.

Principles of Tax (PTX): Ostensibly, PTX appears to be a paper with a significant school leaver gap. It is however worth noting that the overall result has been heavily influenced by school leaver students who have studied PTX online rather than in the classroom. If we exclude students who studied PTX online, the school leaver gap is actually eliminated completely with the results of school leavers being comparable to the Kaplan average. This particular result is worthy of note for two main reasons:

- When the results of online students were investigated further it was discovered that a large proportion of that school leaver population had not used the online learning resources fully, omitting large sections of learning materials and not completing tests as required. Consequently, the pass rate suffered. This highlights a behavioural difference between school leavers and graduates in their ability to engage in self managed online learning at this early stage of their journey. Improvements to address this issue are considered in section 4.
- The school leavers studying PTX in the classroom and achieving good results with no school leaver gap were mainly from an AAT first as opposed to CFAB first student population.

Management Information (MI): The school leaver gap here may have similar causes as those discussed for Accounting; MI also involves topics that school leavers may consider abstract with a reasonable amount of applied knowledge and mathematical skill required to be successful.

Law and Business, Technology & Finance (BTF): Law and BTF are both studied exclusively online and in comparison to Accounting, PTX and MI, are more Knowledge based in style with limited need to apply knowledge. This trend once again highlights the difficulty that school leavers have with self managed learning. Law and BTF primarily involve knowledge retention which can be achieved by working through the online learning materials and completing the assessments and mocks provided. It is very difficult to put an argument forward to suggest that cognitive load is a factor as school leavers sit these papers individually and both papers have a relatively small syllabus.



Professional Level

Professional Level	Financial Accounting and Reporting (FAR)	Audit and Assurance (AA)	Tax Compliance (TC)	Financial Management (FM)	Business Strategy and Technology (BST)	Business Planning Tax (BPT)
School Leaver versus Kaplan Average						

At Professional Level we can see that generally speaking the school leaver gap has closed versus Certificate Level which could potentially be attributed to a mix of factors including:

- Increased levels of maturity giving rise to more study discipline
- School leaver attrition at Certificate Level gives rise to improved cohort results at Professional Level
- Vocational experience acquired means school leavers are better prepared for their Professional Exams

For context, Professional Level papers are delivered predominantly via a classroom route with some school leavers studying via a gently blended approach at the Knowledge phase of the course.

Financial Management (FM): FM is the stand out paper in terms of the school leaver gap. FM is essentially the follow on paper from MI at the Certificate Level:

- FM includes a significant volume of abstract concepts that school leavers are not likely to encounter in their vocational lives. The lack of context provides a barrier to gaining an understanding of the topics involved.
- The mathematics involved in the FM paper are in all probability the most complex that school leavers will experience until they move to Advanced Level.

Business Strategy and Technology (BST): BST results achieved by our school leaver population are basically in line with the Kaplan average. The BST paper is perhaps regarded as the least technical Professional Level paper with a high proportion of written content and very little mathematics. In terms of content, it is thus at the opposite end of the spectrum to FM and the pass rates achieved reflect that. The paper does involve a high degree of critical thinking and results suggest that our school leaver population match graduates in this regard. It is also worth noting that extensive critical thinking is also required to a greater degree at Advanced Level across all papers.

Other Professional Level Papers (FAR, AA, TC, BPT): These papers all have similar school leaver gaps. An interesting aspect of performance in these papers is that if we isolate and compare the results of clients choosing the CFAB first route versus similar clients choosing the AAT first route, the AAT first school leavers have achieved superior results on these papers.

Advanced Level

Advanced Level	Corporate Reporting (CR)	Strategic Business Management (SBM)	Advanced Case Study (ACS)
School Leaver versus Kaplan Average			

Once the school leavers reach Advanced Level, the school leaver gap has been eliminated and their results are on a par with the Kaplan average.

