



USC Global Leadership Summit 2016

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ICAEW IFS Green Budgets in context

- IFS: Institute for Fiscal Studies – and Green Budgets
- ICAEW chapters in 2015 and 2016 IFS Green Budget
 - Government balance sheets
 - Infrastructure

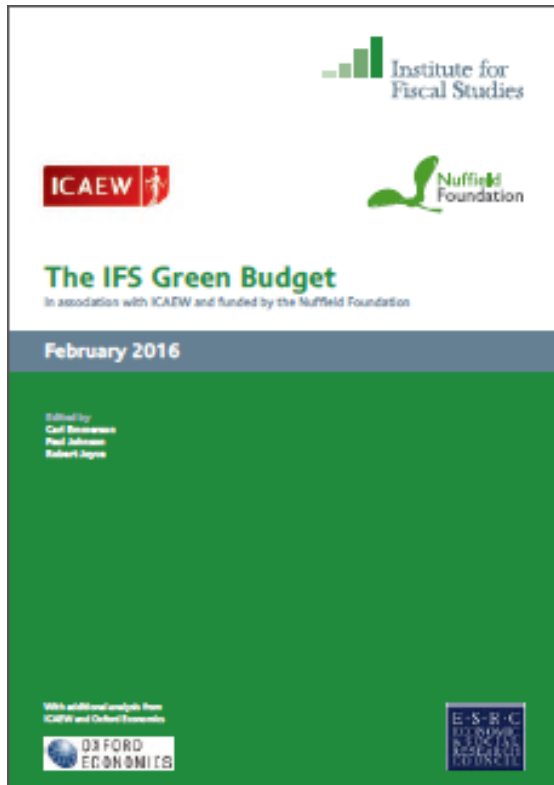
Other recent ICAEW public sector reports:

- CFO at the Cabinet Table (June 2013)
- Modern Finance Ministry (January 2016)

UK's journey to WGA



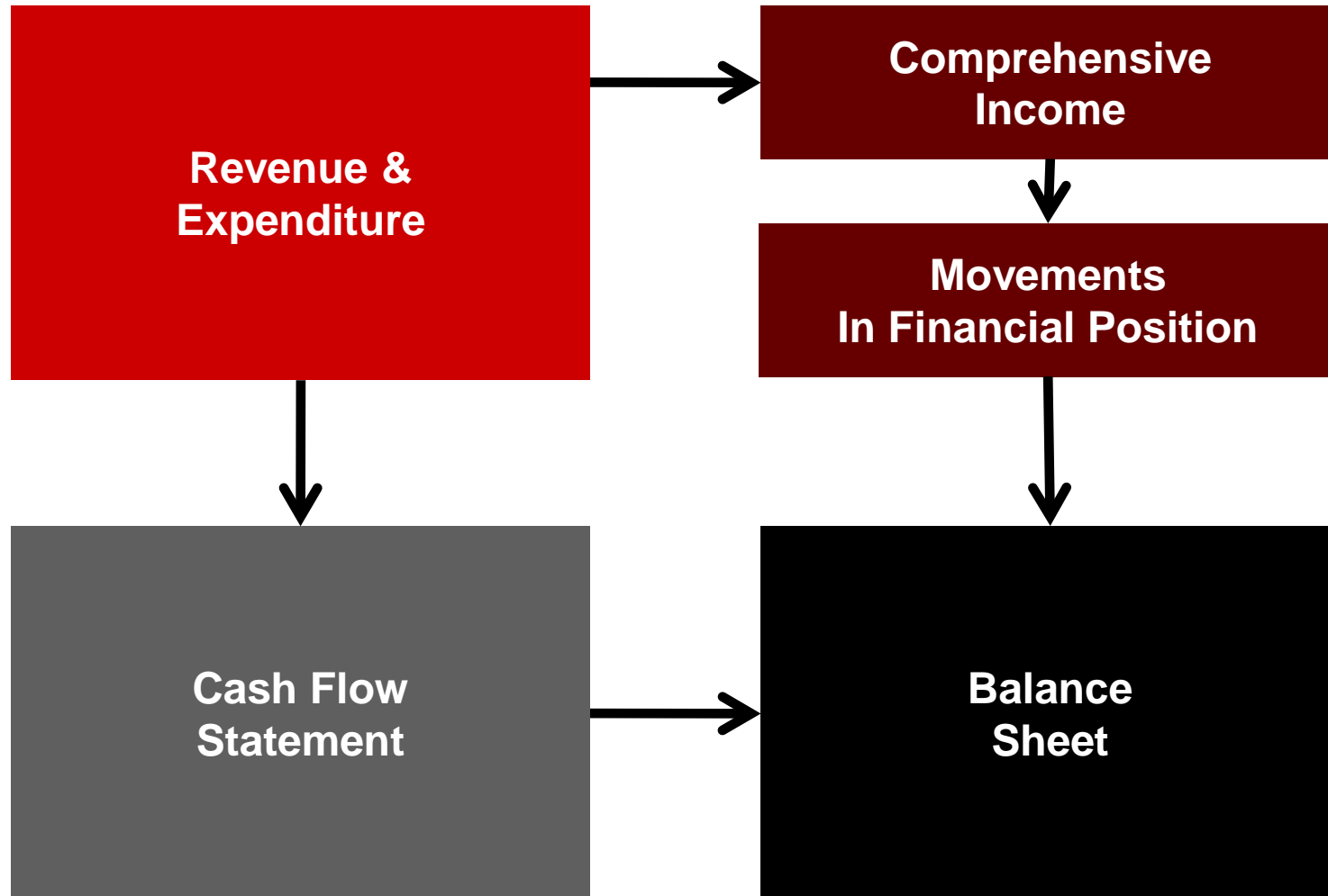
ICAEW analysis of WGA in the IFS “Green Budget” 2016



