Competition and Markets Authority

Annual Report and Accounts 2023/24

(for the year ended 31 March 2024)

Competition and Markets Authority

Annual Report and Accounts 2023-2024

(for the period 1 April 2023 to 31 March 2024)

Presented to Parliament pursuant to paragraph 14(3)(a) of Schedule 4 to the Enterprise and Regulatory Reform Act 2013 (as amended by section 40(4) of the United Kingdom Internal Market Act 2020)

Accounts presented to the House of Commons pursuant to section 6(4) of the Government Resources and Accounts Act 2000

Accounts presented to the House of Lords by Command of His Majesty

Ordered by the House of Commons to be printed on 29 July 2024.

HC 57
CMA/2024/07

This publication is available at www.gov.uk/official-documents.

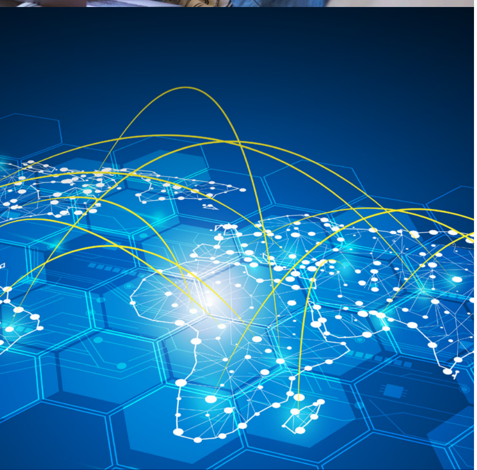
Any enquiries regarding this publication should be sent to us at Strategy, Competition and Markets Authority, 25 Cabot Square, London, E14 4QZ or by email to general.enquiries@cma.gov.uk

ISBN 978-1-5286-5072-4

E03164537

Printed on paper containing 40% recycled fibre content minimum

Contents



Performance report

The Competition and Markets Authority's purpose is to help people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour.

Our ambition is to promote an environment where people can be confident they are getting great choices and fair deals, competitive, fair-dealing businesses can innovate and thrive and the whole UK economy can grow productively and sustainably.

Chair's foreword

Marcus Bokkerink
Chair

I am delighted to introduce the Competition and Markets Authority's (CMA) Annual Report and Accounts for 2023/24.

2024 marks ten years since the CMA opened our doors as the UK's principal competition and consumer protection authority. It is an honour to chair the organisation as we reach this milestone – particularly considering how much has changed in the UK, and around the world, over the last decade.

This change continues unabated. We are now experiencing one of the most disruptive periods in economic history as three major forces combine: resurgent macroeconomic and geopolitical volatility; a continuous technology revolution; and accelerating climate change.

All of which, I believe, has brought us to an inflection point as a country. We face considerable challenges, that is clear. But we also face tremendous opportunities to build a thriving, resilient, sustainable economy. An economy powered by game-changing innovation and underpinned by strong productivity growth. An economy which attracts investment and entrepreneurial ambition from around the world, because innovators can be confident that the UK offers a level playing field for fair-dealing businesses and their investors, as well as the certainty of a transparent, robust legal framework.

> We also face tremendous opportunities to build a thriving, resilient, sustainable economy. An economy powered by game-changing innovation and underpinned by strong productivity growth. An economy which attracts investment and entrepreneurial ambition from around the world.

The UK's commitment to promoting fair and open competition has long been a powerful magnet for investment – a signal to the world that the UK is open for business, open to those willing to compete on merit and reap the rewards of putting customers first. Competition also puts money back in the pockets of hard-working people – not just through lower prices, better quality, and more choice, but also because companies that must compete for talent offer better pay, benefits, and workplaces to attract that talent. In an economy where fair, effective competition is the norm, the positive impact on innovation and productivity combines with an equally positive impact on wages and working conditions to create a virtuous circle of investment and growth. Finally, in a world of fragmenting global supply chains, healthy competition assures the diversity of supply that the country needs to enable the economy to recover rapidly from external shocks and to avoid becoming hostage to single points of failure.

It is for these reasons that I believe that an independent, impartial CMA is needed more than ever. Dismantling barriers to entry for innovators and investors, so that they can bring their ingenuity and their appetite to take risks and earn the rewards. Ensuring that success in the market is determined by superior products and services rather than incumbent advantages. Penalising bad actors for illegal practices so that people can engage in the economy with trust and confidence. Safeguarding a dynamic business environment in which any fair-dealing business can compete, and through this securing freedom of choice for customers and the resilience of our economy to volatility. Protecting the fair, open, effective competition that is the prerequisite for innovation, choice, productivity, investment and growth. It is the foundation of everything we do, and of the impact we deliver for the UK – today and in the future.

> The core of our strategy is to focus actions, consistently, on those areas of the economy where competition and consumer protection are most needed and most under threat.

In that context, and under new leadership, the CMA set out a new long-term strategy in our 2023/24 Annual Plan. The strategy was designed to ensure that we are set up to deliver the best outcomes for people, businesses and the UK economy over the years to come, while providing important certainty and stability for all our stakeholders. The core of our strategy is to focus actions, consistently, on those areas of the economy where competition and consumer protection are most needed and most under threat. That means ensuring people can access great choices and fair deals, especially in areas of essential spend; making sure markets stay open to all fair-dealing businesses, so that challengers and incumbents alike are free to compete, to innovate, and to grow; and helping emerging technologies and sectors fulfil their promise of driving rapid, productive, sustainable growth. For the first time, the CMA is now reporting against that new strategy.

Looking at what the CMA has achieved during the first year of our new strategy, I see three major changes: Firstly, a strong focus on making choices – setting priorities and sticking to them – to deliver demonstrable, tangible benefits for those we serve. As a result, this year's Annual Report focuses less on the CMA's tools and more on how we used them to address competition and consumer problems that really matter to people, businesses and the UK economy. Staying focused on the outcomes we seek to achieve, targeting our resources where they can make the most difference, taking a tool-neutral approach, acting in a timely and agile way – this has all been part of driving the real-world impact which you will see throughout this summary of our work over the last 12 months.

Secondly, we have strengthened our leadership and governance – sustaining, as always, the core values of excellence and impartiality, but also increasing our diversity of experience and expertise in decision-making. This sets us up well for taking on the powers and responsibilities that Parliament has given the CMA under the new Digital Markets, Competition and Consumers (DMCC) Act. In parallel, we have simplified our executive structure across other key areas, including consumer and markets, merger control, competition enforcement, strategy, data and technology. The refreshed leadership roles we have created are already driving an even stronger focus on delivering impact. I am pleased to see many of these roles filled by colleagues from within the CMA's own ranks, in line with our commitment to foster and develop top talent within our organisation. I was also delighted to welcome our new Non-Executive Directors to our Board in March. The new Non-Executive and Executive Directors bring a wealth of additional experience and perspective that will further strengthen our Board at this important time for the CMA.

> We have put even greater transparency and accountability into everything we do.

Finally, we have consciously and consistently delivered on the commitment made in our strategy to put even greater transparency and accountability into everything we do. Over the last 12 months, the CMA has conducted more open engagement, with a broader range of stakeholders, more frequently, than ever before. Be that in the private, public, or third sector, domestically or internationally, from the largest global businesses to the SME and challenger community – actively listening, learning and responding to our many stakeholders has become part of our DNA. This helps us strengthen our understanding, particularly in complex, fast-moving sectors. It helps ensure that our decisions are always impartial and based on robust evidence, not on the views of those voices which shout the loudest. And most fundamentally, it helps to build trust and confidence in our decisions and actions, with those we serve and those to whom we are accountable. That is why the CMA has pro-actively engaged with more Parliamentary Committees and Parliamentarians this year than in any year in our history.

These changes have all played a part in the positive impact of the CMA's work across the course of this year. Stepping in to drive transparency and choice in the petrol and groceries we buy each week. Making recommendations to government on bringing down some of the barriers to getting homes built and making those homes more affordable. Taking action to ensure compliance with remedies we previously imposed in the funeral care market and launching a new review into vet services – both areas where people may be particularly vulnerable to exploitation. Using our merger control powers to protect competition in rapidly expanding markets such as cloud gaming, preventing the consolidation of market power up and down the value chain in a way that would lock in customers and lock out potential competitors. Ensuring lower prices (and taxpayer costs) for the mobile radio network used by our emergency services. Taking decisive action against ever more sophisticated practices to mislead and exploit consumers in markets for online goods and services. Supporting the drive for a growing, productive and sustainable economy through our work in artificial intelligence, labour markets, and sustainability agreements. The CMA has taken determined action across all these areas over the past 12 months.

I am confident that this positive momentum will continue as we start to fulfil our additional responsibilities under the DMCC Act. Over the last year, the Board have been extensively engaged in preparing the CMA for the new digital and consumer frameworks, including in governance, prioritisation, skills and resourcing, and stakeholder engagement. The CMA has been planning for these new powers for nearly three years to ensure we are ready from Day One to begin unlocking a new decade of investment in digital markets and to help consumers get a fairer deal faster.

> The CMA has been planning for these new powers for nearly three years to ensure we are ready from Day One to begin unlocking a new decade of investment in digital markets and to help consumers get a fairer deal faster.

Finally, and especially on reaching the milestone of ten years in operation, I would like to recognise the efforts of the CMA's talented and committed staff, who are the foundation of our success. I am immensely grateful for the hard work of our colleagues across all four nations of the UK as they continue to deliver our priorities every single day in the most challenging of times. That work is needed today more than ever.

Marcus Bokkerink
Chair

About us

The CMA is an independent non-ministerial UK government department and has been the UK's primary competition and consumer authority since 2014. We help people, businesses, and the UK economy by promoting competitive markets and tackling unfair behaviour. The CMA has a UK-wide remit, employing around 1,080 people and with offices in Belfast, Cardiff, Darlington, Edinburgh, London and Manchester.

We adopt an evidence-based and integrated approach to our work, selecting the tools we believe will achieve the maximum positive impact for people and businesses (wherever they live and operate in the four nations), as well as for the UK economy.

More detailed information on our statutory functions is set out in the Governance Report on page 69

Governance

The CMA is funded by HM Treasury, sponsored by the Department for Business and Trade, and is accountable to the UK Parliament. We lay our Annual Plan and Annual Report and Accounts (ARA) in Parliament and each of the devolved legislatures. Our governance structure ensures fairness, independence, integrity, rigorous analysis, careful handling of sensitive information, and efficient use of public money. We are governed by a Board, comprising the Chair, the Chief Executive, executive and non-executive directors, and two members of the CMA Panel. The Chief Executive, as the CMA's Principal Accounting Officer, is responsible for the economy and efficiency of the CMA's handling of public monies. Some functions of the CMA must be performed by members of the CMA Panel. CMA staff are civil servants.

The impact of our work

Direct financial benefit to consumers

Each year the CMA estimates the direct financial benefit of our work for consumers. We consider our estimates to be conservative because they are based on cautious assumptions. Nevertheless, they demonstrate that we have delivered significant impact for those we serve this year.

Estimated total consumer benefits delivered over the last three years
£8.2bn

Estimated annual average consumer benefits delivered over the last three years
£2.7bn

The CMA has returned over £23 in savings to consumers for every £1 spent by UK taxpayers over the last 3 years

Estimated annual average consumer benefits delivered by area of our work

Competition enforcement:	Consumer enforcement:	Market studies and investigations:	Merger control:
£123.5m	£175.2m	£1.8bn	£685.2m

For confidentiality reasons, the CMA does not publish impact estimations for our individual cases and projects, although these are robustly checked by an independent reviewer. We set out more information on our methodology in the Impact Assessment, which we have published alongside our ARA.

Indirect impact

Our estimates are likely to be conservative because direct financial benefits exclude many important, wider impacts of the CMA's activities. Notably, they exclude the deterrent effect of our work, which is likely to be substantial. The current literature provides good evidence of a substantial deterrent effect.[1] For example, surveys indicate that significant numbers of cartels, between five and 28, are deterred for every one that is caught.

There is also strong theoretical and empirical evidence to suggest that more competitive markets, and effective competition policy and enforcement, can drive productivity in the economy.[2] Broadly speaking, the evidence shows that in competitive markets consumers can freely switch between products and businesses. As a result, the most productive businesses can expand, attracting more workers and capital. As workers find a better match for their skills, productivity may increase further. Finally, in competitive

[1] The deterrent effect of competition authorities' work: Literature Review (2017)
[2] Productivity and competition: a summary of the evidence (2015)

markets new entrepreneurs can enter easily, displacing inefficient or incumbent firms and bringing fresh thinking into the economy which drives overall growth. The CMA's new Microeconomics Unit (MU)'s research priorities include further exploration of the relationship between competition and productivity.

More widely, the CMA seeks to amplify the impact of our work as part of the increasingly agile use of our full range of powers. We run campaigns to deter anti-competitive behaviour and to raise awareness of important consumer harms. For example, our 'Cheating or Competing' campaign has enabled businesses and people to spot, avoid, and report illegal cartels, with around 7,000 people visiting our campaign web page last year. This was accompanied by an outreach programme for public sector procurers to help them safeguard taxpayer money by spotting signs of bid-rigging by illegal cartels. This programme featured over 40 targeted speaking engagements this year, with a focus on education and raising awareness of how to deter bad practices, spot red flags and report suspicious activity. Similarly, our 'Online Rip-Off Tip-Off' campaign has helped people to spot and report pernicious and misleading online sales tactics. Across just two months in 2023, 1,000 consumers used our online form to report a misleading online sales tactic, including hidden charges, subscription traps and pressure selling.

We also work diligently with government and public bodies to follow up recommendations, often resulting from our markets work. These recommendations ask others to act where the CMA cannot, or is not best placed, to do so. This year, for example, the UK government implemented CMA recommendations from our 2017 market study into heat networks. Through the Energy Act 2023, the UK government has put in place regulation for heat networks, enabling more efficient and environmentally friendly heating of homes, strengthening consumer protection, and improving service quality and standards.

Alongside other recommendations we made in respect of groceries unit pricing and housebuilding, this year we made two recommendations to the UK government to reignite competition in the road fuels market. These were to: 1) introduce a price-transparency scheme giving consumers near real-time prices, helping them to find the cheapest fuel and driving competition between retailers, and 2) set up a monitoring body to track prices and margins over time. These recommendations are mutually reinforcing. Although we were pleased that the UK government accepted both recommendations in full, legislation has only recently been passed in respect of the second. Until there is legislation on the statutory price transparency scheme, there will be fewer incentives on retailers to price fuel more competitively. The CMA looks forward to working with the new UK government to help ensure this critical market delivers for drivers across the UK.

Accountability and transparency

The CMA is accountable to Parliament for upholding our statutory duty to 'promote competition, both within and outside the UK, for the benefit of consumers'. Reflected in our Purpose, we also consider ourselves accountable to the people and businesses of the UK whom we serve, and we acknowledge our important role in supporting productivity, innovation and growth across the whole of the UK economy. We take this accountability seriously and have sought to actively strengthen it in recent years, particularly as we have taken on new responsibilities. Over the last year, this has included greater efforts than ever before to enhance transparency and engagement with key stakeholders, building understanding of our work, and recognising that there is always more to do to listen, learn and raise awareness.

We report regularly to Parliament and the devolved legislatures (including through this ARA) and embrace their increasing interest in our work, listening to feedback which encouraged more frequent and wide-ranging engagement with Parliamentary Committees and Parliamentarians across the four nations. Beyond Parliament, we have also engaged more pro-actively and extensively with broad and diverse stakeholders across our portfolio of work, as well as through the consultation process for our Annual Plan which sets our strategy for the year.