In terms of making changes to Kaplan school leaver provision, this data helps to focus attention on the Certificate and Professional Levels of the ACA qualification. Initially school leavers seem to have the greatest difficulty:

- When applying their technical knowledge to answer exam questions
- Understanding more abstract concepts that they do not experience in their vocational lives
- Maintaining study discipline when engaging in online self managed learning
- When dealing with topics that involve more complex mathematics

Key enhancements to school leaver provision should be focused on these areas.

AAT first versus CFAB first: As a general trend we can also see that school leavers who have completed AAT first have generally gone on to outperform school leavers who completed CFAB first. In fact, a client who uses the AAT first route generally achieved results across the entire qualification that were superior to graduates.



5) Changes to Kaplan's school leaver course provision

This section considers the actions that Kaplan will take to close the school leaver gap identified in section 4 of this document. The actions are many and varied but for this purpose we can group the changes into 2 main categories:

5.1 Pathways

5.2 Delivery

5.1 Pathways

Kaplan will put in place a national offering which explicitly provides the following:

- Three year programme - the default graduate programme as per section 2
- Four year programme - the default CFAB first school leaver route
- Five year programme - the default AAT first school leaver route

All above programmes will be formally included in Kaplan timetables along with pertinent advice about the suitability of each route to a given student. This choice of routes will be discussed with prospective and existing ACA clients/students.

4 year programme: Historically the four year programme has only been available in our largest centres which has restricted the opportunities for school leavers to use the programme and has prevented firms from offering consistency to their school leavers across geographic locations. Kaplan now proposes to make the four year programme more widely available in Birmingham, Bristol, Cambridge, Leeds, Manchester, Reading and London.

Five year programme: Due to Kaplan's extensive AAT course footprint, the five year programme will be even more widely available than the four year programme. The national coverage provided means that irrespective of location there should be an accessible five year ACA programme available at a Kaplan centre.

The five year programme will be incorporated to Kaplan's timetables and webpages to further advise students and clients of its availability.

Flexibility and personalisation: Kaplan recognises, that if merited by their academic performance and commitment, school leavers should be afforded the opportunity to accelerate their studies. The opportunity to accelerate would generally occur at the end of the CFAB and AAT segments of the two available school leaver routes.

The acceleration point will act as a means of transferring the school leaver onto the graduate route at the point they reach Professional Level, meaning that they would go on to complete Professional under a 3:3 approach rather than 2:2:2. The acceleration decision will be assessed by looking at performance during the CFAB or AAT course segments. Assessment will include:

- Real exam results
- Timely completion of course tests
- Performance in course tests
- Any other relevant performance and progress related data

Conversely, Kaplan will also afford graduates on the three year route the opportunity to decelerate their studies and move onto the four year programme where appropriate.

The optimum number of papers to study concurrently

Kaplan will continue researching the optimum number of papers to be sat together taking into account cognitive load and school leaver background.

5.2 Delivery

Kaplan will pilot a number of delivery changes across Certificate & Professional level to enhance school leaver progression and performance.

Certificate level

- Revamped induction session positioned on the first day of each Accounting course to set out expectations and provide guidance.
- More regular learning coach check-ins will be provided, especially for those students who have not completed the required number of knowledge checks, consolidation tests and/or mocks.
- Greater clarity as to the best time to sit mock assessments with chasers if not completed.
- Introduce gamification across all Certificate level subjects to help encourage progression and participation.
- Offer an alternative to the current 7 day block for Accounting; a split within will allow time for students to digest the difficult concepts

Professional level

- Course structures will provide standard consolidation gaps between the knowledge, application and exam preparation phases to ensure there is sufficient time for school leavers to consolidate knowledge, complete course tests and prepare for the next phase of their course.

Training and online resources

Section 4 highlighted the papers where the school leaver gap is largest. These papers shared some common features:

- Concepts that school leavers find abstract
- Question styles requiring the greatest application of acquired knowledge
- Subjects containing the most complex mathematics

Kaplan's Tutor Academy will provide additional faculty training focused on addressing the issues identified. The additional training will further enable subject specialists to explain concepts in simple understandable terms, bringing them to life and allowing school leavers to see how they would be used in a work situation.

