



15 March 2022

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Chancellor

THE UK'S ECONOMIC RESPONSE TO THE UKRAINE CRISIS

Very few could have predicted how the geopolitical landscape facing the UK, and wider world, would dramatically change in the three weeks running up to the Spring Statement you present to Parliament on 23 March.

ICAEW condemns the Russian government for its invasion of Ukraine and abhors the consequences in terms of human suffering and global political and economic turmoil. We strongly support the sanctions implemented by HM Government, the EU and US which aim to demonstrate to Russia's elite the financial costs of their aggression.

ICAEW Chartered Accountants, whether in practice or in business, are ready and willing to play the fullest possible role in making these measures effective, and in helping companies across the economy cope with the disruption they will bring. Beyond that, our collective priority now must be on leveraging every aspect of the UK's national power and influence to support the Ukrainian people.

Responding to the Economic Impact

HM Government is taking the right approach in using economic measures to confront the Russian government and diminish its ability to fund its war against Ukraine. Although there is strong support among the public and the business community for this action, there will undoubtedly be consequences for the UK economy as global trade patterns are dislocated and reset, and as inflationary pressures from energy and input materials spike. ICAEW believes it is vital that government seeks to avoid unnecessary and counter-productive policy interventions in 2022 which could increase the cost of doing business, whether through higher taxes or greater regulatory burdens. Further, as HM Treasury monitors the developing situation, ministers must stand ready to defend the UK's post-coronavirus economic recovery - if necessary, by providing targeted financial support to protect jobs and livelihoods.

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Maintaining the Economic Recovery

The crisis in Ukraine has underscored the need to accelerate the transition prompted by the coronavirus pandemic to build greater resilience at regional levels across the UK economy. This is especially relevant in the energy sector, which will need to combine reducing its exposure to global markets with continuing to support the transition of the wider economy to Net Zero. Therefore, it is vital that all spending decisions retain a long-term perspective on delivering government's levelling-up and Net Zero missions. Specifically, we hope government will maintain its commitment in two key areas: to decarbonising the country's energy network ahead of 2050, and to improving skills to secure long-term growth built on rising productivity.

Tackling Economic Crime

ICAEW commends the government for the pace with which it has brought forward and secured the passage of the *Economic Crime (Transparency and Enforcement) Act*. Taken together with the Home Secretary's confirmation that there will be a further Bill containing reforms to Companies House and new measures to tackle the abuse of limited partnerships, these constitute a powerful attack on economic crime. However, we believe government could go further in isolating the so-called enablers of activities such as money-laundering. These currently include large numbers of unregulated financial advisers who often describe themselves as accountants but who are not subject to ongoing technical, ethical and disciplinary oversight by recognised supervisory bodies. Making 'accountant' a legally-protected designation – on the same footing as other comparable professional titles such as 'solicitor' or 'architect' – would be a simple step which would do much to safeguard the public and the public interest.

I would welcome an opportunity to discuss our priorities further, and how we – and our members – can support you over the coming challenging months.

Yours sincerely



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