- We welcomed opportunities to give formal evidence to **12** Parliamentary committees at Westminster and in the devolved legislatures this year. We also engaged with **11** All-Party Parliamentary Groups at Westminster to explain our work and provide expert views across a variety of topics.
- Noting our commitment to serving all parts of the UK, the CMA Board met **4** times outside London – in Belfast, Cardiff, Edinburgh and Manchester – using the opportunity to meet with local stakeholders and understand the distinct issues affecting consumers and businesses across different parts of the UK.
- The CMA also held over **100** meetings and events with stakeholders in Scotland, Wales and Northern Ireland this year, including an event in Northern Ireland at which we trained over **250** finance and public procurement specialists on identifying bid rigging.
- We had direct engagement (including at events across the UK) with a record number of **over 90** organisations around our most recent Annual Plan consultation, including representatives from consumer groups and trade associations, businesses, the third sector and beyond.
- CMA experts contributed to more than **200** conferences, webinars, podcasts and other events this year (an almost 20% year-on-year increase), communicating aspects of our work and listening to the perspectives of our stakeholders.
- Ramping up preparations for new digital regime responsibilities, our Digital Markets Unit (DMU) conducted around **230** meetings and engagements with a broad range of stakeholders in the digital sector – from start-ups and consumer groups, to established firms, industry bodies and experts across academia and the third sector.
- We presented to around **30** committees, conferences and other industry events to build awareness of the relationship between competition law and sustainability, helping companies to drive forward their net zero ambitions with confidence and certainty.

The CMA's ability to reach, and meaningfully engage with, those we serve is demonstrably increasing as we rigorously focus on areas that really matter to people and businesses. Whether it be the cost of living, the fairness of online marketplaces for small businesses, or ways to avoid being duped by unscrupulous traders, our work is eliciting increasing levels of engagement and awareness. Our communications activity enhances transparency and helpfully encourages this engagement. They also serve to maximise the impact of our interventions, amplifying the deterrent effect against unfair and illegal practices (set out above), as well as a positive message to consumers and fair-dealing businesses that the CMA is resolutely committed to upholding their interests, in line with the responsibilities given to us by Parliament:

- Our market review into the veterinary sector resulted in an unprecedented **56,000** people, including pet owners and veterinary professionals, getting in touch with us to share their experiences. This is the highest level of engagement with a CMA project to date.
- The CMA's social media accounts were viewed **15 million** times in total across 2023/24, trebling since 2022. There were **2.5 million** views on our GOV.UK page views. Just one of our videos, on our road fuels market study, has been viewed **660,000** times.
- We handled **5,900** items of written correspondence from the public, which included many reports from consumers and businesses about anti-competitive behaviour or problems in markets.
- The CMA was mentioned around **20,000** times in print, broadcast and web media this year. From vets, groceries, and road fuels to our mergers work in telecoms and our housebuilding cartel investigation, our communications are actively driving greater awareness and understanding of the issues we are responsible for tackling.

12 Parliamentary Committees at which we gave evidence across the UK

56,000 pet owners and professionals provided information for our review of the vets sector

2.5m views on our GOV.UK pages

More than **200** conferences, webinars, podcasts and more to which CMA experts contributed

20,000 mentions in print, broadcast and web media this year across the UK

Our strategy

In our 2023/24 Annual Plan, the CMA introduced a new three-year strategic framework. This investment in a robust medium-term plan has placed the CMA in a strong position to deliver positive outcomes for those we serve in the face of a more volatile, economically challenging and technologically disruptive environment for all. We are now reporting against this new strategy for the first time.

The CMA has a clear and stable **Purpose**, flowing from the primary duty that parliament has given to us:

"We help people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour."

The tangible outcomes that we seek to achieve for **People**, **Businesses** and the **UK Economy** over the longer-term are articulated in our **Ambition**. These are to ensure that:

Our **Medium-Term Priorities** link to these outcomes and identify the market spaces that we will act in over a three-year period. They inform our **Annual Areas of Focus**, which we set out in our Annual Plan for 2023/24 and which underpinned delivery in 2023/24.

People can be confident they are getting great choices and fair deals

- Act in areas of **essential spending** and where people are under particular financial pressure, such as accommodation and caring for ourselves and others
- Address pressure selling and **false or misleading pricing practices**, including through online choice architecture
- **Deter anti-competitive behaviour**, including cartels in public procurement, and other areas which have direct effects on public and household expenditure
- Identify potential competition issues within **UK labour markets**

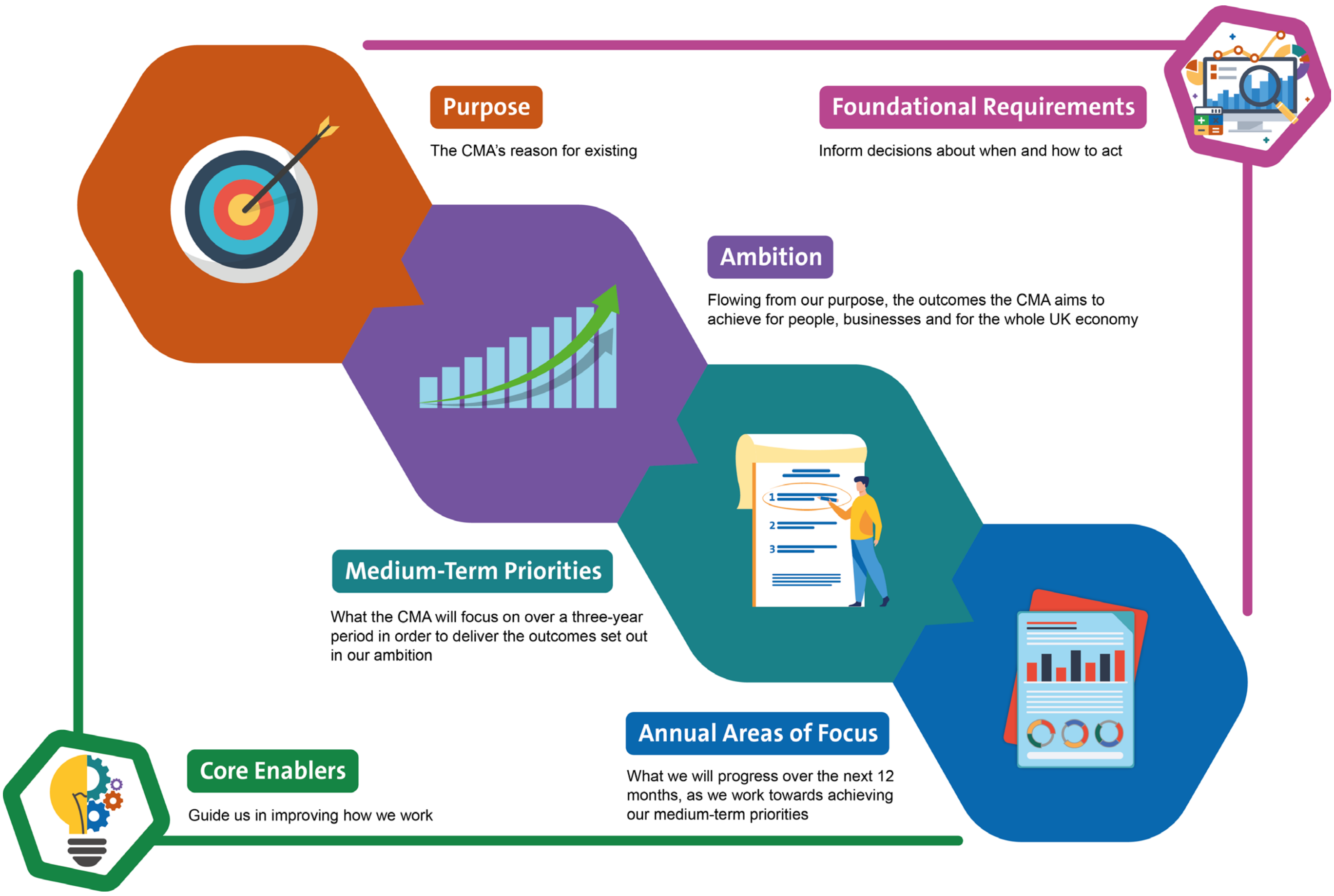
Competitive, fair-dealing businesses can innovate and thrive

- Enable **innovating businesses to access digital markets** such as mobile browsers and the distribution of cloud gaming services, e-commerce and digital advertising
- Encourage **effective competition in emergent markets**
- **Deter anti-competitive behaviour**

The whole UK economy can grow productively and sustainably

- Act in existing and emergent markets for **sustainable products and services**. Undertake further work on green claims and on energy efficiency
- Identify and act in areas where we can have the most positive impact on **innovation and productivity** and influence the procompetitive development of markets
- Ensure **digital markets are competitive**, including through preparing for the introduction of new statutory powers for the DMU
- Identify economic risks the CMA is well-placed to address to support the **resilience of the UK economy**
- Provide advice to governments to support effective trading between UK nations through the **OIM**, and operate the **SAU** as part of the new domestic subsidy control regime

Our strategic framework also includes our **Foundational Requirements** and **Core Enablers**. Through our **Foundational Requirements**, we deliver tangible, demonstrable benefits, use the full range of our toolkit, and do so as rapidly as possible consistent with rigour and procedural fairness. Our **Core Enablers** encompass a set of internal changes that make us more effective and efficient in how we work. We are, for example, improving how we organise and deploy ourselves on projects, making increased use of digital and AI in our work, and renewing our focus on developing and retaining our talent.



Chief Executive's review

Contents

Sarah Cardell
Chief Executive

Introduction

2024 is a landmark year for the CMA, as we reach a decade in operation. It is also an important moment for the UK's competition and consumer protection regimes, with the recent passing of the Digital Markets, Competition and Consumers DMCC Act, which confers important new responsibilities on the CMA.

Reflecting on this milestone year, I am proud of what the CMA has achieved for those we serve since 2014. From securing hundreds of millions of pounds in travel refunds for customers during the COVID-19 pandemic, to clamping down on pharmaceutical firms overcharging the NHS for vital medicines. The CMA paved the way for the UK's Open Banking revolution to create an innovation-fuelled market worth £4bn annually to the UK economy. Through our mergers work, we kept cutting-edge growth markets like DNA-sequencing and software open to innovation and challengers. We secured key commitments from Instagram, Facebook and eBay to tackle fake reviews, and we continue to help tackle the cost of living crisis by intervening decisively in markets for essential goods and services that people rely on every day, like food and fuel.

These cases, and many more, tell the story of an organisation dedicated to helping the people and businesses of the UK, as well as bolstering the long-term success and resilience of our economy. In real terms, this work has contributed to the CMA delivering at least £20.3bn of direct financial benefits back to UK consumers over the last ten years. Over the last three years, for every £1 the CMA spent on operating costs, the average benefit to consumers was £23.

The breadth of this work, the positive outcomes that have flowed from it, and the scale of the benefits it has delivered, are all testament to the value for the UK of a robust, independent, evidence-based competition and consumer protection regime. In discharging our duties under this regime, the CMA has determinedly protected consumers

> These cases, and many more, tell the story of an organisation dedicated to helping the people and businesses of the UK, as well as bolstering the long-term success and resilience of our economy.

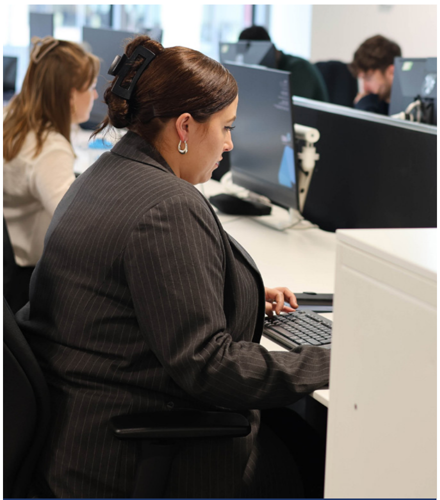
from harm, ensuring people can engage actively and confidently in the economy. We have fostered and safeguarded the conditions for fair, open and effective competition and, in doing so, played a critical role in incentivising businesses to invest, innovate and become more efficient. We have also remained acutely focused on our role in bolstering the health and stability of the wider UK economy, not least by supporting strategically significant markets to fulfil their potential as engines of growth and increased productivity.

As an institution, the CMA has responded to the growing responsibilities conferred on us over the last decade. We have expanded in scale and geography, with offices now in six locations across all four nations of the UK. We have demonstrated our ability to adapt successfully to change, building the expertise and structures required to fulfil our role wherever called upon to do so. In doing so, we have set up effective new functions – the Office for the Internal Market (OIM), the Subsidy Advice Unit (SAU) and our Microeconomics Unit (MU), whilst also investing consistently in our capabilities and skills across the broader organisation. At all times, we have remained focused on being an inclusive employer and a great place to work.

As always, however, there is much more to do, and I am acutely aware of the very real challenges now facing the people of this country and our wider economy today. I believe the CMA can play an important role in helping to address these. Whether it is improving productivity, attracting investment, or boosting economic growth and resilience; mitigating cost of living pressures; tackling the housing crisis; supporting the drive to Net Zero; or addressing the power of large digital firms and the potentially unprecedented opportunities and risks of artificial intelligence – across all of these, the CMA can contribute to the success and wellbeing of the UK, now and in the future. We do this by prioritising our work where it is needed the most, investing in the skills and tools we need to adapt as the world around us changes, and staying laser-focused on delivering the best outcomes for people, businesses, and our economy.

In the year ahead, we will begin to harness transformative new responsibilities conferred through the DMCC Act. It will naturally take time for the new regimes established under the Act to yield the full potential benefits of which we believe they are capable. However, the CMA has been preparing for several years to ensure we are ready on Day One, and we are confident these new powers will significantly enhance our ability to deliver value and positive outcomes for those we serve over the long term.

The new pro-competition digital regime is designed to address the far-reaching market power of a small number of technology firms by enabling the CMA to proactively drive more dynamic digital markets and prevent harmful practices that hold back innovation and growth. We set out our operating principles for the new regime in January 2024 which – importantly – include a targeted, proportionate, and transparent approach. This enables us to address and prevent



> We know it is critical that businesses and investors, trade bodies, consumer advocates and many more important stakeholders understand, and have confidence in, the new framework.

harms quickly and sustainably, primarily through competition, whilst remaining fully accountable for the decisions we take. We know it is critical that businesses and investors, trade bodies, consumer advocates and many more important stakeholders understand, and have confidence in, the new framework. We will operate in a participative fashion, meaning wide-reaching, fair, and inclusive ongoing engagement with parties affected by, or who have an interest in, this area of our work.

Secondly, the DMCC Act will provide us with enhanced consumer enforcement powers through the new consumer administrative model. The CMA's record of shielding people from harms caused by breaches of consumer protection law has been strong to date. We proposed reforms to tackle the 'loyalty penalty' affecting millions of long-standing customers. We freed tens of thousands of leasehold homeowners from unfair ground rent terms that made their homes impossible to sell or remortgage. We also took action to fix how ticketing websites present information to customers and ensured that people choosing to gamble online are in a position to walk away with their own money whenever they want to. Wherever the CMA has identified opportunities to stand up for people's rights and penalise those who seek to curtail them, we have exercised our existing consumer powers to the fullest extent possible.

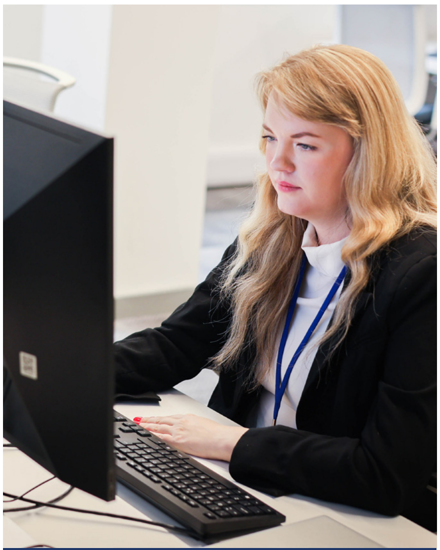
Nonetheless, the new consumer administrative model marks a step change in our ability to safeguard people from unscrupulous practices. This will place the CMA's powers to enforce consumer protection law on a par with the current model for competition enforcement, allowing us to take even more direct and decisive action to protect UK consumers, including the ability to issue fines of up to 10% of firms' worldwide turnover. We are currently working to operationalise this new model and are determined to ensure the new regime delivers real benefits for UK consumers over the coming years.

