



11 March 2025

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

GREENLIGHTING GROWTH

Dear Chancellor,

I'm writing to you as Chief Executive of the Institute of Chartered Accountants in England and Wales (ICAEW) ahead of the upcoming Spring Statement, to outline three recommendations we believe will be central to securing economic growth.

ICAEW acknowledges the challenging fiscal environment the country faces. However, we believe that with the right investment in skills, technology and infrastructure, your government can kickstart the economic growth needed to be the fastest growing economy in the G7.

Over 200,000 ICAEW members and students are making investment decisions and driving growth each day. We advise over three million businesses in every sector and region of the UK, and 84% of the FTSE100 have an ICAEW Chartered Accountant on their board. Nevertheless, as our quarterly Business Confidence Monitor confirms, the challenge is stark with a recent significant drop in business confidence. In response, we have launched our Business Growth Campaign to discover the barriers to growth and the best ways to remove them. It is our firm belief that to secure the highest sustained growth in the G7 we need a step change in investment decisions, and ICAEW stands ready to support you in making this a reality.

ICAEW members tell us that skills, technology, and infrastructure are the critical areas for exponential business growth, and as the voice for business, we recommend the following priorities:

Skills: A highly skilled workforce is fundamental to achieving higher growth. To realise this growth potential, we must encourage businesses to invest in skills. Skills England, with its goal for a highly trained workforce is a welcome start. However, proposed changes to Level 7 apprenticeship funding risk undermining this ambition. I urge a rethink on this DfE policy, not only due to the immediate reduction in apprenticeship starts, but also the longer-term consequences of lower tax revenues, reduced businesses advice, increased offshoring and diminishing social mobility. The impact will be particularly severe for SMEs that rely on the Level 7 Apprenticeship funding and on those from disadvantaged backgrounds who use the L7 route into a professional career.

Technology and AI: The second major opportunity for transformative growth is in technology and AI. The accountancy profession is already harnessing productivity gains made possible by new

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technology, and timely government investment is needed to ensure that these gains are felt across the wider economy. Past governments have successfully used business growth voucher schemes to enhance productivity, and I offer ICAEW support to work with you and your team to explore a new iteration of such schemes, share insights from our members and discuss how such a scheme could maximize productivity and economic growth. This will enable SMEs to access expert advisory services that will help them harness AI and technology for growth.

Infrastructure: The government must take advantage of multi-year capital budgets together with planning and regulatory reform to accelerate existing infrastructure projects and to bring forward new projects as quickly as possible. As such, we welcome the government's planned investment increase over the next two financial years. However, the government must also ensure that it targets investment so that it lowers the cost of capital for difficult projects, rather than replacing capital on projects which would likely be invested in anyway. The UK's success in offshore wind in the last decade provides a good example of a project where government investment has effectively lowered the project's risk profile.

ICAEW stands ready to support the Government in its mission for sustained economic growth. Our Business Growth Campaign will distil more front-line intelligence from UK plc in the coming months. I would be delighted to meet with you following the Spring Statement to discuss these critical issues further.

Yours sincerely,

Alan Vallance
Chief Executive

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