Key conclusions:

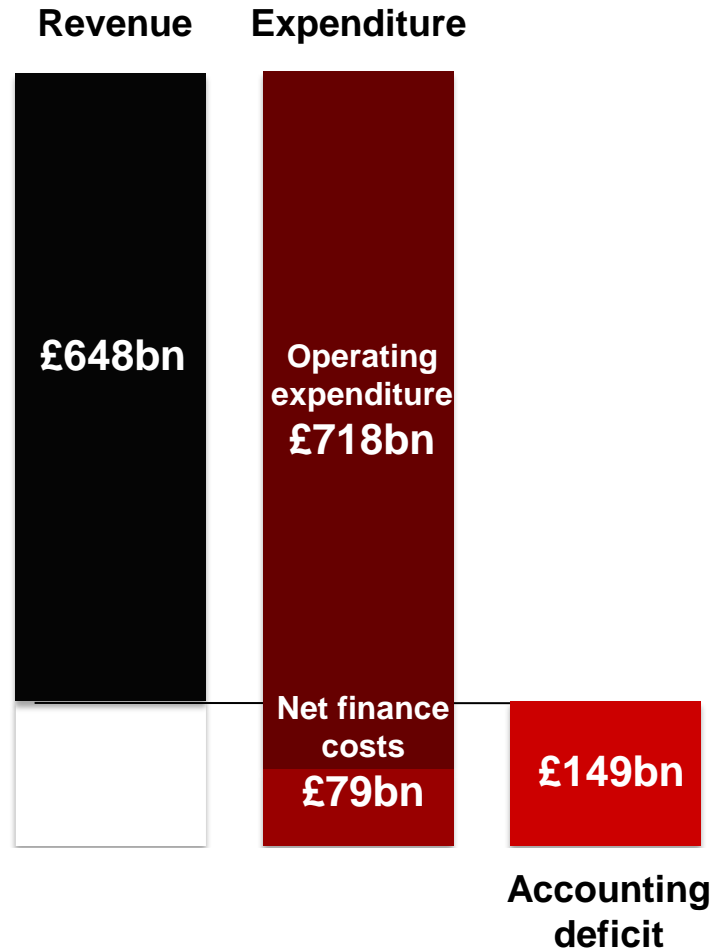
- Provides insights not available from National Accounts
- But – takes too long to produce
– lack of comprehensive monthly financial reports