Beyond our enforcement activity, the impact of the CMA's work often depends on UK and devolved governments developing policy and passing legislation in response to our recommendations. The timing of the 2024 General Election has interrupted, and in some cases set back, certain legislative initiatives that responded to CMA proposals. For example, the Data Protection and Digital Information Bill was the intended vehicle for the introduction of a price transparency scheme for road fuel prices – the key element of our proposals to reignite competition among fuel retailers resulting from our road fuels market study. Similarly uncertain now is the introduction of a new smart data scheme for Open Banking, which would further boost this growing sector that has already transformed the way millions of people and businesses across the UK manage our finances. In the groceries sector, the CMA's recommendations to help people shop around by improving unit pricing information – accepted by the previous government – will require renewed ministerial attention to progress.

> Wherever the CMA has identified opportunities to stand up for people's rights and penalise those who seek to curtail them, we have exercised our existing consumer powers to the fullest extent possible.

We are keen to work with the incoming UK government on its policy and legislative agenda in these areas. We look forward to engaging on other CMA recommendations that might inform or help deliver the new government's priorities, including those from our housebuilding market study that look to address persistent under-delivery of new homes. The CMA's live work on infant formula and veterinary services may also lead to recommendations on regulation and policy where government action could make a real difference to how the market is delivering.

This ARA reports fully for the first time against our new strategic framework, as set out in the last year's Annual Plan. This framework was an important and timely investment for the CMA as we move into our second decade. Our mid to long-term strategy supports greater clarity of purpose, a rigorous focus on outcomes, and more agile and proactive use of our growing toolkit. The benefits are already clearly evidenced in the impact of the work we have progressed and the more streamlined way in which we have carried it out. Guided by our strategy, we have introduced new processes for prioritising our pipeline this year, targeting resources to areas where the CMA can deliver the most impact and being consciously more agile and proactive in our interventions.



We have taken forward ambitious internal change programmes that reflect the Core Enablers in our strategy (detailed below). These Core Enablers have underpinned our ability to deliver better value for those we serve than ever before. This includes adapting our business model, for example leveraging external expertise and partners more extensively; building and reinforcing critical capabilities, particularly through ambitious digital transformation; and upgrading our employee value proposition in a number of ways, including to make the CMA an even more diverse and inclusive employer. Together, these Core Enablers help ensure we are fit for the future – capable, efficient and productive. They also support our readiness to discharge our new responsibilities under the DMCC Act from Day One.

We have listened to, and welcomed feedback from, key stakeholders regarding the CMA's responsibility to provide greater clarity and certainty about our organisation and our activities. Over the past year, we have made real progress toward becoming an ever more transparent and accountable organisation, visibly stepping up our efforts to communicate and engage with those we serve, and those to whom we are accountable. The CMA gave evidence at 12 formal appearances at Parliamentary Committees across the UK this year, a four-fold increase since 2019. We also held four board meetings outside London last year, and I had the pleasure of speaking at events organised across the four nations of the UK.

We have also maintained strong, constructive relationships with a huge range of domestic and international stakeholders – from consumer groups and industry bodies to academia and the third sector, as well as UK regulators and overseas competition agencies.

We contributed to more than 200 conferences, webinars, podcasts and other events – an almost 20% increase compared to last year. We have also been more pro-active and comprehensive in our approach to explaining our work via the media and our own communication channels, helping consumers understand their rights and sending a clear message to businesses that the UK offers a level playing field on which innovation and investment will be fairly rewarded. There is always more progress to be made but I am confident that the need to pro-actively listen, learn, communicate, and inform is increasingly understood and embedded across the CMA's work and culture.

> I am confident that the need to pro-actively listen, learn, communicate, and inform is increasingly understood and embedded across the CMA's work and culture.

Ten years on from the creation of the CMA, there is still much to do, and I am full of energy and optimism for the future. I know my feelings are shared by the CMA's leadership team, our Chair and our Board, and across the wider organisation. Our strategy provides a firm foundation for the future – a future in which we are better equipped and more determined than ever to stand up for the interests of those we serve in the face of a challenging external environment. I am confident in the CMA's ability to continue to deliver strong outcomes for people and businesses, and to make a valuable contribution to the conditions for growth and productivity in the UK economy.

The following sections set out the CMA's extensive work over the past financial year, detailing how we have sought to deliver on our strategy and reflecting the three outcomes articulated in our Ambitions:

People

People can be confident they are getting great choices and fair deals

Our Annual Plan for 2023/24 set out four Areas of Focus that guided delivery throughout the year under this Ambition. These were to:

- Act in areas of essential spend and where people are under particular financial pressure, such as accommodation, groceries and caring for ourselves and others.
- Address pressure selling and false or misleading pricing practices, including through online choice architecture.
- Deter anti-competitive behaviour, including cartels in public procurement, and other areas which have direct effects on public and household expenditure.
- Identify potential competition issues within UK labour markets.

In this section:

- Case studies: cost of living (road fuels, groceries, housing and accommodation)
- Information on delivery against each Area of Focus
- Profile: DMCC Act – consumer protection reforms

In a healthy, vibrant economy, competition delivers genuine choice and businesses have strong incentives to give people a fair deal. As a result, consumers feel empowered and confident when they engage in economic activity. However, recent statistics published by Which? during the height of the cost of living crisis identified record low levels of consumer satisfaction and trust. In particular, consumer trust in key sectors fell as prices rose across the economy,[3] with trust in the groceries sector falling to a record low in August 2023.[4]

This concerning backdrop underpins the resolute action we have taken to ensure that the effects of the cost of living crisis are not exacerbated by weak or ineffective competition or poor consumer protection. We are focusing on the areas that matter the most – such as having somewhere to live, feeding our families, looking after ourselves and others, and buying the goods and services we need online. Challenging economic circumstances have necessitated prompt action to protect people effectively, and we have not hesitated to apply our tools in a flexible, agile and timely way where this has been required.

> We are focusing on the areas that matter the most – such as having somewhere to live, feeding our families, looking after ourselves and others, and buying the goods and services we need online.

[3] Which? (2024), Consumer trust and satisfaction in February 2024
[4] Which? (2023), Consumers and the cost of food

Case studies

Cost of living

In the face of a persistent cost of living crisis, the CMA has a clear and critical role to protect people from anti-competitive conduct and unfair practices. We have moved swiftly and decisively, using the full range of our powers, to ensure that high prices have not been exacerbated by weak competition and that consumers' rights are properly protected. We show examples of this in our first three case studies below, and in more detail afterwards, demonstrating how we acted to protect people across multiple areas of essential spend this year.

Case study: Road fuels

The road fuels market is of critical importance to the lives and livelihoods of people across the UK, with high prices impacting millions of drivers this year.

Building on the rapid review of the road fuels market the CMA undertook in 2022, we concluded a formal market study in July 2023. This confirmed a lack of effective competition in the market, as well as the fact that increased supermarket fuel margins were leading to drivers paying an extra six pence per litre on average.

In our market study report, we made two recommendations to reignite competition amongst fuel retailers. 1) The introduction of a real-time price data sharing scheme – the fuel finder scheme, and 2) A new statutory monitoring body to hold the industry to account. The fuel finder scheme would give drivers access to near real-time, station-by-station road fuel prices, helping them to find the cheapest fuel and ensuring that retailers have to compete harder for their business. This has the potential to drive down prices over the long run. The monitoring body would track prices and margins on an ongoing basis and recommend further action if competition continues to weaken in the market. It would also be able to understand the impact of a reduction in demand for petrol and diesel as the UK transitions to Net Zero and the impact of this on vulnerable consumers that remain dependent on petrol and diesel for longer, as well as those living in areas with limited choice of fuel stations.

We were pleased that the UK government swiftly accepted our recommendations in full. The CMA will receive new powers in future, following the enactment of legislation in May 2024, to act as the monitoring body and we will prepare carefully for these important new responsibilities. The Data Protection and Digital Information Bill, which would have enabled the UK Government to introduce an open data scheme for fuel prices, was not enacted by Parliament prior to its dissolution. This means that motorists currently stand to lose out through a lack of comprehensive, public-source information on fuel prices. We have also been clear that the CMA's recommendations are mutually reinforcing in their main aim of increasing the incentives on retailers to price fuel more competitively.[5] We would therefore strongly support the introduction of legislation by the incoming UK government, at the earliest opportunity, to help make full transparency of fuel prices a reality for consumers.

In advance of being given formal powers, we have taken action to drive competitive pressures within the market and to enable consumers to make informed choices today. At the request of the UK government, following conclusion of our market study, we have been proactive in quickly establishing a voluntary scheme for major fuel retailers to make available their daily prices. The scheme now has 14 participating retailers, representing approximately 40% of UK forecourts and around 50% of fuel sold. While this scheme provides useful information to be passed on to drivers, a statutory scheme would go much further in providing comprehensive and real-time information, and which could be used by consumer-facing operators, such as website and app providers.

We have also continued to monitor developments in the road fuels market, leading to the publication of update reports in November 2023 and March 2024. While we have been able to provide high level monitoring of the market using information provided voluntarily by retailers, our ability to use formal information-gathering powers will allow us to gain significantly deeper insights into market developments. However, we will not be able to access the information that would come from a statutory open data scheme for the purposes of market monitoring until a scheme is provided for in future.

The CMA's work on road fuels, including our future monitoring role, complement the action and outcomes flowing from our previous electric vehicle (EV) charging market study. Following subsequent recommendations by the CMA, new regulations were introduced by the UK government in 2023 that will improve price transparency for drivers of EVs. Arming drivers of both conventional cars and EVs with the information they need to make effective decisions will act as an important incentive for fuel retailers to set prices in a competitive fashion. Taken as a whole, these measures will help ensure that stronger competition delivers better outcomes for all motorists in the UK.

[5] See the CMA's response to the Department for Energy Security and Net Zero's consultation on Empowering drivers and boosting competition in the road fuel retail market: open data scheme and ongoing monitoring function for road fuel prices.

Case study: Groceries

Being able to access and afford food goes to the heart of why competition really matters to people's daily lives, particularly for the most vulnerable in society. That is why the CMA has worked hard for a decade to keep supermarket competition strong in every town and community in the UK. We have done this by using our enforcement powers to tackle breaches of a legal Order that prevents supermarkets imposing new restrictions on rivals' ability to open new stores nearby. Across the course of this year, the CMA has identified and moved to tackle nearly 100 unlawful and anti-competitive land agreements by Morrisons, Sainsbury's, Asda and Marks & Spencer. These activities build on a solid track record of concerted action to address breaches by Tesco and Waitrose in recent years – with more action to come – and improves the prospects for effective competition and increased consumer choice across the UK.

This work is all the more important at a time when food price inflation has put huge strain on household budgets with many families struggling to pay their weekly grocery bills. It is vital that competition issues do not add to this burden, so the CMA took extensive action in the groceries sector this year, making agile and flexible use of the full range of our toolkit to deliver positive outcomes for shoppers. This included our review of unit pricing – a labelling system intended to assist consumers in comparing the relative costs of different products, regardless of their packaged size. The CMA's review resulted in recommendations to the UK government and Northern Ireland Executive to improve transparency for shoppers through reform of the Price Marking Order 2004 and equivalent Northern Ireland legislation. We believe these recommendations have the potential to help shoppers access more meaningful information, facilitating informed choices and leading to money being put back into shoppers' pockets. We look forward to working with the incoming UK government and Northern Ireland Executive on implementation of these recommendations.

The CMA's actions in this area complement our extensive examination of competition in the groceries retail sector, where we assessed whether weak competition was keeping prices higher than they might otherwise be. That assessment served as a springboard for more targeted work, with the CMA duly launching a market study on infant formula in February 2024 having identified price rises of 25% over the last two years. Infant formula is a product essential to the health of millions of infants across the UK. We expect our market study to shed light on whether people are able to make well-informed choices and whether suppliers have the right incentives to offer products at competitive prices, as well as the role of the regulatory framework in influencing market outcomes. This could potentially result in recommendations to government later in 2024.

We are also progressing a review of supermarket loyalty schemes to consider whether any aspects of these schemes are misleading and the wider impacts for consumers and competition of price promotions that are only available to people who sign up for loyalty cards.

Case study: Housing and accommodation

The functioning of the housing market has a significant impact on the finances and living conditions of almost every person in the UK. This is felt all the more keenly at a time when the price of other essentials, such as food and road fuel, has also increased. The CMA identified accommodation as a key area of essential spend for us to act on this year and made use of a broad range of tools to address the issues affecting homeowners and those seeking to buy a home.

Foremost among our concerns has been the persistent shortfall in the number of homes built across the UK – fewer than 250,000 new homes between 2021 and 2022 in England, Scotland and Wales, well below the 300,000-target for England alone. The CMA undertook a market study, which concluded in February 2024, to explore the range of complex and interlocking issues within the market that might be holding back the delivery of new homes at the scale and speed required. As the study progressed, we consulted widely through the publication of working papers on planning, land banking, and estate management arrangements, enabling us to hear directly from market participants and homeowners affected by issues within the sector.

> ...we concluded that the housebuilding market in Great Britain needs significant intervention to ensure that enough good quality homes are delivered in the places people need them.

Based on the evidence we analysed, we concluded that the housebuilding market in Great Britain needs significant intervention to ensure that enough good quality homes are delivered in the places people need them. A complex and unpredictable planning system, together with reliance on speculative private development, have resulted in a shortfall in housing and a widening gap between what the market will deliver and what communities need. In addition, the growing trend of housebuilders developing estates with privately managed public amenities is landing some homeowners with high and unpredictable costs, as well as unsatisfactory maintenance arrangements. This forms part of a picture in which a lack of incentives to compete, and complex redress routes for buyers, can negatively affect the quality of new-builds.

The CMA made several recommendations to governments across the UK in areas where we see opportunities to address these issues without significant trade-offs with other policy objectives. These include:

- Requiring councils to adopt amenities on all new housing estates.
- Introducing enhanced consumer protections for homeowners on existing privately managed estates.
- Establishing a New Homes Ombudsman and setting a single mandatory consumer code so homeowners can better pursue homebuilders over any quality issues they face.

We also set out options for consideration by governments on reform of the planning system, reflecting the wider policy trade-offs and complexities inherent in the design of the planning system. The options we put forward are not prescriptive but represent an invitation to governments to think carefully and creatively about policy solutions that may deliver the best outcomes in the round. These include:

- Ensuring local authorities put in place local plans and are guided by clear, consistent targets that reflect the need for new homes in their area.
- Streamlining the planning systems to significantly increase the ability of housebuilders to begin work on new projects sooner.
- Introducing measures to increase the build-out of housing sites by incentivising builders to diversify the tenures and types of homes delivered.

The CMA will actively follow up these recommendations and options which we believe have potential to deliver much-needed change in this critical market for those that own, or are seeking to buy, their own home. We are keen to work with the incoming UK government, as well as the devolved administrations, to play our full part in unlocking the delivery of high-quality and affordable homes.

Our market study also brought to light evidence that some housebuilders may be sharing commercially sensitive information with competitors in a way that could be influencing the build-out of sites and the prices of new homes. On this basis, the CMA launched an investigation into eight housebuilders in Great Britain in February 2024.

Alongside this work, we have also considered issues being experienced by private renters. In August 2023, following a three-month period of engagement with stakeholders, we published an update to our consumer protection project on issues experienced by private rental tenants. Our report spotlighted several issues which we are considering carefully, such as so-called 'event fees' imposed on residents when they leave or sell retirement homes.

We have also continued to tackle issues around the possible mis-selling of leasehold homes and contract terms (some of which saw ground rents double in price) that could break consumer law and cause significant harm to homeowners. In March 2024, eight firms pledged to remove problematic clauses from their leasehold contracts following CMA action, freeing 500 households from such clauses and bringing the total number to over 21,000 households freed over the past five years. We have been clear over a number of years that action by the CMA can only partially address the problems being experienced by leaseholders and that we strongly support legislation to improve outcomes for consumers. In this context, we welcome the enactment by Parliament of the Leasehold and Freehold Reform Act in May 2024, which banned the sale of new leasehold homes in England and Wales in many circumstances. Proposals to cap ground rents for existing leaseholders were not, however, reflected in final legislation. The CMA invites the consideration of further ground rent reforms by the incoming UK Government, as we consider that statutory intervention may be necessary to protect consumers from ongoing problems associated with expensive ground rents.

