



18 October 2021

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

Dear Chancellor

STRONG, SUSTAINABLE LOCAL ECONOMIES - BUDGET STATEMENT

As we emerge from the pandemic and look to make our way in the world outside the European Union, this year's Budget is an opportunity to set the UK on the path to the fullest possible economic and environmental recovery – one which levels up all parts of the country, tackling entrenched regional inequalities to build strong and sustainable local economies.

Rightly, levelling up is one of this Government's top priorities, and I am sure that you will agree that it must be planned and delivered in lockstep with the UK's transition to net zero. Growth across the UK's nations and regions should be driven by business models which embrace new technologies, and look to the future in terms of their impact on the environment and society.

ICAEW's 186,500 members and students are already helping to put the Government's *Plan for Growth* into practice. From Belfast to Bradford, Cardiff to Aberdeen, chartered accountants are present in every community and in every level and sector of the economy. As trusted advisers, our members are closely involved with the challenges faced by business every day and are vital catalysts for regional success and prosperity. Chartered accountancy firms also drive social mobility by creating skilled and well-paid jobs in every part of the country and they are already enabling companies to adapt their business models in more sustainable ways.

Our members are well placed to help the Government achieve its twin aims of levelling up the UK and achieving net zero, and we hope that you use the Budget to turbocharge this agenda.

Path to net zero: Supporting businesses to play their part

All businesses will play a part in the transition to a sustainable economy. However, the pressures on SMEs will be greatest and the Government should build on the recent *Help to Grow* initiative to provide support to enable net zero transformation. Such programmes should align net zero targets alongside a roadmap for planned changes in tax measures. This will allow businesses and taxpayers to make long-term decisions, to lift their eyes from the short-term and invest in the future.

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Access to finance: Leveraging London, unlocking our regions

Delivering private sector investment to level up and meet net zero depends on the City of London acting as a hub for securing capital, listing more companies, and providing good financial advice. By maintaining its competitiveness and leadership in corporate governance and green finance, London is a conduit for foreign direct investment to the regions. The inability to access regional finance is frequently raised by ICAEW members as a barrier to scaling up outside London and South East England. Government must address this issue, opening access to finance to SMEs across all regions – including supporting the development of open digital platforms – which will make it possible to seize the economic dynamism of all entrepreneurs, no matter where they are based.

Build communities: Investing in the infrastructure for local jobs

Meeting the net zero challenge will require new spending on green energy infrastructure as well as adaptation projects to cope with the existing impact of climate change, such as floods and droughts. Levelling up must involve small transport and housing initiatives on top of large-scale infrastructure, including spending on public transport such as buses to provide affordable and sustainable options for workers to travel. Government should also leverage house building to develop connected, greener communities – places for people to both live and work.

Local delivery: Empowering local councils and communities to transform their areas

Residents, businesses and local authorities are best placed to understand the challenges facing their community, and the support needed to drive economic growth. Government should move away from the model of bidding for centralised pots of money, and instead deliver longer-term funding for local councils to equip them to build partnerships with local businesses. This includes the vital priority of decarbonising and insulating the public sector housing stock. Alongside this should be strengthened financial management in the public sector and reformed governance and audit in local authorities to ensure accountability of spending to local taxpayers.

ICAEW members are already active across every region of the UK and keen to continue their role as trusted partners in creating local prosperity, driving social mobility, and delivering on our shared levelling up and net zero ambitions. I would welcome an opportunity to discuss our priorities further, and how we – and our members – can support you.

Yours sincerely



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Note: ICAEW has also submitted detailed policy recommendations to both the Chief Secretary to the Treasury and the Financial Secretary to the Treasury as part of the Autumn Budget and Spending Review 2021 consultation process.