Five years of integrated financial accounts

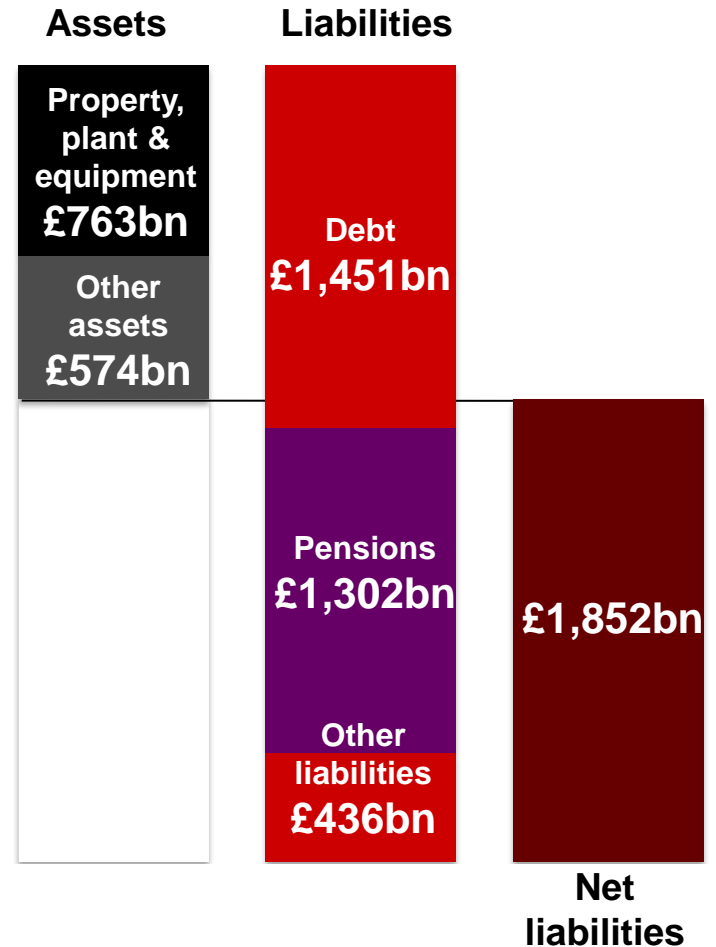


Five years of Whole of Government Accounts

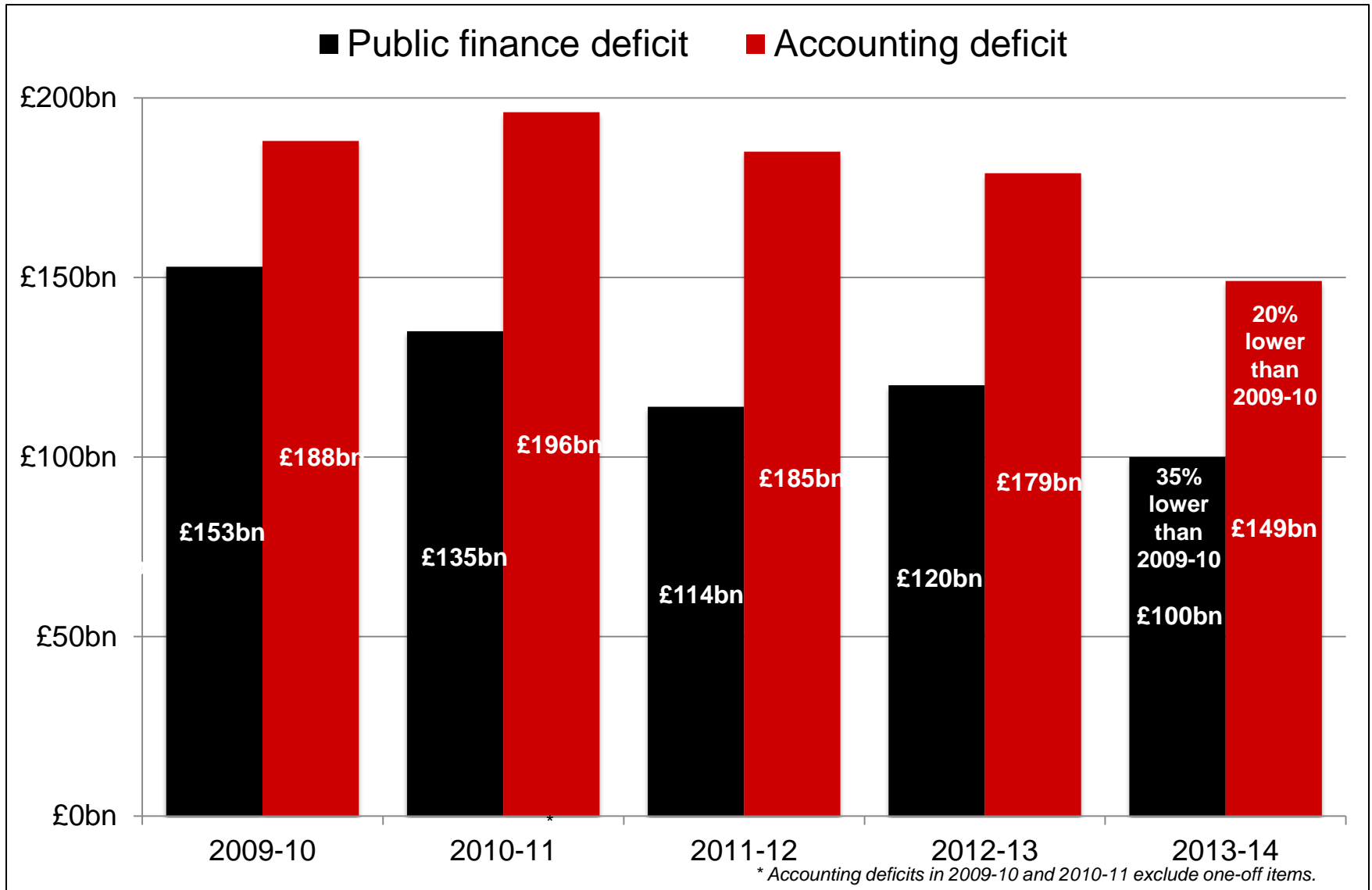
Revenue & Expenditure for 2013–14



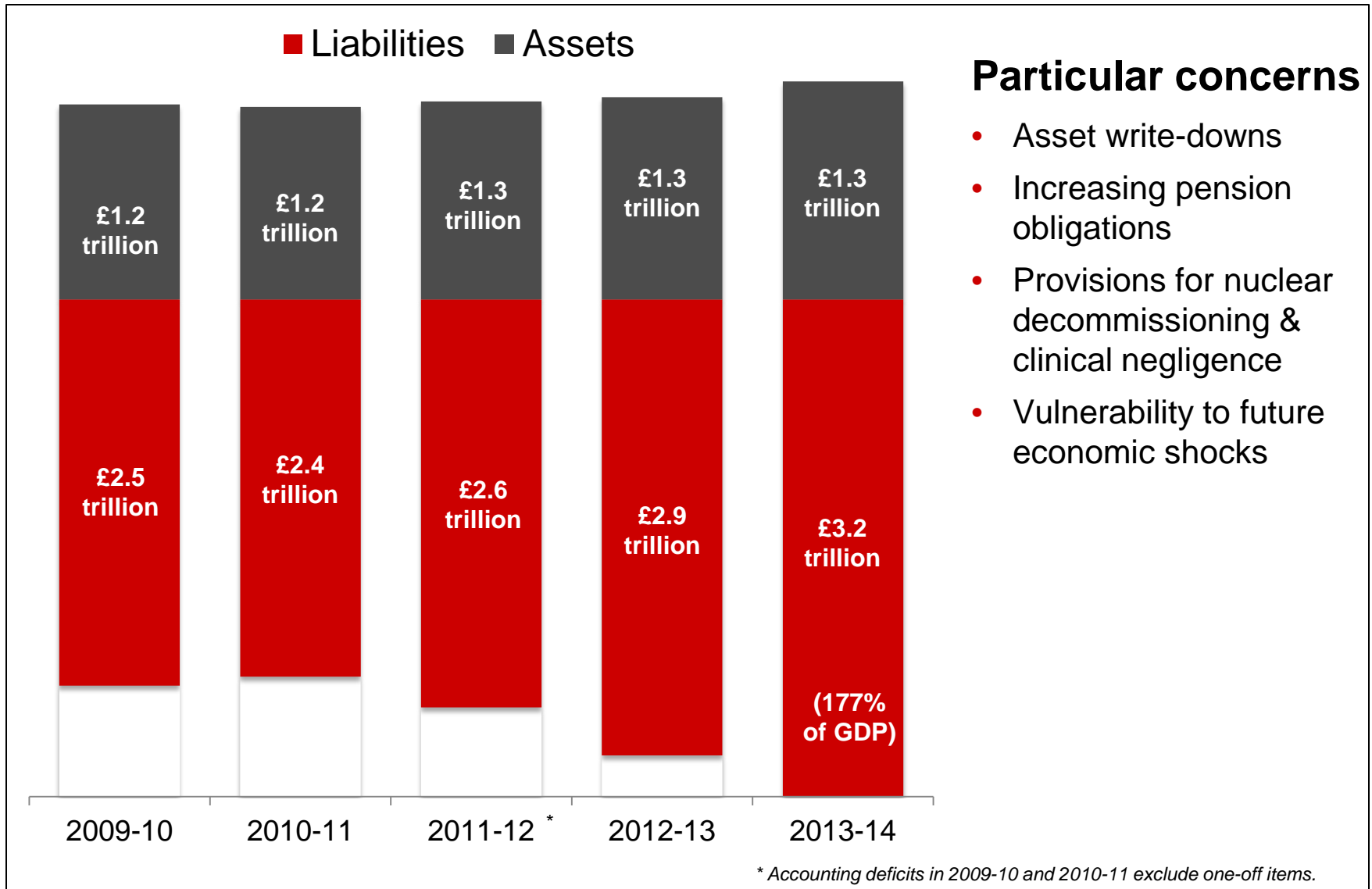
Balance Sheet at 31 March 2014



Five years of accounting deficits



Five years of balance sheets



Five years of improvement, but ...

Significant progress

- Preparation time from 2 years down to 12 months
- Increased standardisation of accounting across the public sector
- WGA starting to be used to support decision making

But more to do ...

- Target of 9 months not achieved (v. 3 months in the private sector)
- Finance systems still disjointed and inflexible – just as devolution accelerates
- Lack of comprehensive monthly internal financial reporting

Its time ...

- To embed WGA into the financial foundations of UK government
- For a modern financial consolidation system – to enable reporting within days not months
- Ensure WGA is principal financial dialogue rather than national accounts

Summary of benefits of financial accounting

- Preventing financial engineering by government through greater transparency and democratic accountability
- Support long-term financial planning by government – for example for public sector pensions and nuclear decommissioning
- Enhanced quality of the state's own understanding of the risk profile and of the robustness of future plans. More transparency can attract global investments.
- Use the same financial language as millions of people and businesses outside government
- Enables citizens and media to hold governments to account for their financial decisions.



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