In the year ahead, we will continue to use our full range of powers to deliver positive outcomes for all those with a stake in the housing market.

Area of focus: Act in areas of essential spending and where people are under particular financial pressure, such as accommodation and caring for ourselves and others

Alongside groceries, housing and accommodation, and road fuels, the CMA has taken robust action in several other areas of essential spend for people across the UK.

In terms of caring for ourselves and others, we have worked hard to ensure that patients get a fair deal when it comes to healthcare products and services. We secured positive outcomes for patients and taxpayers by preventing part of a merger in June 2023 between two of the biggest players in the UK's hearing implant sector, Cochlear Limited and Oticon Medical. Had the full merger gone ahead, it could have reduced innovation and quality for patients who rely on these life-changing hearing implants, as well costing the NHS more through higher prices.

Competition enforcement should work with the tide of innovation in critical areas, not against it. We have therefore made it easier for drug firms to work together to develop vital treatments for use in the NHS, spurring advances in life-saving medications for the benefit of NHS patients. Having issued a statement in November 2023 clarifying that certain types of engagements between competing drug firms will not be prioritised for CMA investigation, we are now enabling the development of 'combination therapies' of two or more individual drugs in a single treatment. Such treatments are likely to be increasingly used in future, including for cancer care.

Conversely, the CMA continues to take decisive action where firms act unscrupulously or illegally in the supply of medicines. Our solid track record of tackling excessive pricing by pharmaceutical firms has saved the NHS tens of millions of pounds in inflated prices for vital drugs – a result reinforced this year when the Competition Appeal Tribunal (CAT) upheld CMA decisions related to £84m of fines imposed on firms involved in the supply of liothyronine, an essential medicine for thyroid hormone deficiency. A separate CAT judgment upheld CMA penalties for excessive and unfair pricing infringements by firms involved in the supply of hydrocortisone tablets.

Beyond healthcare, our action in the veterinary sector has touched the hearts of tens of thousands of people across the UK who care for pets. Once again, we have taken a holistic approach to the use of our tools here. The CMA initially launched an informal review of the sector which concluded in March 2024. The review elicited nearly 45,000 responses from pet owners (the highest level of consumer engagement with a CMA project to date), as well as around 11,000 responses from people who work in the veterinary sector. We moved quickly to begin making use of formal powers by consulting on a Market Investigation Reference in March 2024, which received strong support. We subsequently launched a formal market investigation, which represents the best route to fully exploring the issues shared with us by pet owners, including experiences of potentially overpaying for medicines and not always having adequate information on the best treatment options available.

This sector-wide markets work builds on the CMA's record of promoting effective competition between veterinary services providers in localities across the UK. Our merger investigation into 17 acquisitions of independent veterinary businesses by Medivet, for example, resulted in undertakings (accepted by the CMA in September 2023) that will drive benefits for consumer choice, price, and service quality at a local level.

The CMA remains concerned about the potential impact of sector consolidation and the incentives for large, integrated vet groups to act in ways which reduce consumer choice. Concurrent with the launch of our market investigation, we therefore published tips for consumers to support them in choosing a vet practice and treatments for their pets. The CMA is determined that our ongoing portfolio of work in this area helps to ensure that the critical veterinary market will better serve pet owners throughout the UK.

Finally, mobile services play an integral role in the daily lives of consumers in the UK, with millions of people relying on effective competition in the mobile market in order to access the best deals for them. In March 2024, the CMA concluded our initial merger assessment into the proposed joint venture agreement between Vodafone UK and Three UK, which would bring the two firms' 27 million customers under a new, single network provider. The CMA not only identified concerns that the deal could result in higher prices for consumers, but also that a loss of competitive pressure in the market could reduce an important incentive for network operators to improve their services, including by investing in network quality. We therefore began a detailed Phase 2 merger investigation, appointing independent Panel members to an inquiry group, to consider these issues further.

Area of focus: Address pressure selling and false or misleading pricing practices, including through online choice architecture

In 2023, Citizens Advice found that consumers spent a total of almost £2.1bn on things they did not want, need, or later regretted over a 12-month period because of online choice architecture.[6] Online choice architecture refers to the way in which online environments are designed to affect our decision making and actions. These design features (including drip pricing, intrusive default settings and misleading opt-outs) can be subtle and can steer us towards decisions that may not be in our best interests.

This is why the CMA has undertaken a continuous awareness programme to protect consumers from fake reviews, pressure selling, and misleading online choice architecture across online retail. Our Online Rip-Off Tip-Off campaign was designed to inform and encourage people to tell us about potentially misleading online sales practices. In just two months in 2023, 1,000 consumers used our online form to report a misleading online sales tactic. We have also issued accessible guides to businesses about what is and is not acceptable conduct. In August 2023, we went further by collaborating with the Information Commissioner's Office to publish a position paper on harmful design in digital markets, including a joint set of expectations on firms to support good practice.

Recognising the scale of consumer detriment in this area, and its effects on online shoppers, the CMA also launched targeted enforcement action this year. We took steps to address concerns relating to potentially misleading online sales practices on the part of Emma Sleep and Wowcher, progressing investigations throughout the year and launching a further investigation into Simba Sleep in December 2023. These businesses have, to varying extents, made use of tactics such as countdown timers, as well as claims about products being in high demand or discounted, in ways that we are concerned may mislead or manipulate consumers. We continue to engage with the businesses with a view to addressing our concerns through the use of our existing consumer enforcement powers.

[6] Citizens Advice (2023), Pushed to Purchase: Counting the cost of deceptive digital design in e-commerce

Area of focus: Deter anti-competitive behaviour, including cartels in public procurement, and other areas which have direct effects on public and household expenditure

The CMA works extensively to deter anti-competitive behaviour in order to protect people and the public purse from artificially inflated prices or reduced choice. We will always take robust action against the small minority of firms whose actions subvert the proper working of fair, open and effective competition. This year, that included our investigation into suspected anti-competitive behaviour by JD Sports Fashion Plc and Leicester City Football Club. In July 2023, we found that both companies broke the law by colluding to restrict competition in the sales of Leicester City-branded clothing. We imposed fines of £880,000 on Leicester City FC and its parent companies, upholding the interests of passionate fans who have the right to genuine choice and fair prices for the kit they wear with pride.

We also built on our strong record of work over recent years to tackle illegal cartels in the construction sector. Over the last 12 months, the CMA has continued to crack down on the rigging of contract bids for demolition work worth over £150m. Our investigation related to significant public buildings, such as a court and facilities used by the Metropolitan Police, as well as private developments including large shopping centres and offices. Having imposed almost £60m worth of fines on ten firms last year, we secured an additional seven-year director disqualification in May 2023, bringing the number of director disqualifications from these cases to four in total. Director disqualifications are an important tool for protecting the public and act as a powerful deterrent, making sure that those at the top of the chain are held responsible if their companies breach competition law.

More broadly, at a time where it is critical to do everything possible to reduce pressure on public finances, we continue to take forward engagement with a range of public sector bodies and businesses to raise awareness of cartels in public procurement and to drive compliance with the law. CMA staff took part in more than 40 targeted speaking engagements this year with a focus on education and raising awareness of how to deter bad practices, spot red flags and report suspicious activity. Our ongoing work in this area reflects the importance of deterring unlawful conduct that has the potential to damage the taxpayer-funded public sector balance sheet, as well as ensuring that fair-dealing businesses have the opportunity to compete.

Area of focus: Identify potential competition issues within UK labour markets

Well-functioning labour markets enable workers to access the right jobs for their skills and preferences, leading to higher job satisfaction and wider benefits across the economy in terms of increased efficiency and productivity. Alongside the analysis and research conducted by the MU in this area (see profile below), the CMA has undertaken a programme of investigative work to tackle potential cases of anti-competitive behaviour in UK labour markets this year. We opened two cases relating to the purchasing of services from freelance providers who support TV production and broadcasting, as well as broadening an existing investigation in the consumer fragrances industry to cover suspected unlawful no-poaching arrangements. As investigations into suspected breaches of competition law, these cases form part of the CMA's broader portfolio of work to investigate and deter anti-competitive behaviour.

Profile

DMCC Act – Empowering the CMA to act even more effectively to protect people through consumer protection reforms

Consumer detriment

The CMA enforces UK consumer protection law, working closely with other consumer enforcers (such as Trading Standards), as well as sectoral bodies with whom we share many responsibilities for protecting consumers from harm. We have used our powers to deal with many of the most urgent problems facing consumers over the last ten years – from package travel, gambling and online ticket sales, to online marketplaces, and misleading green claims.

However, according to the most recent Consumer Protection Study,[7] 69% of UK consumers experienced a problem with purchases they made between April 2020 and April 2021, mostly related to online transactions. This represents 36 million consumers and a total cost to the UK economy of around £54.2bn. Phrases such as 'Rip-Off Britain' have entered common parlance, fuelled in part by a proliferation of digital fraud, scams and fake reviews. The work of consumer champions, such as Martin Lewis of Money Saving Expert, now attracts mass media and public attention. Demand from hard-pressed consumers for free advisory support from Citizen's Advice and Trading Standards has soared while funding and capacity of these services has dramatically reduced.

The powers available to the CMA to enforce consumer protection laws have historically been weaker than those at our disposal for competition law enforcement remit. We have thus far not had the power to make binding decisions ourselves about when consumer protection laws have been broken (as we can when investigating anti-competitive behaviour such as illegal cartels), nor have we been able to hold businesses directly to account by imposing fines.

Our new responsibilities

The DMCC Act introduces a new direct enforcement regime for consumer protection which will enable the CMA to deliver more effectively on our duty to protect UK consumers. Under the new framework, the CMA will be able to decide whether certain key

[7] Department for Business, Energy and Industrial Strategy (2022), Consumer protection study 2022

consumer legislation has been breached without having to take businesses to court. Where the law has been broken, the CMA will be able to impose fines up to 10% of annual worldwide turnover, as well as directly enforcing undertakings agreed with firms to resolve a problem affecting consumers.

By empowering the CMA to tackle unlawful practices more directly and to issue meaningful penalties, the reforms enable the CMA to take precedent-setting decisions. Such decisions should have wide-ranging deterrent effect and create powerful incentives for businesses to comply with consumer protection law. Importantly, the Act also allows other enforcers of consumer protection law, such as trading standards and sectoral regulators, to apply to civil courts for the same monetary penalties (up to 10% of global annual turnover) as the CMA can issue for breaches of consumer law. This puts significant financial penalties at the disposal of wider public enforcers of consumer protection law, providing a stronger deterrent against consumer law breaches across the board.

This is a potential watershed moment for the CMA's ability to tackle rip-offs, misleading sales practices and unfair terms, acting alongside other consumer law enforcers who will continue to play a critical role in protecting people from illegal and unscrupulous practices. As at present, enforcement will be one of a range of tools at the CMA's disposal and may not always be the only, or best, means of achieving a positive outcome. The CMA will therefore continue to assess problems based on the evidence at hand, acting in an agile and flexible way to deploy whichever interventions may be most appropriate. Alongside enforcement, this might include issuing guidance to businesses, running consumer awareness campaigns, or working with our consumer protection partners, including to help them maximise use of their own powers alongside the CMA's enhanced toolkit. We continue to prepare carefully for the commencement of our new responsibilities and will be publishing guidance on how we expect to exercise them in due course.

Businesses

Competitive, fair-dealing businesses can innovate and thrive

Our Annual Plan for 2023/24 set out three Areas of Focus that guided delivery throughout the year under this Ambition.

- Enable innovating businesses to access digital markets such as mobile browsers and the distribution of cloud gaming services, e-commerce and digital advertising.
- Deter anti-competitive behaviour.
- Encourage effective competition in emergent markets.

In this section:

- Case studies: enabling access to markets (Microsoft/Activision, Amazon/Meta retail platforms)
- Information on delivery against each Area of Focus
- Case study: AI Foundation Models
- Profiles: merger reform and DMCC Act – new digital markets competition regime

Restrictions to effective competition come in many forms: markets dominated by a small number of powerful firms using their positions to prevent challengers from entering and expanding; limited access to key inputs for success; and, of course, cartels and collusion. The result is the same – poorer outcomes for customers, poorer outcomes for investors and businesses and, ultimately, harm to our wider economy.

Open, competitive market conditions are particularly important in fast-moving, innovation-led, emergent markets such as technology and digital. These markets have the potential to act as engines of productivity and growth but could also develop in ways which are harmful to competition and consumers. The CMA is particularly focused on timely action here to help maximise these benefits and ensure emergent markets develop in ways which benefit everyone.

> Restrictions to effective competition come in many forms... The result is the same – poorer outcomes for customers, poorer outcomes for investors and businesses and, ultimately, harm to our wider economy.

Case studies

Enabling access to markets

We set out in the following two case studies how we have taken action to ensure that businesses can continue to access important digital markets, including the customers and inputs they need to grow.

Case study: Microsoft/Activision

Protecting competition in rapidly expanding markets is vital to safeguarding the interests of consumers in terms of choice, lower prices and better services. It also supports the conditions for innovation-led growth across the wider economy. Merger control is a key part of this, ensuring that deals which harm competition are prohibited or modified, so that markets remain open to effective competition over the medium and long term. This benefits not only the UK consumers and businesses dependent on those markets but also the UK and international businesses seeking to invest, grow and innovate in a competitive marketplace.

Gaming is the UK's largest entertainment sector, at the cutting edge of which sits the cloud gaming market. Cloud gaming is characterised by extremely rapid, digitally enabled growth, with monthly active UK users having more than tripled from the start of 2021 to the end of 2022. In total, the market is forecast to be worth up to £11bn globally, and £1bn in the UK, by 2026. Microsoft's proposed $68.7bn deal to purchase gaming publisher Activision Blizzard – one of the most popular video games publishers in the world - was therefore a significant event at a pivotal moment in the evolution of this enormously popular sector.

Given the size of the deal and the profile of the firms involved, the merger naturally attracted a degree of public and political attention. In April 2023, following several months of extensive work during our in-depth Phase 2 investigation, the CMA's independent panel blocked the deal. The panel were concerned that the proposed merger would consolidate Microsoft's power as the existing market leader, making it more difficult for emerging challengers to expand in the market, and thus for consumers to benefit from the better choice, service, and price offerings that competitive rivalry could deliver. This

potential harm to the nascent market was similarly identified by the European Commission (which allowed the merger to proceed with behavioural remedies), and by the Federal Trade Commission (which attempted to block the deal through litigation in the United States).

The CMA's independent, robust and consistent approach, grounded in our determination to protect UK gamers from the negative effects of the merger, eventually led Microsoft to propose a substantially restructured deal that saw Activision's cloud gaming rights sold to an independent competitor. The CMA subsequently cleared the new deal in October 2023, following a new Phase 1 investigation, having prevented the distribution of highly popular content (including much-loved games such as Call of Duty, Overwatch, and World of Warcraft) from potential stranglehold by the industry leader and ensuring this rapidly developing sector would remain open to a range of different competing businesses.

Case study: Amazon/Meta retail platforms

The UK's e-commerce market is the third largest in the world after China and the US, with sales reaching approximately £120 billion in 2023. For businesses to thrive in the modern economy, where digital presence and e-commerce capabilities are increasingly critical to success, it is essential that they be able to access online retail platforms on fair terms. The CMA has delivered significant outcomes for UK businesses and millions of consumers this year by ensuring fair competition on two of these: Amazon Marketplace (the biggest player and leader in the UK e-commerce market), and Facebook Marketplace, operated by Meta.

In November 2023, following separate investigations, we accepted legally binding commitments from both firms that will benefit both sellers and users of these platforms. Commitments secured from Amazon will help third-party Marketplace sellers to compete on a level-playing field and UK customers to access the best deals. The commitments include Amazon taking steps to ensure that independent sellers have a fair chance of their offers being featured in the 'Buy Box' (through which most sales on Amazon take place). Amazon will also allow sellers to directly negotiate their own delivery rates with independent providers of Prime delivery services, loosening the restraint to use Amazon's own warehousing and delivery services rather than rival logistics businesses. In addition, Amazon will be prevented from using data obtained from Amazon Marketplace sellers which could give it an unfair advantage when competing against those sellers as a retailer.

