

## **ACCA response to Senedd Economy, Trade, and Rural Affairs Committee consultation – 1 September 2021**

### **About ACCA**

ACCA (the Association of Chartered Certified Accountants) is the global professional body for professional accountants.

We're a thriving global community of 233,000 members and 536,000 future members based in 178 countries and regions, who work across a wide range of sectors and industries. In Wales, we have over 3,500 members working across a range of sectors including in practice, in the public sector, financial services, manufacturing and leisure and hospitality. We uphold the highest professional and ethical values.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. We believe that accountancy is a cornerstone profession of society and is vital helping economies, organisations and individuals to grow and prosper. We do this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities. Through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at [accaglobal.com](https://accaglobal.com)

---

The priorities for the Committee we have highlighted link to the outcomes 'Prosperous, Green and Equal', as outlined in the Economic Resilience and Reconstruction Mission, February 2021:

### **1. Access to Finance & Embedding Green Recovery**

We have been surveying our members throughout the pandemic regarding a range of issues, including business support. Our most recent survey, which reported data from accountants representing 4,800 SME clients in Wales, indicated that SMEs in Wales have had a strong return to trading with levels at or above expected levels. They have also shown a surge in confidence over the last few weeks, with 60% of SMEs expecting to return to pre-Covid levels of turnover and productivity within a year. One in five SME owners in Wales was bringing forward plans to obtain additional finance to invest in their business.

However, this positive energy and ambition is being held back by struggles to find the right mix of financing for success – 80% of accountants in Wales said their clients had found it more difficult to obtain even an overdraft from their bank in recent weeks. Welsh SMEs were almost twice as likely (60%) to be turned down for commercial mortgages than businesses across the UK

(33%). This has led to a spike in mental health problems, with a worrying 50% reporting that clients are feeling more stressed and anxious, with 5% saying they feel unable to cope.

It's important that funds continue to be made available to support businesses who remain affected beyond the closure of the current Economic Resilience Fund grants in August.

We continue to hear that the uptake of the Recovery Loans Scheme launched in April has been very slow and few lenders are accredited or making them available. The results from ACCA's July 2021 Tracker Survey revealed that businesses in Wales were far less likely to be looking to make use of UK Government 'pay as you grow' options. A priority for the current term should be to apply further scrutiny to the availability of lending options for SMEs beyond Tier 1 lenders and ensure the visibility of Welsh and UK-wide support schemes are visible and navigable in order to create a funding and guidance landscape that makes Wales the best place to start and scale a business.

Access to finance should also include finance available to businesses to meet environmental targets – to support SMEs in making changes that reduce carbon emissions. Our global campaign - 'Rethinking sustainable business' and associated report, *Rethinking risk for the future* highlights how, while Covid-19 is the biggest crisis in a generation, the biggest risk of all for business and society comes from rapid climate change. We need sustainable businesses that deliver financial returns while generating positive value for society and being environmentally responsible for the planet. From confronting climate change to improving inclusion and equality in the workplace, the accountancy profession is a key force for good in global efforts to meet the United Nations Sustainable Development Goals (SDGs).

## **2. Business engagement on tax strategies**

Although within the remit of the Finance Committee, engagement with the business community is essential regarding the impact of changes to taxation at a Welsh and UK level, to ensure the most efficient use of Welsh taxes to support economic growth and social needs whilst not putting Welsh firms at a competitive disadvantage.

The UK Government's Tax Day consultations will impact the way businesses and individuals in Wales pay tax and the support many will require from the accountancy profession. Many of the proposed changes represent significant upheaval for SMEs in Wales and it is important proper scrutiny is applied to the impact of these changes for business, how HMRC is building in the agent and accountant community to help businesses understand and comply with changes as well as effective use of public funds.

The extended business rates relief scheme for leisure, hospitality and retail is welcome but a longer term view on business rates is needed as the UK government conducts its own review, following on from the work carried out during the fifth Senedd. Any changes to the business rates system should not deter green improvement or investment in commercial property and level the playing fields between bricks and mortar and online retail.

## **3. Skills and Training**

The Apprenticeship scheme in Wales has been a success but with no funding beyond the (limited) Degree Apprenticeship programme there is a danger that learners are unable to progress and meet their full potential and that businesses suffer in the longer term. ACCA is calling on the Welsh Government to fund Level 7 Apprenticeships to develop high level skills and ultimately, support economic growth through improved productivity, innovation and entrepreneurship.

Improving the signposting of training and funding opportunities at all levels is essential to ensure that businesses, and those looking to begin their careers, upskill or reskill can access opportunities and funding. The work of Careers Wales and Working Wales and of programmes such as ReAct and

Personal Learning Accounts is vital in this area, to ensure that training opportunities are accessible to users. This also includes the visibility of UK Government support.

For more information please contact/Am fwy o wybodaeth, cysylltwch a:

Lloyd Powell, ACCA Cymru/Wales