



25 October 2022

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

Dear Chancellor,

AUTUMN STATEMENT AND MEDIUM-TERM FISCAL PLAN

On behalf of the Institute of Chartered Accountants in England and Wales (ICAEW), I am writing to congratulate you on your appointment as Chancellor of the Exchequer and in advance of the Medium-Term Fiscal Plan announcement scheduled for 31 October 2022.

ICAEW supports over 200,000 chartered accountants and students worldwide. In the UK, our members in business (in finance and management teams) and in practice (as external advisors) guide more than three million companies - in every sector of the economy and across every region of the country.

ICAEW believes that the pursuit of economic growth by the Government needs to be aligned with achieving the UK's net zero commitments and tackling regional inequalities. Chartered accountants will be at the heart of delivering green growth and advising on local economic development in both the private and public sectors, and in growing our international trade.

We hope the Medium-Term Fiscal Plan will contain detail on how Government will address three key objectives: credibility, resilience and investment. These are essential if the UK is to navigate the disruptive change now underway in the global economy, and in so doing, stimulate growth and increase prosperity.

- **A credible fiscal strategy:** ICAEW strongly welcomes the commitment to fiscal discipline that you have indicated will underpin your Medium-Term Fiscal Plan. Setting out a realistic vision for the public finances over the next five years will be critical to market confidence, as well as providing the certainty businesses and public bodies need to plan and invest. This should include addressing financial sustainability issues in local government. But it is equally important that you use this opportunity also to set out a fiscal strategy for the public finances for the longer-term, including how to pay for the additional pension, health and social care costs of an ageing population. Getting best value from public spending is critical, requiring better financial

ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
T +44 (0)20 7920 8100 F +44 (0)20 7920 0547 icaew.com

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Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

management within central and local government, better financial information on which to base decisions, and a greater focus on fraud.

- **Resilience and security:** Three successive global economic shocks have highlighted the need for greater resilience in our economy and public finances. The Medium-Term Fiscal Plan needs to show how the UK can strengthen household, business and public balance sheets, while improving energy security, national defence and the quality of contingency planning. We would welcome the wider use of stress tests to ensure that public finances are sufficiently resilient to deal with further shocks, especially since the rapid rise in public sector net debt from £0.5tn in 2007 to more than £2.4tn today. We believe the Whole of Government Accounts continues to be an undervalued resource for aiding financial policy making.
- **Investment is critical to delivering growth:** The role of public investment in unlocking private investment should not be underestimated. Investment in infrastructure, education and skills, and research and development are all essential if the UK is to become a global leader in green technology and in delivering net zero. Inflation is already eroding the step-up in infrastructure investment announced in the 2021 Spending Review and it is important that the Government does not cut back capital expenditure to balance the books in the short-term. Businesses need confidence that long-term infrastructure programmes will be delivered if they are to invest in regional economies.

I would welcome an opportunity to further discuss our thoughts on these priorities, and how ICAEW members can support you in your role. I would also be delighted to host you in Chartered Accountants' Hall to meet with professionals working in the City of London and across the UK.

Yours sincerely



Michael Izza
Chief Executive Officer