Commitments secured from Meta will address concerns about its use of certain advertising data that could confer an unfair advantage when competing with other businesses. This is particularly significant given that Meta is by far the largest supplier of digital display advertising in the UK. Meta will no longer be able to use competitors' advertising data to improve Facebook Marketplace, for example by using information derived from users' interactions with third-party ads on Facebook to target consumers with Marketplace listings.

The CMA welcomed the constructive resolution of our concerns, which reduce the scope for large firms to act in ways that give themselves an unfair advantage, depriving rivals of the ability to compete on a level playing field. We expect to see more impactful, targeted outcomes of this kind with the DMCC Act coming into force.

Area of focus: Enable innovating businesses to access digital markets such as mobile browsers and the distribution of cloud gaming services, e-commerce and digital advertising

The CMA has deployed a range of tools to protect access to digital markets this year, as illustrated by the case studies above relating to Microsoft's proposed acquisition of Activision in the cloud gaming market and the outcomes secured by the CMA from Amazon and Meta across e-commerce and digital advertising.

The CMA's independent panel also investigated Adobe's proposed $20bn deal to buy Figma, working closely with counterparts in the European Commission and US Department of Justice, who reviewed this merger in parallel. Adobe and Figma are two of the world's leading providers of software for app and web designers, increasingly relied upon by businesses across the UK to market their products and services. In November 2023, we provisionally found that the merger would reduce choice and innovation, potentially stymieing the development of new alternative products and negatively impacting on a digital design industry worth nearly £60bn to the UK economy. In the same month, the European Commission sent the parties a statement of objections setting out concerns about the effect of the merger on competition in Europe. Adobe and Figma subsequently abandoned their deal.

Following the conclusion of litigation that found in favour of the CMA, we also resumed our market investigation into mobile web browsers and the distribution of cloud gaming services through app stores in January 2024. Through this work, we are considering concerns about the effects of Apple and Google's effective duopoly on mobile ecosystems which allows them to exercise a stranglehold over operating systems, app stores and web browsers on mobile devices. The CMA is evaluating whether new rules are needed to drive better outcomes, including improved choice and removing barriers for developers seeking to bring innovative new apps to market.

Through our market investigation into cloud infrastructure services, we are also exploring whether competition is working well in this critical market, which allows remote access to computing resources on demand and over a network. Many businesses now rely heavily on cloud as an essential part of how many digital services are delivered to consumers. Following referral of this market by Ofcom, the CMA appointed an independent inquiry group in October 2023 to conduct a market investigation. We provide more information on this work below.

Area of focus: Deter anti-competitive behaviour

We have set out above how robust deterrence of anti-competitive behaviour helps to achieve a fair deal for consumers and taxpayers, not least when tackling bid-rigging in the construction sector. By imposing significant fines and securing director disqualifications, we have also delivered positive outcomes for businesses (as well as public bodies) that, as customers, are affected by the artificial raising of prices that may result from unlawful collusion. We have also tackled anti-competitive behaviour with the potential to disrupt the operation of a level playing field in markets more broadly. For example, commitments secured from Amazon and Meta (discussed in the case study above) will help to prevent practices that could have given these firms an unfair competitive advantage over their rivals. This will enable more effective competition between firms marketing their goods or advertising online.

Beyond these examples, we have broadened out our portfolio of work this year. For example, we have resumed our investigation into airlines participating in the Atlantic Joint Business Agreement to ensure effective competition on air routes between London and a number of US destinations – with the potential to impact business customers as well as consumers. The CMA is also working with our international counterparts, including the European Commission, to investigate suspected anti-competitive conduct in relation to the supply of chemicals for use in the construction industry. This is a sector which is crucial for the UK economy, and which has been subject to intense scrutiny from us in recent years. We are not only working to deliver for the NHS and for patients, but to ensure fair access to the market for fair-dealing firms, by launching an investigation in January 2024 into potentially misleading claims made to healthcare professionals by a leading supplier of critical iron deficiency treatments about the products being marketed by a rival.

Area of focus: Encourage effective competition in emergent markets

The current pace of innovation-driven change means that many of the emergent markets we intervene in today, in order to facilitate effective competition, relate to technology and digital.

Merger control plays an important role here, ensuring that the conditions for thriving competition are created right from the start and maintained as markets begin to develop. This serves important public interests, notably economic growth, innovation, more choice and lower prices for consumers.

The CMA's mergers portfolio delivered positive outcomes in several emergent markets over the last 12 months. In May 2023, for example, the CMA cleared the proposed merger between Viasat and Inmarsat, key players in the rapidly growing satellite communications market. Following in-depth scrutiny, evidence showed that the sector will continue to grow as the demand for satellite connectivity increases. We were therefore satisfied that the merged company would continue to be challenged by new and existing competitors, and that businesses relying on satellite connectivity to enable the supply of services (such as internet, email and video calling, including for use on aircraft) can continue to benefit from flourishing competition in this market.

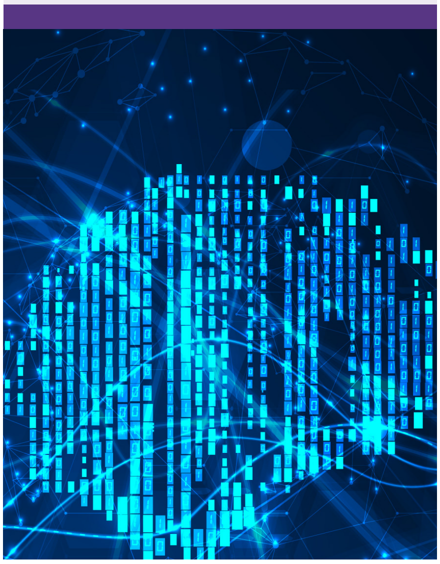
In September 2023, the CMA also cleared a £1.2bn deal between UnitedHealth and EMIS. These are specialist healthcare tech and software companies providing services to the NHS, which increasingly relies on digital technology and data analytics to support the delivery of high-quality healthcare. After careful consideration of a broad range of evidence, and consultation with a variety of stakeholders, the CMA's independent panel were satisfied that the deal would not reduce competition. This means that the

NHS can continue to access the options and innovations from new and developing technology, for the lasting benefit of patients.

At the forefront of the CMA's focus on emergent markets this year has been our extensive work on AI Foundation Models (FMs). These exciting new technologies have the potential to massively increase productivity and transform many existing products and services for businesses and consumers. If this promise is to be fully realised, however, it is important that the market for FMs develops in a way that ensures fair, open and effective competition. As set out in the case study below, the CMA has published in-depth research and analysis on FMs this year, including a set of principles to address risks to competition and consumer protection in this area. The principles were designed to help to ensure that consumers and businesses can benefit from FM-related markets that are characterised by choice, quality and lower prices, enabling a flow of potentially unprecedented innovation and wider economic benefits. We continue to engage constructively with diverse stakeholders around the application of these principles, as well as pursuing a broader portfolio of work relating to this systemically critical market. This is discussed in the case study below.

Case study: AI foundation models

> The CMA proposed a set of principles to help sustain vibrant innovation and guide for markets toward positive outcomes for UK consumers, businesses and our wider economy.



Like electricity or the internet, FMs are a form of 'general purpose' technology, characterised by broad applicability across many different sectors (healthcare, energy, transport, finance, retail and more), as well as the potential to fundamentally influence the functioning of our economy and society over the long term. General purpose technologies are rare, but historically have had widespread and transformative effects when they emerge, disrupting established processes and systems, creating and destroying industries, and spurring a paradigm shift in the way we live and work.

The CMA has been analysing the extremely fast-growing market for FMs since early 2023. We published an initial report in September of that year, following extensive consultation with stakeholders, including market participants from start-ups to major firms, consumer advocacy groups, academia and the third sector. Our report recognised the potentially significant benefits these models might bring, whilst also identifying a risk that FM markets could develop in ways which would be concerning from a competition and consumer protection standpoint. To mitigate that risk, the CMA proposed a set of principles to help sustain vibrant innovation and guide markets toward positive outcomes for UK consumers, businesses and our wider economy. These are:

- Access: ongoing ready access to key inputs.
- Diversity: to ensure sustained diversity of models and model types.
- Choice: enabling sufficient choice for businesses and consumers to decide how to use FMs.
- Fair dealing: no anti-competitive bundling, tying or self-preferencing, for example.

- Transparency: consumers and businesses having the right information about the risks and limitations of models.
- Accountability: ensuring developer and deployer accountability for outputs.

We continued to track market developments and to engage widely with a range of different stakeholders around our proposed principles, including hosting a half-day workshop event at the CMA's offices for 65 stakeholders. In April 2024, we published a second report, updating on the status of the FMs ecosystem which continued to develop at a very rapid pace, including new model launches, investments and partnerships, high-profile hirings (and in some cases exits), as well as a drumbeat of innovation and new use cases.

Our update identified the growing presence across FM markets of a small number of incumbent technology firms which already hold positions of market power in many of today's most important digital markets. The firms have strong positions in both the supply of critical inputs for model development (like compute, data, and talent), and in deployment, through key access points or routes to market, like the apps, platforms or mobile ecosystems people and businesses across the UK rely on each day. The report highlighted three key interlinked risks to fair, open, and effective competition:

- Firms controlling critical inputs for developing FMs may restrict access to shield themselves from competition.
- Powerful incumbents could exploit their positions in consumer or business facing markets to distort choice in FM services and restrict competition in deployment.
- Partnerships involving key players could exacerbate existing positions of market power through the value chain.

Our analysis indicates that these risks to fair, open, and effective competition in FM-related markets could ultimately harm UK businesses and consumers. This could be, for example, through restricting the ability of innovators and challengers to access the market, thereby diminishing choice and raising prices for customers and, ultimately, reducing the potential of these technologies to contribute fully to economic growth.

Our report explained how each risk could be mitigated by the principles and laid out for stakeholders the actions the CMA was taking, and considering taking in the near future, to address these concerns. We were clear that the CMA would take a tool-neutral approach including market investigations, merger review, ongoing research, and as part of our consideration around which digital activities to prioritise for investigation under the DMCC Act (noting that we have yet to take any provisional prioritisation decisions).

> The CMA believes that emergent technologies which promise to reshape our economy, our way of doing business, and our lives, should do so in a positive way that benefits everyone in the UK.

As signaled in our report, the CMA is now progressing various strands of work that touch on this area. We are using information-gathering powers through our mergers tool to understand whether several partnerships and strategic investments between incumbent firms and leading FM providers (some of which are quite complex and opaque) fall within UK merger rules or raise competition concerns in the UK. This includes examining Microsoft's partnership with OpenAI (launched December 2023), as well as partnerships between Amazon and Anthropic; Microsoft and Mistral AI;[8] and Microsoft's hiring of former employees and related arrangements with Inflection AI (all launched April 2024). Our panel of independent experts are also assessing the potential impact of FMs on the provision of cloud services as part of our ongoing cloud infrastructure market investigation. Our FMs research and stakeholder engagement around the application of the principles continues, as do deliberations relating to prioritisation of digital activities for investigation under the DMCC Act.

The CMA believes that emergent technologies which promise to reshape our economy, our way of doing business, and our lives, should do so in a positive way that benefits everyone in the UK. We will continue to work constructively with market participants, broader stakeholders, and other regulators across the globe (which are also examining FMs and AI more broadly) to ensure that this positive future is realised.

[8] We decided in May 2024 that Microsoft Corporation's partnership with Mistral AI did not qualify for investigation under the relevant statutory provisions.

Profile

Merger reform

At its heart, merger control is about ensuring markets continue to sustain fair, open and effective competition, delivering the positive outcomes that can flow when markets operate at their best. Thriving competition serves important public interests – notably economic growth, innovation, more choice and lower prices for consumers. Effective merger control, underpinned by a robust, independent UK competition authority, also helps to provide a stable and predictable environment for UK and international businesses seeking to invest and grow in a competitive marketplace. This is an environment where the conditions exist for them to enter the market, compete fairly with incumbents, and reap the rewards of new and innovative product and service offerings to customers. Merger control is not, therefore, simply a bureaucratic hurdle to getting a deal done. It is the foundation of a vibrant, innovative economy, as well as a fundamental safeguard for consumer welfare and the interests of businesses and their investors.

Approximately 50,000 M&A deals were identified over the course of 2023. Out of these, the CMA considered 913 merger cases in 2023/24, carrying out 54 Phase 1 reviews. A third of reviews (18) resulted in unconditional clearance, and a further 26 in clearance with remedies to mitigate the effects of a substantial lessening of competition. The agreement of remedies in merger cases delivers benefits to consumers and businesses through the maintenance of competitive rivalry, and therefore choice, in markets.

We conducted in-depth Phase 2 investigations in respect of nine cases where we considered the merger to have the potential to reduce competition in the UK, including where we were unable to agree satisfactory remedies at Phase 1 to address our concerns. All Phase 2 inquiries are led by a group appointed from the CMA's Panel of independent experts, which is responsible for making the final decision on the case. The majority of these (five) were cleared unconditionally, and a further two with remedies. One merger this year was subject to a prohibition decision at the end of the Phase 2 process. In total, three mergers were abandoned by the parties (two at Phase 1 and one at Phase 2).

Where a merger has the potential to reduce competition in the UK, including increasing the prospect of power in emerging markets concentrating around a small number of firms, the CMA's panel of independent experts will review that merger and intervene, if necessary, for the benefit of UK consumers and businesses.

The CMA's mandate, following the UK's exit from the EU, is to promote competition in the interests of UK businesses and UK consumers. This includes additional responsibilities for reviewing the UK impact of many global deals that would previously have been considered by the European Commission. In general, the UK merger control process has been working well. However, with increased responsibility comes an obligation to ensure that we are constantly evaluating ways to strengthen the outcomes the CMA delivers for those we serve, including listening to stakeholders and evolving our processes to operate as effectively as possible.

[9] PWC (2024), Global M&A Industry Trends: 2024 Outlook

That is why we carried out a 'stocktake' of our Phase 2 merger process and consulted on procedural reforms in November 2023. At the same time, we consulted on proposed changes to our 'de minimis' threshold. These consultations led to the publication of revised guidance in April 2024, designed to ensure the UK merger regime operates in a more streamlined way, with maximum transparency and certainty, and minimised burden for merging businesses.

The legal tests the CMA uses to assess mergers remain unchanged. However, these process reforms should improve the running of our investigations, with the potential to deliver a real step-change in aspects of the way the UK merger regime operates, including to the benefit of the businesses that engage constructively with them. In particular, the revised process will streamline the start of the Phase 2 investigation – enabling an earlier focus on the key issues at stake in the case. It will also improve the opportunities provided for all businesses affected by a merger to engage with the CMA inquiry group overseeing the investigation, improving the level of feedback to the parties as the process develops and tempering the inquisitorial aspects of the system with more discursive approaches. The remedies process has also been revised to further incentivise merging parties to bring forward credible remedies to address concerns at the earliest possible stage. The outcomes secured in the Microsoft/ Activision case, referred to in the case study above, demonstrate how this can unlock significant benefits – and that it is in everyone's interests to put these solutions on the table at the right time. The CMA has also raised the 'de minimis' threshold from £15 million to £30 million to ensure that we can more effectively prioritise the most significant mergers.

The reforms are designed to enhance the UK's merger control processes by putting in place 'best in class' procedures that are clear, transparent, agile and efficient and have come into effect with the publication of updated guidance. Going forward, any new Phase 1 cases opened by the CMA and referred for an in-depth Phase 2 investigation will be run under the new Phase 2 process.

Profile

DMCC Act – introducing a new digital markets competition regime

The pace and scale of digital transformation over the last two decades has been extraordinary and has brought enormous benefits for people, businesses and economies across the globe. The UK digital sector continues to grow rapidly, contributing billions of pounds, and enabling millions of jobs, across the economy. At the same time, however, market power has become heavily concentrated amongst a small number of technology firms across various digital markets. We have seen instances of that power being leveraged to obstruct new entrants, stymie innovation, and to exploit people and businesses, for example through harmful online architecture or anti-competitive tying and bundling of products and services.

