



4 November 2020

Rt Hon Steve Barclay MP  
Chief Secretary to the Treasury  
HM Treasury  
1 Horse Guards  
London  
SW1A 2HQ

Dear Chief Secretary

## **SPENDING REVIEW: AN INVESTMENT-LED RECOVERY AND DIGITAL INNOVATION**

ICAEW believes that it is vital that the Government moves forward with its ambitious programme of infrastructure investment, and that projects are not delayed by the postponement of the Budget until next year and the reduction of the scope of the Spending Review to one year. Not only is new and upgraded infrastructure essential to re-balancing economic opportunity and performance across the UK and to achieving carbon neutrality, it will also be key to driving the post-pandemic economic recovery in 2021 and in the decade ahead.

- **Green light infrastructure investment now:** We are concerned that the one-year Spending Review horizon will mean a lack of certainty in departmental capital budgets and risk further delays in getting infrastructure projects underway. ICAEW believes that establishing capital budgets for 2023-24 as well as 2022-23 would help departments to be confident in carrying out the groundwork for these projects so that they can be implemented as soon as possible. The National Infrastructure Strategy is more urgent than ever to reducing regional inequalities and delivering on the 'levelling up' agenda.
- **Data and Financial Management:** ICAEW welcomes the publication of the recent National Data Strategy and the commitment to rethinking how government works, set out in your speech of 28 July. Digital innovation and better use of data will be key to delivering improved public services at a lower cost, but it is important that sufficient resources are provided to the initial stages of these projects – the experience of our members is that underinvestment in planning is one of the major causes of project failure. The importance of high-quality financial skills, finance processes and risk management to delivering better outcomes and ensuring value for money for taxpayers should not be underestimated. Relatively small amounts invested in improving the quality of financial information needed to support effective decision-making, in more efficient and effective finance systems and processes, and in enhancing financial controls such as fraud prevention and detection are likely to be paid back many times over.
- **A long-term fiscal strategy:** One benefit of the delay in the Budget and the deferral of the second two years of the Spending Review is the additional time this will give the Government

to think about the longer term and how to put the public finances on a sustainable path. This is more pressing than ever as strains on public services increase, people live longer, and debt and other public sector liabilities continue to grow. A comprehensive strategy setting out a framework for taxes, welfare and public services over the next quarter of a century would provide an opportunity for sustainable reform to deliver a robust public balance sheet, a more resilient government machine, and a stronger and more prosperous economy.

We would welcome an opportunity to discuss these points further and how high-quality financial information and financial management can help improve decision-making, as well as how ICAEW and its more than 130,000 members across the UK might be able to support you in dealing with these challenges.

Yours sincerely,



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