

Blair McDougall MP  
Minister for Small Business and Economic Transformation  
Department for Business and Trade  
Old Admiralty Building  
London  
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QUOTED  
COMPANIES  
ALLIANCE

23 January 2026

Dear Minister,

I am writing to you following your [letter](#) to the Chair of the Business and Trade Committee regarding the Government's plans for audit reform legislation, and the news that the Department for Business and Trade will no longer pursue the Audit and Corporate Governance Reform Bill.

The Quoted Companies Alliance (QCA) champions the small and mid-sized businesses at the heart of the UK's public markets. We have approximately 300 members representing sectors ranging from fintech, biopharmaceuticals and energy to food and retail, and are quoted on the Main Market, AIM and the Aquis Stock Exchange.

The audit market has been the subject of much attention in recent years. High-profile corporate failures, such as Carillion in 2018 as you note, Patisserie Valerie and Thomas Cook in 2019, have drawn significant attention to the alleged poor auditing standards and practices and resulted in record-high fines. For many quoted companies, issues with cost and availability of auditing have become unsustainable and need urgent attention.

In light of this, we are disappointed that the Government has decided not to take forward these reforms and plans to consult. We support your priority to promote economic growth, whilst reducing administrative burdens. However, contrary to your letter, we believe the long-awaited Bill would have increased investor confidence and reduced skyrocketing costs for small and mid-sized quoted companies – the vital engines of growth across the UK that collectively employ approximately 2.1 million people and contribute more than £25 billion in annual taxation.

The QCA's own research has demonstrated a significant rise in audit fees over the last five years, which places financial strain on small and mid-cap companies, diverting essential funds from areas like research and development (R&D) and hiring. Notably, on average, companies are paying almost £300,000 extra in audit fees compared to five years. This cost increase acts as a deterrent for companies eyeing public listings as it complicates entry into public markets.

Greater audit costs stem from the limited availability of auditors in some market segments, especially with specific sector knowledge. This has contributed to the de-equitisation crisis, reducing the number of companies on public markets. Our joint research, [Audit for Growth: Proportionality in Audit and Reporting](#), with the Association of Financial Mutuals (AFM), the Building Societies Association (BSA), and UK Finance, proposed introducing a more proportionate approach to the Public Interest Entities (PIE) regime – which is essential to increasing the availability of audit, and ultimately will reduce cost. Without the Audit Reform Bill to address this important matter, we are eager to understand how the Government will address it.

I welcome your comments to make the UK's "*reporting regime the most streamlined and proportionate in the world*" and look forward to hearing more about the forthcoming consultation to co-design these changes with companies and investors. The QCA similarly believes the audit process should be streamlined to promote efficiency and is eager to work with the Department to ensure quoted companies are considered in future policy plans. Progress in this area is vital if these companies are to continue their contribution to the Government's growth agenda.

I look forward to your considered response and would welcome the opportunity to meet with you to discuss this further.

Yours sincerely,

James Ashton  
Chief Executive, Quoted Companies Alliance.