The new digital markets competition regime has the potential to transform the CMA's ability to address the impact of this concentration more effectively, driving greater dynamism in these markets and making the UK one of the best places in the world for technology innovation and investment. This includes preventing harmful practices which restrict challengers and innovators from accessing digital markets, maintaining diversity and choice for consumers, and helping to ensure a level playing field where innovation and investment is properly rewarded.

Rather than one-size-fits-all regulation of the sort that may create barriers to innovation or unnecessary burdens for businesses, the Act has been consciously designed to be highly flexible, bespoke, and targeted in its approach. The tools have also been adapted to the fast-moving and diverse nature of digital markets, so that the CMA can tackle issues in a timely and proportionate way. The CMA has the power to craft specific requirements applying to firms that we designate as having Strategic Market Status (SMS) in relation to a particular digital activity. These requirements will be time-bound, and we will be required to review them every five years, enabling us to reflect market and technology shifts.

We have also been clear that our approach will be founded on ongoing, active, and constructive dialogue with potential designated firms and broader stakeholders. This will help to ensure we identify the most important issues to address, design the most effective interventions, and work to solve problems in a more agile and efficient way, wherever we can, by agreeing solutions to avoid enforcement.

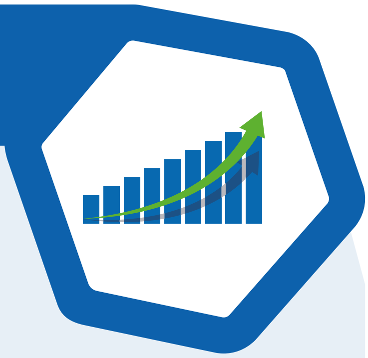
This is an important responsibility for the CMA, and we have been preparing intensively this year to ensure that we are in a strong position to operate our new digital regime powers effectively from the point at which we receive them. We set out in more detail below our preparations to carry out these new functions.

To help businesses understand, and start to prepare for, the incoming regime, we published an overview of our provisional approach to implementation in January 2024. We have now launched a consultation on draft regime guidance following enactment of the DMCC legislation in May 2024 and will seek to gather input from a broad, diverse range of stakeholders. We anticipate being able to launch our first SMS investigations very soon after commencement of our new responsibilities, which we anticipate will happen later in the year. In the first year we would expect to initiate approximately three-four SMS investigations.

> The new digital markets competition regime has the potential to transform the CMA's ability to address the impact of this concentration more effectively, driving greater dynamism in these markets and making the UK one of the best places in the world for technology innovation and investment.

UK Economy

The whole UK economy can grow productively and sustainably



Our Annual Plan for 2023/24 set out five Areas of Focus that guided delivery throughout the year under this Ambition. These were to:

- Act in existing and emergent markets for sustainable products and services. Undertaking further work on green claims and on energy efficiency.
- Identify and acting in areas where we can have the most positive impact on innovation and productivity and influence the pro-competitive development of markets.
- Ensure digital markets are competitive, including through preparing for the introduction of new statutory powers for the CMA.
- Identify economic risks the CMA is well-placed to address to support the resilience of the UK economy.
- Provide advice to governments to support effective trading between UK nations through the OIM, and operating the SAU as part of the new domestic subsidy control regime.

In this section:

- Case studies: supporting sustainable economic growth (green agreements guidance, misleading green claims)
- Information on delivery against each Area of Focus
- Case study: Subsidy Advice Unit
- Profile: Microeconomics Unit

The CMA is fully committed to playing our part in helping to support the UK economy's return to health, including by fostering the competitive market conditions which are a key driver of productivity and growth. The link between competition, productivity and wage growth has been well-established empirically, as has the correlation between the existence and effectiveness of competition policy and overall productivity.[10] The CMA's own review of the relationship between competition and productivity also identified competitive pressure as a key driver behind firm-level efficiency and innovation, and is an important factor in allowing lagging firms to exit the market and create the space for more productive new entrants.[11]

As outlined in our strategy, the CMA pursues a targeted approach to supporting growth and we act in markets of strategic significance to maximise the outcomes that they deliver for the UK economy. This includes sectors with particular potential to drive growth and productivity, such as digital, where new responsibilities under the DMCC Act will enable us to proactively drive more dynamic markets and prevent harmful practices that hold back innovation and growth.

Reflecting the challenges that climate change poses to our economy and wider society, we have also focused on supporting sustainable growth and the UK's transition to Net Zero. The implementation of our

[10] For example, Organisation for Economic Co-operation and Development (OECD) (2014), Factsheet on how competition policy affects macro-economic outcomes
[11] Productivity and competition: a summary of the evidence (2015)

Green Agreements Guidance for businesses (outlined in the case study below) ensures that innovation in green sectors is not hampered by fears of breaching competition law. Our open-door policy to businesses looking to collaborate on the development of new, more sustainable technologies ensures innovation can continue to thrive within the UK economy.

More generally, the MU (see profile below) is exploring how the CMA can support economic growth and resilience through multiple different ongoing and planned research workstreams. This includes producing discussion papers around innovation, competition and growth; publishing the CMA's third State of Competition report later in the year; and working in partnership with the Department for Business and Trade and HM Treasury around various aspects of the wider economic benefits of competition policy. The work of our MU, as well as the OIM and SAU, which is subject to a final case study at the end of this section, is an example of the way that the CMA can support a well-functioning economy through advice to government and other public bodies. Beyond these areas of our activity, we assisted public bodies across the UK to consider the impacts of their policy choices on competition by refreshing our guidance on Competition Impact Assessments in July 2023.

This valuable work all forms part of the CMA's broader contribution to thinking (both within government and across the policy community) on ways to stimulate and strengthen our economy. We remain laser-focused on this goal – whether it be through prohibiting mergers with the potential to harm competition, tackling anti-competitive behaviour so that fair-dealing businesses can access growth markets, or influencing the development of emergent markets so that the prospects for thriving competition are secured from the start. A strong, independent competition regime also ensures that businesses and investors have the certainty to enter and compete in UK markets on a level playing field, confident in the knowledge that efficient and innovative businesses will win out on merit. The CMA's engagement with the investor community consistently confirms that certainty of robust, impartial and transparent processes offered by the UK's independent authorities, courts and tribunals are all important factors in the UK's attractiveness as a destination for investment. The CMA strives to embody this impartial, transparent, evidence-based approach in all our activities and engagement.

> The CMA is fully committed to playing our part in helping to support the UK economy's return to health, including by fostering the competitive market conditions which are a key driver of productivity and growth.

Case studies

Supporting sustainable economic growth

The CMA's strategy reflects a strong focus on supporting the UK's transition to Net Zero. Alongside the societal benefits of addressing the risks we face from climate change, the pursuit of Net Zero has the potential to underpin systemic transformation in almost every aspect of the economy. A sustainable, green economy is poised to drive substantial economic growth and technological innovation in the coming decades, not just in the UK but globally. The CMA has progressed specialist workstreams across this area, building up skills and technical expertise, developing in-depth research, engaging with diverse stakeholders (within and outside of government), and leveraging a range of our powers to deliver tangible outcomes.

Case study: Green agreements guidance

Climate change is one of the most serious and systematic challenges facing our economy and society. That is why the CMA has prioritised action to promote environmental sustainability and accelerate the UK's transition to a Net Zero economy. UK businesses have the potential to make an enormous impact in tackling environmental harms, driving and benefitting from green growth in the process. However, this will only happen if barriers to action are effectively addressed so that opportunities can be seized.

Wherever the CMA finds genuinely anticompetitive agreements that harm consumers and other fair dealing businesses, we will always use our competition enforcement powers to tackle and deter them. In the environmental context, this might include agreements between businesses to impede the development or adoption of more environmentally sustainable technologies and business practices, for example. However, we also recognise that there will be situations where collaboration between competitors may be needed to promote environmental sustainability, for example to phase out polluting elements of supply chains, increase demand to achieve economies of scale, or to research and develop more sustainable technologies. Indeed, industry collaboration is likely to be particularly important for meeting the UK's binding international commitments and domestic legislative obligations and there many legitimate pro-environmental collaborations that businesses and industries can pursue without breaching competition law.

"We have also implemented an 'open-door policy' through which businesses, non-governmental organisations, trade associations and charities can approach the CMA for informal guidance on proposed agreements between businesses that promote environmental sustainability.

In 2022, the CMA provided advice to government around environmental sustainability, through which we found that businesses sought greater clarity about what is, and what is not, legal when working together in this context. We heard from some businesses that they may be actively deterred from beneficial environmental collaboration because of fears about competition law enforcement. The CMA therefore moved to provide this clarity to businesses seeking to transition to more sustainable business practices, including through the use of legitimate industry collaboration.

To help address concerns directly, we launched our Green Agreements Guidance in October 2023. This was designed to offer advice for firms seeking to cooperate to drive forward ambitious environmental goals without breaking the law. We have tried to make the Guidance as accessible and user friendly as possible, including for businesses that may have less experience of the CMA, and of competition law more broadly. The Guidance includes examples of some of the practices that are – and are not – likely to be acceptable, laid out across three main sections:

- Examples of environmental sustainability agreements that are unlikely to infringe competition law.
- Guidance on agreements that might raise concerns and therefore need more careful consideration.
- Guidance on agreements that may qualify for an exemption because of the environmental benefits they create -and how to assess these benefits.

We have also implemented an 'open-door policy' through which businesses, non-governmental organisations, trade associations and charities can approach the CMA for informal guidance on proposed agreements between businesses that promote environmental sustainability. We have received approaches from numerous businesses and other organisations seeking to explore whether the open-door policy can assist them. These have involved a range of potential initiatives right across the economy which have led to, for example, the CMA publishing informal guidance to the Fairtrade Foundation (in November 2023) and WWF-UK (in March 2024) – both concerning sustainability initiatives relating to the production and supply of groceries. Through this combination of precedent-setting guidance and stakeholder engagement, the CMA has established itself as one of the leading competition authorities globally in considering the interaction between competition law, climate change and sustainability.

Case study: Misleading green claims

The CMA's programme of work to tackle misleading green claims has helped to drive access to genuinely sustainable goods and services for environmentally conscious consumers, as well as supporting trust in the green economy. According to KPMG[12], two thirds of consumers say they try to seek out green or sustainable options for some of the products and services they buy. However, a third are sceptical of green labels and sustainability claims and over half say that they would stop buying from a company found to have been misleading in their sustainability claims. This, and a wealth of similar data, reinforces the importance of people being able to have confidence in the claims they see and not being misled into buying items that are falsely presented as being eco-friendly. The CMA's work helps to build this trust and acts as an incentive for businesses to improve their practices. Our efforts this year have spanned a range of sectors, including fashion, fast-moving consumer goods and green heating.

> The CMA's programme of work to tackle misleading green claims has helped to drive access to genuinely sustainable goods and services for environmentally conscious consumers, as well as supporting trust in the green economy.

In the fashion sector, the CMA's activities have brought about a turning point for the industry. In March 2024, we secured landmark undertakings from three leading brands – ASOS, Boohoo and George at Asda – which together make over £4.4bn annually from UK fashion sales. These undertakings commit the firms to changing the way they display, describe, and promote their green credentials. Not only does this mean that millions of customers can expect to see clear and accurate green claims, but it also sets a benchmark for how fashion retailers should be marketing their products. The three firms are required to report regularly to the CMA on their compliance with the commitments. We have followed up with an open letter to other retailers in the sector, urging them to review their own claims and practices.

In December 2023, the CMA launched an investigation into potentially misleading claims made by Unilever with respect to fast-moving consumer goods (FMCGs), following a wide-ranging review of compliance by firms in the sector. FMCGs are essential items that people use on a daily basis and repurchase regularly, with shoppers spending around £140bn on them each year. They include food and drink, cleaning products, toiletries, and personal care items. The CMA is concerned that Unilever may be overstating how green certain of these products are through the use of vague and broad claims, unclear statements around recyclability, and 'natural' looking images and logos. We are drilling down into these claims to assess whether there has been greenwashing and will not hesitate to take firm action to protect consumers where necessary.

[12] KPMG (2023), Over half of UK consumers prepared to boycott brands over misleading green claims

We are also scrutinising the green heating and insulation sector. On the basis of an initial call for information, which invited views from consumers and businesses, we published a findings report in May 2023 on consumer protection in the sector. This found that people looking to buy 'green home' heating technologies – such as solar panels and heat pumps – can face difficulties in accessing trusted sources of advice and are not always treated fairly by businesses. The areas of concern that we identified included potentially misleading and unfair practices on the part of businesses – including in relation to boilers. Building on these findings, we launched an investigation into Worcester Bosch in October 2023 over potentially misleading marketing claims that could prompt shoppers to think that their 'hydrogen-blend ready' home boilers are more environmentally friendly than they actually are. Having issued warning letters to 12 other businesses involved in similar practices, we have also written to Worcester Bosch detailing our concerns. This gives Worcester Bosch an opportunity to follow the lead set by the fashion brands subject to CMA action, by signing undertakings to formally address our concerns and change their marketing practices.

Area of focus: Act in existing and emergent markets for sustainable products and services. Undertake further work on green claims and on energy efficiency

The CMA has focused extensively on ensuring markets for sustainable products and services work well for people and businesses, ultimately supporting the growth of the green economy. As outlined above, we have taken action to tackle misleading green claims, whilst thinking carefully and creatively about how competition policy can support, rather than hinder, green growth through our Green Agreements Guidance, which we launched in October 2023.

We are also helping consumers to make informed choices and access genuinely sustainable goods and services in green heating and energy efficiency. As part of our report into consumer protection in the green heating and insulation sector (published in May 2023), we examined the typical 'consumer journey' for someone looking to insulate their home or buy new green heating technology. We identified a number of crucial points where consumers were at risk of abandoning their purchase due to a lack of clear information, a complex standards landscape, or potentially misleading claims by businesses. These findings ultimately led to enforcement action against Worcester Bosch in respect of potentially misleading marketing claims.

The report also acted as a springboard to further work to improve the identified purchaser journey, and to build additional consumer confidence. For consumers, we launched an awareness campaign with 'top tips', as well as a more detailed guide setting out key considerations for people at each stage of the buying process and an outline of their rights under consumer protection law. We helped businesses to better understand and fulfil their obligations by consulting on draft compliance advice for marketing green heating products. Noting the important role of quality assurance bodies, we also issued a set of good practice principles for quality assurance bodies to raise standards in the sector. These actions will help consumers make more effective choices when investing in greener home heating solutions, improving their ability to use their spending power to tackle climate change.

This year saw a further step forward for consumers seeking to access more environmentally friendly sources of energy via the implementation of recommendations from the CMA's 2017 heat networks market study. The Energy Act 2023 (which received Royal Assent in October) will help ensure that consumers benefit from the regulation of heat networks which provide homes with heat and hot water from a central source via insulated pipes, in the same way as for other utilities.

Area of focus: Identify and act in areas where we can have the most positive impact on innovation and productivity, and influence the pro-competitive development of markets

Driving innovation and productivity is deeply embedded in many areas of the CMA's work, as demonstrated by various workstreams from this year. Effective merger control, especially in dynamic sectors, helps to ensure that markets remain open to competition and entry by innovative challengers and new entrants. Industry-leading research and advisory work by the MU (see profile below) enables the CMA to provide insights in support of solving pressing economic challenges like the 'productivity puzzle'. Our efforts to shape the critical emergent market for FMs this year (see case study above) are intended to unlock the full benefits of an intensely innovation-driven market with potentially far-reaching effects for productivity, which will only be fully realised if it develops in a pro-competitive direction.