Kaplan will continue to refine the online resources provided to our school leavers. Refinement initiatives will include:

- Enhancing the guidance covering the duration of online modules so that school leavers have an improved understanding of how effectively they're managing their study time.
- Simplifying the online study journey provided by MyKaplan and making the journey as intuitive as possible. This will include extension of the review process that takes place prior to the launch of each online module to ensure that the student journey flows.
- Kaplan has invested in new software which will allow us to further assess the quality online questions and to ensure that they mirror the style and technical demands of the real exam as closely as possible.

Many of these enhancements will of course benefit the graduate students too, but have been designed with school leavers in mind.

Closing Thoughts

The current recruitment market clearly demonstrates how important school leavers have become to the recruitment plans of firms within the accountancy industry. Recruitment of school leavers enables firms to:

- Access a wider talent pool and secure the top talent available
- Create a more inclusive and diverse workforce promoting increased social mobility
- Embed their brand onto a loyal and enthusiastic recruit with fewer preconceived ideas
- Use apprenticeships as a recruitment tool and as a robust framework for school leaver progression
- Reduce overall payroll cost

Kaplan also recognises the importance of school leavers to the accountancy industry. When it comes to ACA training, the findings of this report indicate that school leavers have educational needs that differ somewhat from their graduate counterparts. Kaplan is committed to ensuring that our ACA training provision fully meets the needs of our school leaver student population by providing specific school leaver pathways that combine the best in delivery and support. Our revised offering will provide school leavers with an ACA experience that is personalised at scale. We believe that these changes will afford school leavers the very best opportunity to excel in their ACA studies and progress toward their career goals.



Appendix 1 - Existing Study Pathways

The diagrams below indicate the month in which each phase of study takes place. It is important to note that study duration does not last an entire month but is in line with the standard study durations outlined in our published ACA timetables.

	Classroom course	K	Knowledge phase of course
	Blended classroom and on demand course	App	Application phase of course
	On demand course	EP	Exam Preparation phase of course

For subject abbreviations please see section 4.

Typical Graduate Pathway

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Year 1	ACC/AS	PTX/MI	BTF/Law				FAR/AA/TC (K)	FAR/AA/TC (APP)	FAR /AA/TC (EP)			
Year 2	FM/BST/BP (K)	FM/BST/BP (APP)	FM/BST/BP (EP)					CR/SBM (K)	CR/SBM (APP)	CR/SBM (EP)		ACS (K)
Year 3	ACS (A)	ACS (EP)										

CFAB First

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Year 1	ACC/ASS						PTX		MI		BTF	Law
Year 2	FAR/AA (K)	FAR/AA (APP)	FAR/AA (EP)				FM/TC (K)	FM/TC (APP)	FM/TC (EP)			
Year 3	BST/BP (K)	BST/BP (APP)	BST/BP (EP)					CR/SBM (K)	CR/SBM (APP)	CR/SBM (EP)		ACS (K)
Year 4	ACS (A)	ACS (EP)										

AAT First

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Year 1	AAT AVBK	AAT FAPR		AAT IDRX	AAT MMAC		AAT MABU		AAT MDCL		AAT ETAU	
Year 2	AAT PTAX		AAT BTAX		AAT FSLC					AAT PDSY		
Year 3	FAR/AA (K)	FAR/AA (APP)	FAR/AA (EP)				FM/TC (K)	FM/TC (APP)	FM/TC (EP)			
Year 4	BST/BP (K)	BST/BP (APP)	BST/BP (EP)					CR/SBM (K)	CR/SBM (APP)	CR/SBM (EP)		ACS (K)
Year 5	ACS (A)	ACS (EP)										

Abbreviations on 'AAT First' table in years 1-2

AVBK	Advanced Bookkeeping
FAPR	Financial Accounts Preparation
IDRX	Indirect Tax
MMAC	Management Accounting Costing
MABU	Management Accounting: Budgeting
MDCL	Management Accounting: Decision Control
ETAU	External Audit
PTAX	Personal Tax
BTAX	Business Tax
FSLC	Financial Statements of Limited Companies
PDSY	Professional Synoptic Assessment

