



STABILISE, SUSTAINABLE, SECURE - PRIORITIES FOR THE UK'S ECONOMIC RECOVERY

MICHAEL IZZA'S LETTER TO THE CHANCELLOR

Issued 30 June 2020

ICAEW welcomes the opportunity to make representations ahead of the Summer Economic Update. These were submitted in a letter from Michael Izza, ICAEW's Chief Executive, in a letter to the Chancellor of the Exchequer, the Rt Hon Rishi Sunak MP, in a letter on 24 June 2020.

We believe that as the Government considers the path for the UK out of this crisis, there should be three priorities guiding future policy:

- stabilising the economy in the short-term:
- building sustainability into the medium-term recovery plans; and
- securing the ability of British business to compete internationally in the long-term.

It is essential that this roadmap is sensitive to the cycles in which businesses operate, and recognises a series of forthcoming 'crystallising moments' as opportunities for action to influence corporate decisions on future investment and employment.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 184,500 chartered accountant members and students around the world. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

© ICAEW 2020

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

For more information, please contact: representations@icaew.com



24 June 2020

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

Dear Chancellor

STABILISE, SUSTAINABLE, SECURE - PRIORITIES FOR THE UK'S ECONOMIC RECOVERY

The coronavirus pandemic has had an impact on our economy without precedent, requiring huge financial intervention by the Government to protect businesses and jobs.

ICAEW's priority during this crisis has been to collaborate closely with HM Treasury and other departments to support British business through this pandemic. Over the past three months, we have worked hard to equip our 130,000 UK members with up-to-date information, insight and resources, so they can provide the best possible professional advice to the more than three million companies - across every sector, level and region of the economy – that depend on them, now more than ever.

As the Government considers the path for the UK out of this crisis, we believe there should be three priorities guiding future policy: stabilising the economy in the short-term, building sustainability into the medium-term recovery plans, and securing the ability of British business to compete internationally in the long-term.

It is essential that this roadmap is sensitive to the cycles in which businesses operate, and recognises a series of forthcoming 'crystallising moments' as opportunities for action to influence corporate decisions on future investment and employment:

- **Stabilising the economy:** ICAEW's recent report, *Coronavirus UK economic outlook: after the outbreak*, sets out the challenges in achieving a soft landing for businesses to protect jobs and growth. In the coming weeks, businesses will decide whether to retain workers as the employment support schemes, such as CJRS, start to taper off. Many employers, facing increasing staff costs while trading conditions are difficult and their ability to generate revenue remains impaired, will see a reduction in their workforces as their only option. Active measures to restore confidence among consumers and in markets are needed to stabilise the economy and minimise redundancies.
- **Sustainable recovery:** Next, as CJRS phases out in October, many businesses will decide whether they can bring formerly furloughed workers back into front line roles. Against a backdrop of changed business models, buying habits and working practices – and the enduring

risk of the pandemic – many jobs may no longer be viable or necessary. Announcing a strategy for a sustainable recovery, driven by investment in green skills and technologies, could help re-balance the national workforce towards new areas of growth, and safeguard future employment.

- **Securing international competitiveness:** As we approach the end of the year, companies will make decisions on investment and employment in 2021 as they take stock of how the COVID-19 pandemic has impacted them. Securing the ability for businesses to operate and compete internationally through trade deals, particularly with the EU, must be a key component of the plan for recovery. We believe that professional and business services (PBS) must be integral to these trade deals: comprising full adequacy agreements for personal data, mobility of professionals, and mutual recognition of qualifications. This will ensure the sector remains globally competitive and continues to attract investment and income for the UK. The PBS Sector Deal now under discussion with BEIS can further unlock the potential of the UK's global leadership in this sector.

Chartered accountants act as trusted business advisers and provide business support to millions of companies across all sectors of the UK economy, as well as overseas. Given our central role in supporting businesses to grow and thrive as part of a sustainable 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