One of the most significant areas of innovation-related work for the CMA this year has been the launch of our market investigation into cloud infrastructure services in October 2023, following referral of the market by Ofcom. Cloud services provide businesses with access to scalable computing resources on demand. This is increasingly critical for many digital businesses, but particularly startups and scale-ups wishing to rapidly develop and deploy cutting-edge solutions without substantial upfront spend on IT infrastructure. Cloud services also play a pivotal role in supporting the growth of multiple strategically important emergent sectors and technologies, such as artificial intelligence, data analytics, the Internet of Things, and edge computing. This critical and fast-growing market is worth £7.5bn to the UK today and expected to underpin considerable digitally enabled growth across the wider economy.

Members of the CMA's independent Panel were duly appointed to an inquiry group to act as decision-makers in the market investigation. The Panel is exploring, amongst other issues, whether technical barriers and certain data transfer fees are making switching or using multiple providers unduly difficult. Also under consideration are whether software licensing practices restrict customer choice and prevent effective competition, and whether the structuring of committed spend agreements are increasing barriers to entry. Although our investigation has yet to conclude, we have consulted on an issues statement outlining initial theories of harm as well as potential remedies. We have also published a first set of working papers, which enables interested parties to submit their views and any relevant evidence. By carefully considering potential barriers to competition in this market and the interventions that could improve the supply of these important services, we can make a positive difference to the UK economy and to the businesses that rely on cloud services to innovate, reduce costs, become more productive, and stay competitive by quickly adapting to market demands.

Area of focus: Ensure digital markets are competitive, including through preparing for the introduction of new statutory powers for the CMA

Although digital markets have brought significant benefits to the UK economy, the concentration of market power in the hands of a small number of technology firms across various digital markets has the potential to hold back the outcomes they deliver. For example, we know from our engagement with tech companies (large and small) that, in some cases, firms are holding back on making investments because of the behaviour of a few powerful firms. In order to maximise the potential of digital markets to power economic growth, new entrants should have a fair chance of entering the market, gaining ground on, and potentially upending the entrenched market positions of today's large, digital firms. This is the foundation of the DMCC Act, which will help consumers and businesses across the UK gain access to new services and better deals, as well as unlocking a new era of investment into digital markets.

The CMA has taken forward extensive work this year to operationalise the new Digital Markets Unit (DMU), which will house our new digital functions. We have supported the UK government as DMCC legislation passed through Parliament, and we have taken forward intensive internal preparations, building to an agile team of around 200 people working across our digital functions by regime commencement. In January 2024, we published an overview of our provisional approach to implementing the new regime, and we have developed more detailed guidance for consultation now that legislation has been enacted. We have also put into practice our commitment to ongoing, active and constructive engagement with stakeholders by taking forward an ambitious programme of around 230 meetings and engagements across the ecosystem (including, but by no means limited to, firms that may be subject to SMS designation in future).

These preparations have not detracted from the consistent deployment our existing powers to investigate and tackle issues that may be harming competition in digital markets. As set out above, we have made full use of our toolkit and taken action in multiple areas from cloud gaming and cloud services, to online retail platforms, and mobile browsers.

In order to exercise our new responsibilities effectively, the CMA is conscious of the need to remain abreast of developments in rapidly transforming digital markets. We are fully invested in understanding not just the technologies and markets of today, but thinking about those that may emerge in the future. We have built a Technology Horizon Scanning function, led jointly by the DMU and our Data, Technology and Analytics (DaTA) Unit. The function's first publication in December 2023 (which drew on the expertise of the CMA's Digital Expert Group), was a wide-ranging report analysing possible future developments and impacts of 10 key digital trends on competition and consumers.

The CMA has continued to contribute to a coherent approach to digital regulation as a founder member of the Digital Regulation Cooperation Forum (DRCF), which brings together the CMA, Financial Conduct Authority, Information Commissioner's Office, and Ofcom. Through membership of the DRCF, the CMA has sought to address the unique challenges posed by regulation of online platforms in a joined-up fashion, contributing to publications on topics such as algorithms, quantum and immersive technologies. We are also assisting UK tech firms to bring new products and services to market faster through the newly launched AI and Digital Hub. This expert, informal advice service provides a one-stop-shop, via the DRCF website, to innovators with complex, cross-regulatory questions. By offering a streamlined process for businesses, we aim to help unlock innovation in the tech sector and contribute to UK economic growth.

Area of focus: Identify economic risks the CMA is well-placed to address to support the resilience of the UK economy

This Area of Focus for the CMA was initially intended to help support the resilience of key markets in the aftermath of the COVID-19 pandemic. As the nature of the challenges facing the UK economy have evolved, we have evolved our focus to address other economic risks. We took action to tackle the significant risks for government, taxpayers, and the wider economy that arose due to the effects of Motorola's virtually unconstrained monopoly over the mobile radio network used by the emergency services to securely communicate. This resulted in Motorola imposing excessive charges of around £200m each year, demonstrating the negative effects that can arise when markets are closed to competition – with a lack of competitive tension resulting in restricted choice and hiked prices, in this case with the burden being shouldered by UK taxpayers. The CMA acted in April 2023 to bring costs down to a level that would apply in a well-functioning and competitive market by introducing a charge control, making a recommendation to the UK government to put in place a plan to ensure that prices are set competitively once the charge control ends.

The CMA has also fostered resilience in the aviation sector this year, through the exercise of our function as the appeal body for certain decisions taken by other regulators. In October 2023, we issued our determination on a price control decision taken by the Civil Aviation Authority (CAA) following appeals by Heathrow Airport and three airlines, which reflected the impact of the COVID-19 pandemic on the air transport sector. This determination, which required the CAA to reconsider three parts of its decision, will help ensure that the right balance is maintained between affordable prices for passengers and encouraging investment at the airport. With air connectivity an important driver of growth, this has wider benefits for the UK economy.

Area of focus: Provide advice to governments to support effective trading between UK nations through the OIM, and operate the SAU as part of the new domestic subsidy control regime

As the CMA has been tasked with greater responsibility and new functions over the last ten years, we have built valuable expertise and insight beyond our original core competencies. As we set out in our final case study below, the CMA's SAU has played an important role in its first full year of operation as part of the UK's subsidy control regime. In addition to taking forward preparations to monitor and report on the effective operation of the regime, it has provided advice to public authorities on subsidies and subsidy schemes meeting certain criteria set out in legislation.

Through the OIM, we also now support effective trading within the UK via the provision of important insights to policymakers on ways to minimise any negative effects of policy design on intra-UK trade. Valued at around £190bn annually, this trade is essential to the UK's economic prosperity. The OIM draws on the expertise of the OIM Panel, an independent group of experts from across the UK appointed in November 2023, who assist it in discharging its statutory functions. More detail of the OIM's activities can be found in its Annual Report, published in March 2024.

Case study: Subsidy Advice Unit

> The SAU provides independent and non-binding advice, in certain circumstances, to public authorities, such as government departments or local councils, so that they can make effective decisions about the subsidies they give.

The CMA's SAU commenced operations in January 2023 and plays an important role in the UK's subsidy control regime (which governs how financial assistance is provided), as well as monitoring the effectiveness of the regime itself.

The SAU provides independent and non-binding advice, in certain circumstances, to public authorities, such as government departments or local councils, so that they can make effective decisions about the subsidies they give. Subsidies to businesses can include grants, loans or tax benefits to achieve public policy objectives.

The SAU's advice typically concerns the subsidies of the highest value, or which meet other criteria set out in legislation, and it evaluates the assessments of compliance that public authorities are required to undertake against the Subsidy Control Principles set out in the Subsidy Control Act. This helps to ensure that public authorities, who are responsible for making subsidy decisions, give subsidies in a way that avoids distorting competition.

In 2023/24, the SAU provided extensive advice to public authorities in all four UK nations, including UK Government departments, devolved administrations, local authorities and a variety of regional bodies, publishing 35 reports in total, all of which were completed without extensions to the 30-working day statutory timescale. All SAU reports this year concerned subsidies and schemes that met the threshold for mandatory referral to the SAU set out in legislation (with no reports published on subsidies meeting the criteria for voluntary referral). They spanned the full range of economic activity and government policy – from supporting Net Zero through various green energy initiatives, stimulating investment in manufacturing and regional development in locations from the Scottish Highlands to the West Midlands, and progressing social policy objectives such as public transport, the promotion of tourism and the arts, and social housing provision.

Meanwhile, the SAU also developed proposals for its statutory monitoring function, consulting on these in February 2024. In undertaking this function, the SAU will report periodically on the effectiveness of the operation of the subsidy control regime and its impact on competition and investment in the UK. As an independent, evidence-based assessment, this will assist government in ensuring that the subsidy control regime delivers its objectives.

Profile

Microeconomics Unit

Established in 2022 as the 'microeconomic sibling' for the Bank of England's macroeconomic research function, the MU within the CMA brings together deep expertise and cutting-edge techniques to develop research and analysis in support of a robust, flourishing UK economy. The MU is based at the government's Darlington Economic Campus and works in active collaboration across the research and academic community, including a highly productive partnership with Durham University.

The MU helps the CMA keep pace with emerging issues and the latest methods in industrial economics, helping us to evolve the analysis conducted in our core casework. The Unit also functions as an independent, open-access, collaborative centre of microeconomic research expertise for government more broadly, focusing on areas of pressing need – such as the 'productivity puzzle' which the UK faces in common with many other developed economies, as well as identifying potential opportunities for growth.

The MU launched its first flagship report – 'Competition and Market Power in UK Labour Markets' – in January 2024. This important new research (some of the first of its kind) supports and advances the robust body of evidence around the benefits of well-functioning labour markets, which are widely recognised as an important driver of economic growth and increased productivity. Where labour markets work well, workers are able to access the right jobs for them and firms find the workers they need in the easiest, most efficient way. The amount each worker can produce rises, more suitable workers contribute more in a given hour, which in turn boosts revenues and wages, helping to increase participation and grow the economy. It is therefore in the shared interests of workers, firms and governments to ensure that the UK labour market works well for everyone. Several promising avenues of exploration are now being progressed together with the MU's many partners within and outside of government. This research also underscored the robust competition enforcement to tackle suspected illegal collusion that could undermine the effective functioning of labour markets, which we describe in more detail above.

The MU also monitors the state of competition in the UK economy. Over the course of 2023/24, the Unit has worked towards the evidence base for the third CMA State of Competition report, which will be published later in 2024. Insights from this expert analysis, as well as from the MU's broader pipeline of work across the next year, will help to inform policy development and unlock solutions to systemic challenges facing the UK economy.

CMA core enablers

The CMA is committed to continually enhancing our performance and productivity to ensure we are delivering maximum impact for people, businesses and the UK economy from the resources at our disposal.

We are making excellent progress against a number of multi-year internal change programmes that are building capability, driving efficiency, and enhancing the transparency of the CMA and our work. These programmes relate to the Core Enablers in our strategic framework, which taken together, help ensure the CMA is fit for the future as we move into our second decade of delivery.

Adapting our business model

The CMA has become more dynamic through the introduction of internal initiatives to enable greater flexibility for staffing projects. These include our 'major/minor' model in which staff spend most of their time in a 'home' specialist area, whilst also having the opportunity to work in a separate 'minor' area. This allows for more agile resource deployment against projects and supports staff in building broader experience and skills.

We have introduced new tools and processes that underpin effective prioritisation and help ensure that the CMA's strategy is fully integrated into our decision-making. The introduction of a Resourcing, Pipeline and Planning Committee has led to a step change in the clarity and consistency with which we select and prioritise our discretionary work, while our updated Prioritisation Principles (published in October 2023 following consultation) provide transparency on the factors that the CMA takes into account when deciding whether to take action.

Part of adapting our business model is recognising the importance of leveraging a broader ecosystem of external expertise to ensure the CMA's work is always well-informed and based on robust evidence. We are doing more and broader stakeholder engagement than ever before. We also leverage specific relationships with external experts, for example the MU's partnership with Durham University and the CMA's Digital Expert Group whose independent advisors support our digital markets, as well as preparations for the new digital regime.

Building and reinforcing critical capabilities

We continue to invest in developing our digital, AI and technology capabilities. At a systems level, we have successfully delivered both private and public cloud enterprise architectures and services, alongside a secure and modern end-user computing strategy. This is allowing us to streamline processes, improve scalability, and bolster data security. We are also preparing for a major overhaul of our HR, finance and procurement processes through the introduction of a new Enterprise Resource Planning system (ERP), which will help to improve the CMA's productivity and efficiency, including through more effective use of data.

Through our Digital Transformation Programme, we are actively evaluating the potential for greater automation, process re-engineering, and the ability to exploit new tools and technologies, including AI across many areas of our work – from specific use cases on case work, including analysis, evidence generation, and legal document review, to a more general focus on organisation-wide productivity across the board. We are taking forward a carefully considered, centrally governed programme of AI pilots, deployed in a safe and secure environment, to test the capabilities of some of the latest Large Language Models in areas of our work.

The implementation of our Digital Transformation Programme builds on the CMA's successful establishment of the DaTA Unit, which has grown considerably this year and is now a highly interdisciplinary function with expertise across technology, data science, data engineering, behavioural science, eDiscovery and Digital Forensics, as well as a covert Internet Lab. These technical skillsets and assets are leveraged across the CMA's full portfolio, producing timely, robust insight, analysis and evidence on cases – including all major digital cases – and driving proactive, thematic work in areas like Online Choice Architecture and FMs. These capabilities enable us to intervene with effect by keeping pace with unprecedented technological change, including growing use of data and algorithms that are transforming business models across sectors.

Beyond this, the CMA is reinforcing critical capabilities across multiple fronts. We continue to build specialist expertise in the DMU, with staff working across a range of CMA projects across the last year in preparation for discharging new ex-ante regulatory responsibilities. We are also progressively building and integrating strategy and futures expertise into the development of our broader strategic framework, including investing in our ability to identify, monitor and respond to macro trends in our external environment. We are bolstering some essential capabilities that have been a cornerstone of our toolkit for some time, such as our ability to provide effective advice and advocacy to government, including through the creation of a new Public Policy function.

In addition, we have recently created a combined Consumer Protection and Markets Directorate. The work of these teams is highly complementary, and the CMA's recent projects have often involved both consumer protection law enforcement and parallel markets work to examine deeper issues that may be preventing markets from working well for consumers and responsible businesses. By drawing this work more closely together, and examining markets and consumer protection concerns holistically, we hope to achieve an even greater impact. This Directorate will also house the CMA's Regulatory Appeals function and will take responsibility for remedies monitoring and enforcement.

As such, the Directorate will take responsibility for the programme of work to refine the way that we design, implement and monitor remedies in our market investigations following the 'lessons learned' review on Open Banking led by Kirstin Baker. Many of the recommendations that resulted from this review have already been demonstrated in our approach to implementing the charge control on Motorola (which we set out above). For example, we ensured robust internal governance by putting in place a Steering Group, providing effective risk management and oversight of remedies implementation. The CMA considered questions relating to implementation during the remedies design phase, building in gateways to the delivery and implementation process through a mid-term review clause in the legal Order giving effect to the charge control. We have put in place similarly enhanced governance for remedies in groceries, private healthcare and funerals markets, and continue to embed Kirstin Baker's recommendations across our broader remedies portfolio. The CMA will take forward an evaluation of a complex market remedy in the coming year. This enables us to build on the legacy of the Open Banking revolution, which the CMA paved the way for with our retail banking market investigation.

Upgrade our employee value proposition

The CMA's ability to discharge our responsibilities and deliver value for the UK depends directly on our ability to recruit and retain staff of the calibre required to carry out this complex, often specialist, work. Noting fierce private sector competition on wages, we are utilising the levers at our disposal to support the CMA's attractiveness as an employer and our ability to offer the best possible employee experience to our staff.

As set out in our Staffing Report, we are implementing an Employee Experience Plan, embedding a culture where colleagues can: effectively contribute; feel valued, empowered and included; learn and develop their career; and access interesting and impactful work. We provide a flexible working environment, which is a critical part of our ability to recruit and retain talent in a competitive market. We are enhancing our successful apprenticeship and graduate recruitment schemes to build a pipeline of homegrown talent. The CMA continues to offer a wide range of learning and development opportunities, including a programme on digital skills to make better use of digital tools, technology, and data. We are committed to ensuring that the CMA is a diverse, inclusive and respectful workplace, continuing to deliver our second two-year action plan as part of our current four-year Equality, Diversity and Inclusion (EDI) strategy.

