



17 February 2021

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards
London
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Dear Chancellor

BUDGET STATEMENT

When you make your Budget Statement on 3 March, it will be barely twelve months since coronavirus started to disrupt our national life and our economy. During this year, businesses around the UK have faced challenges unprecedented in our lifetimes: many have adapted, some have failed – but for most, the financial support provided by government has been key to ensuring their survival and, we hope, their eventual recovery with the return of better times.

Throughout this crisis, ICAEW's members – both those in business (working in internal finance and management teams) and those in practice (acting as external professional advisors) – have been on the economic frontline, guiding more than three million companies, across every sector and region. As you may know, as a professional body we have been collaborating closely with HM Treasury, HMRC, BEIS and other government departments to ensure the best possible implementation of the business support schemes.

Looking ahead, our members will also be at the heart of delivering the government's vision for an environmentally and economically sustainable recovery from the pandemic. Chartered Accountants will be critical to how British industry and business tackle climate change – from accurate reporting on the impact companies have on the environment, to helping businesses build sustainability into their working practices, commercial relationships and supply chains. In short, reimagining their business models.

We seek regular feedback from our members: in our most recent survey they told us that they are optimistic that a strong economic bounce back will begin this year. They hope the Budget will be the launchpad for this – giving businesses the time and space to reset, while putting in place measures which will accelerate and sustain the recovery in the longer term.

Our members fully understand the urgent need to repair the public finances, but they do not believe this is the right time for significant tax increases. They advise government to hold off on any moves to raise more revenue until 2022 at the earliest, and to retain for a period the current coronavirus support schemes, perhaps on a more targeted basis – a slope rather than a cliff edge. However, looking further out, we do believe that the economic health of the UK will require a substantially modernised tax and benefits system which better reflects the nature of work and value in the future world.

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We would like to see three policy areas in particular addressed in your Statement:

- **Boost job creation:** While the employment support schemes have helped protect jobs and livelihoods, unemployment will continue to be a challenge throughout 2021. The Budget should include measures on skills, employment and training, to create new jobs and help those who need to upskill. This should include a focus on soft skills, reforming the taxation and National Insurance treatment of different types of work, and taking forward recommendations from The Good Work Plan.
- **Help SMEs to export:** The implementation of the UK-EU Trade and Cooperation Agreement represents a new era of the UK as a trading nation. The Budget should provide help for exporters to understand post-Brexit customs controls, particularly for smaller businesses that may not have the cash to pay for advice and for whom it may cost proportionately more to obey the new rules. This assistance could take the form of, for example, customs warehousing and 'transit' arrangements. Finally, the government should continue to identify where barriers to trade can be reduced or simplified, both with the EU and non-EU countries.
- **Accelerate digital infrastructure rollout:** The coronavirus pandemic has highlighted regional inequalities in respect to digital infrastructure. The Budget should prioritise the rollout of high-speed fibre optic cabling across the entire UK to support remote working, reduce gaps in internet coverage and boost a business recovery powered by adoption of new technology. With the Universal Service Obligation now in place, the government should seek to make timely use of its review powers in the Digital Economy Act 2017. This will also help the UK meet its UN Sustainable Development Goal commitments, especially delivering a Net Zero economy.

Chartered Accountants act as trusted business advisors to millions of companies across all sectors of the UK economy. As an institute and as a professional community, we are committed to helping businesses grow and thrive as part of our national economic recovery. I would welcome an opportunity to discuss our priorities further, and how we might support you.

Yours sincerely



Michael D M Izza
Chief Executive