Looking ahead: risks, challenges and opportunities

Looking ahead to the CMA's operating environment over the next 12 months, we anticipate considerable ongoing uncertainty and potential volatility across several fronts. Notably, we anticipate this including persistent cost of living pressures, ongoing military conflict in Europe and the Middle East, potential further disruption from the changing climate and, finally, continued digital and technology transformation at an unprecedented pace.

The CMA's strategy development process is designed to take account of such changes and uncertainty in our operating environment, allowing us to adjust our priorities to address the risks, challenges, and opportunities these present. In line with this process, our Annual Plan for 2024/25 updated our Areas of Focus to guide us in prioritising our efforts where they are most needed and can deliver the greatest value over the course of the year.

Economic growth and productivity

Our new digital regime responsibilities under DMCC legislation represent a landmark opportunity to unlock a new era of investment and innovation in fast-moving digital markets. Whilst we have yet to make any provisional decisions about which digital activities to tackle first, we are carefully considering our approach. We will also continue to be agile and pro-active in our support for innovation-fuelled emergent markets, ensuring barriers to entry are low and a level playing field is maintained to encourage investment and positive disruption in sectors with the greatest potential to fuel growth and productivity. As set out in our Annual Plan, this will include progressing our market investigation into cloud services, for example, as well as continuing to support the transition to Net Zero and sustainable economic growth through further implementation of our Green Agreements Guidance.

Beyond this, we anticipate that our MU will play an increasingly valuable role in contributing new thinking and evidence around pressing economic challenges. The CMA is committed to ensuring the insights generated by the MU continue to represent a timely, relevant, and insightful contribution to policymaking by government, as well as broader thinking across the policy and research community.

Cost of living

We remain acutely conscious of our important responsibility to help mitigate challenges for people and households experiencing financial pressure by redoubling our efforts in areas of essential spend. The CMA will continue to use our existing powers – including across competition enforcement, merger control, markets, and advocacy – as part of our agile and holistic approach to this area. As laid out in our Annual Plan, this includes ongoing progress around accommodation, furthering our investigation into suspected anti-competitive conduct by housebuilders. We will also prepare to undertake important new monitoring responsibilities for the road fuels market. We will build on our long-standing work to tackle pernicious and costly consumer harms caused by online choice architecture and misleading green claims. We will also progress our market study into infant formula, as well as our market investigation into the veterinary sector, on behalf of the tens of thousands of pet owners and professionals who shared their experiences in this area with us.

Consumer protection

We continue to prepare diligently for the new administrative model for consumer enforcement which represents the opportunity for a step change in protecting people from harmful practices and penalising businesses which seek to perpetrate them. The CMA intends to operate the new regime in a highly strategic and well-targeted manner, prioritising areas where we can deliver the strongest outcomes for consumers. This also includes a deliberate effort to leverage the full range of our consumer toolkit, formal and informal – including evidence gathering, enforcement, the issuing of guidance, consumer and business awareness campaigns, and working with partners across the consumer protection landscape – to tackle the most pressing causes of consumer detriment in the most effective way possible.

Beyond this, the CMA will also be responsible for conducting the biannual Consumer Detriment Survey later in 2024. We will capitalise on this opportunity to deepen the evidence base for our consumer work, leveraging valuable data around the problems consumers faced with their purchases over the last two years.

Working with government

The CMA will continue to work constructively with governments across the UK – including the new UK government – to ensure markets are delivering good outcomes for people, businesses and the economy. There is much that the CMA can, and is determined to achieve, through our expanded powers, including the new responsibilities conferred through the DMCC Act. However, wider government also plays a critical role in ensuring markets work well, including through the development of policy and law in areas where this is needed to unlock the full benefits of effective competition, or to improve consumer protection.

We will look forward to active engagement with the incoming UK government around recommendations the CMA has made, as well as leveraging our expertise to help inform relevant aspects of the new policy and legislative agenda. Key recommendations which we hope to partner with the government to progress include:

- Road fuels and smart data. We strongly support the reintroduction of legislation to enable the development of statutory smart data schemes. This would enable the creation of a price transparency scheme for road fuel meaning comprehensive, public-source information on fuel prices – the key recommendation from our market study that is needed to reignite competition among fuel retailers. It would also enable a smart data scheme that would allow Open Banking to grow and develop beyond the scope of the CMA's 2017 Order.
- Housing. We will engage with the new UK government on the recommendations made in our housebuilding market study. These include reforms to streamline the planning system, new measures to increase the build-out of housing sites, and better consumer protection arrangements for homeowners. If implemented, these could help increase the number of high-quality, affordable homes being built. We will also engage with government on the statutory intervention that we think may be necessary to protect leasehold homeowners from ongoing problems associated with expensive ground rents.
- Groceries. Our work in the groceries sector has already recommended reforms to unit pricing legislation, both in Great Britain and Northern Ireland, to help people shop around and get the best deals. We would welcome progress on taking these proposals forward. Our live markets work on infant formula may also recommend changes to law and policy, as the regulatory framework has a real impact on the outcomes this market is delivering.

More generally, we stand ready to work with governments across the UK, whether to take forward recommendations the CMA has made to them; identify policy opportunities to harness the benefits of effective competition; or assess the competition and consumer impacts of proposals for policy, law and regulation.

International

Ultimately, it is the CMA's responsibility (in line with our mandate from Parliament) to take decisions in the interests, and for the protection, of UK consumers and businesses. Whilst all competition authorities, including the CMA, remain independent and sovereign in their decisions, it is nonetheless important to recognise the importance of working collaboratively as an active member of the international competition community in a world of interconnected, increasingly borderless markets and global trade. Important opportunities are afforded by effective international cooperation and communication where markets have regional or global dynamics, or where cartels and anti-competitive conduct extends across borders. We see procedural benefits in allowing us, as far as possible, to align on process and timing in mergers, for example, which also benefits the businesses concerned. Co-operation around enforcement, similarly, has yielded strong results across various jurisdictions. We are also conscious of the importance for businesses of international alignment to mitigate regulatory burden and uncertainty.

We therefore anticipate continued close relationships and knowledge sharing with our fellow enforcement agencies in the US, the EU and elsewhere. More broadly, we will maximise opportunities presented by active participation in important international fora and networks such as the Organisation for Economic Co-operation and Development and the International Competition Network (ICN), a global network of national and multinational competition authorities from 129 member countries. The CMA is proud to be hosting the ICN Annual Conference in Edinburgh in May 2025, and will work towards this over the coming year.

Operations and core enablers

The CMA will maximise the opportunities presented by ongoing progress toward achieving our Core Enablers, as set out in our Annual Plan. These underpin effective delivery for the CMA and are an integral part of our strategic framework. We anticipate continued progress in terms of efficiency and productivity gains through our Digital Transformation and future Enterprise Resource Planning software programmes. We also look forward to successfully achieving many of the goals of our multi-year Employee Experience Plan in the coming year, as well as instigating more ambitious learning and development offerings. We also expect to complete the build-out of our horizon scanning and futures capabilities, enabling us to more effectively anticipate and respond to changes in our external environment. Our current EDI strategy reaches its fourth and final year this year and will be updated next year in line with that of the Civil Service, which also reaches the third year of a three-year strategy in 2025.

This year's key moments

April
2023

Price cap set on critical Airwave Network

We saved taxpayers £200m a year by setting a cap on how much Motorola can charge the emergency services to use the Airwave Network.

Action against private hospitals to boost patients' access to information

The CMA empowered patients to make vital healthcare decisions by requiring two private clinics to produce plans to provide data on performance and patient outcomes.

May
2023

Advice for consumers published after report highlights difficulties buying 'green' home heating

We published clear advice helping people make decisions when buying 'green' heating products after our report found that a lack of trusted sources of advice, a complex standards landscape, and potentially misleading green claims were impeding people's ability to make good choices or reach the right decisions.

Satellite merger approved after in-depth probe

The CMA approved a deal between Viasat and Inmarsat after our analysis showed that it would not threaten competition in the rapidly expanding satellite communications market.

June
2023

Action on supermarket land agreements

Sainsbury's and Asda agreed to address more than 30 unfair, anti-competitive land agreements, helping to boost much-needed competition between supermarkets in localities throughout the UK.

Cochlear/Oticon merger partially blocked

We protected the NHS from higher prices by preventing part of a merger between Cochlear Limited and Oticon Medical, two of the biggest players in the hearing implant sector.

July
2023

CMA sets out plan to help drivers get more competitive fuel prices

The CMA recommended that the UK government create a new fuel finder scheme to help drivers find the cheapest fuel and drive down prices, and we took proactive steps to fill the gap through a temporary scheme.

Amazon commits to change rules for sellers on its Marketplace

Amazon made legally binding commitments to change the way it treats third-party sellers using its Marketplace platform in the UK, helping to give businesses fair access to the customers they need to thrive.

August
2023

Microsoft submits new deal for CMA review

Microsoft submitted a restructured deal to the CMA which triggered a fresh Phase 1 merger investigation. This eventually helped to secure strong outcomes for gamers when we cleared it later in the year, following a Phase 2 investigation, paving the way for more competitive prices, better services, and more choice in future.

Update issued on work in the housing sector

Building on our extensive work in the housing sector, the CMA published a progress update on our consumer protection work in the private rented sector, leading to further action to stand up for renters.

September
2023

Launch of vets sector review sees unprecedented consumer engagement

The CMA opened a review into the vets sector and saw an unprecedented level of public engagement with this work, receiving around 56,000 responses from the public and industry.

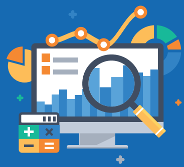
AI Foundation Models – proposed pro-competitive principles published

The CMA published our proposed principles to ensure consumer protection and healthy competition are at the heart of development and use of AI, sparking a global conversation amongst stakeholders.

October
2023

Cloud Services Market Investigation launched

Ofcom referred the £7.5bn public cloud infrastructure services sector, underpinning a range of online services that are critical to doing business, to the CMA for thorough and independent market investigation.



Final determination issued in Heathrow Airport regulatory appeal

The CMA reached a final determination after Heathrow Airport and three airlines appealed a price control decision from the Civil Aviation Authority, helping to ensure benefits to the UK economy through a resilient aviation industry.

November
2023

Infant formula and supermarket loyalty schemes identified for action

Building on extensive analysis of competition in the groceries retail sector, we committed to act on concerns in the infant formula market and supermarket loyalty schemes, helping to protect consumers.

Facebook Marketplace commitments secured from Meta

We secured commitments from Meta to no longer use certain data obtained from competing businesses advertising on its platforms to give itself an unfair advantage.

December
2023

Investigation launched into Unilever ‘green’ claims

Following concerns that customers may be being misled, the CMA announced work to drill down into potentially misleading ‘green’ claims made by Unilever for store-cupboard essentials.

CMA consults on our Annual Plan for 2024/25

The CMA invited views on our plan to support people, businesses and the UK economy in the year ahead, backed up by engagement with a record number of more than 90 organisations across the UK.

January
2024

CMA publishes report into labour markets

Our MU published a flagship first report on UK labour markets that can help to provide solutions to important economic challenges.

Investigation into Vodafone/Three merger launched

The CMA started our Phase 1 merger investigation into a deal that would bring together two of the major players in the strategically critical UK telecommunications market.

February
2024

Launch of infant formula market study

We launched a market review into infant formula, a product essential to the health of millions of infants, based on concerns about prices and the information available to parents.

Housebuilding market study concluded

We put forward proposals that could lead to many more homes being built each year and improve affordability.

March
2024

Hundreds of leaseholders freed from costly contract terms

500 households were freed from problematic clauses in their leasehold contracts following CMA action, bringing the total number to over 21,000 over the past five years.

Landmark changes secured from top fashion brands

The CMA brought about a turning point for the fashion industry, securing landmark undertakings from three leading brands – ASOS, Boohoo and George at Asda – to only use accurate and clear ‘green’ claims.

Performance summary

Where we spent our money in 2023/24

We have successfully delivered within our parliamentary budget control totals and overall spent £149.63 million for the year ended 31 March 2024. Significant areas of expenditure include:

- £122.98 million on our core operational activities that help people, businesses, and the UK economy by promoting competitive markets and tackling unfair behaviour. We have set out above how we have done this by making full use of our toolkit, including through effective enforcement, operating an effective and efficient merger control regime, making markets work better, and being a strong voice for competition and fair business practices.
- £6.33 million on capital expenditure as we continued investing in Information and Communication Technology (ICT) projects and our Property Transformation Programme (PTP) to ensure the resilience of our ICT infrastructure and the expansion of our presence across the UK as part of the wider UK government Places for Growth and Levelling Up agenda.
- £20.32 million on non-cash provisions for ongoing litigation cases and dilapidations for future commitments as set out in the CMA's various property lease agreements.

Detailed explanations of the variances between the outturn and budget are included in the Directors' report: financial review, beginning on page 72.

Please refer to the Statement of Outturn against Parliamentary Supply 2023/24 on page 132 for further information on capital expenditure and Note 2, Operating Segments in the Financial Statements on page 157 for further information on expenditure in the new functions.

CMA growth

Our increased spending of £122.98 million (2022/23: £99.94 million) on our core operational activities demonstrates the CMA's commitment to develop a department with the most efficient shape and operating model to meet our growing responsibilities to promote competition and protect consumers, markets, businesses.

We have effectively utilised our growth funding received at Spending Review 2021 to continue to shape a Digital Markets Unit in anticipation of the new statutory powers that the CMA will receive under the Digital Markets, Competition and Consumers Act 2024.

Additionally, our commitment towards the UK Government's Places for Growth and Levelling Up agendas has seen us efficiently utilise and remain within our control totals as we deliver high quality office spaces in Manchester and Darlington to complement our growth. This enables us to foster a diverse and inclusive workforce that reflects the communities we serve across all four nations.

Fines and penalties income

We collected £7.85 million from fines and penalties under the Competition Act 1998 (CA98), imposed on companies in the Retail and Wholesale and Pharmaceuticals sectors, showing the tangible effect of the CMA in curtailing anti-competitive practices.

This is reported separately in the CMA's Trust Statement on page 174.


Corporate governance report

Directors’ report

Statutory powers

The CMA is an independent non-ministerial UK Government department and is the UK’s principal competition and consumer protection authority. We help people, businesses, and the UK economy by promoting competitive markets and tackling unfair behaviour. Our work is overseen by a Board, chaired by Marcus Bokkerink, and led by the Chief Executive, Sarah Cardell, and senior team. Decisions in some investigations are made by members of the Competition Panel, acting independently of the Board.

Our main functions are:

- Investigating mergers that have the potential to lead to a substantial lessening of competition. If a merger is likely to reduce competition substantially, the CMA can prohibit it or impose remedies to address such concerns.
- Investigating businesses to determine whether they have breached UK competition law and, if so, to end and deter such breaches. We achieve this by fining businesses and seeking the disqualification of directors of the companies involved, as well as pursuing individuals who commit the criminal cartel offence.
- Enforcing a range of consumer protection legislation, including in cases where the unfair treatment of consumers, or the challenges they face in making choices, suggests there may be a systemic market problem.
- Conducting studies, investigations or other pieces of work into particular markets where there are suspected competition and consumer problems. The CMA can take action – and recommend action be taken by others – in markets where competition may not be working well.
- Giving information or advice on matters related to any CMA functions to policymakers and ministers, including how they can design and implement policy in a way that harnesses the benefits of competition and protects and promotes the interests of consumers.
- Providing information and advice to people and businesses about their rights and obligations under competition and consumer law.
- Promoting stronger competition in the regulated industries (gas, electricity, water, aviation, rail, communications and financial services), working with the sector regulators.
- Conducting regulatory appeals and references in relation to price controls, terms of licences or other regulatory arrangements under sector-specific legislation.
- Providing advice, reporting and monitoring in relation to the UK internal market, through the Office for the Internal Market (OIM).
- Providing advice, reporting and monitoring in relation to government subsidies, through the Subsidy Advice Unit (SAU).

- Providing analysis and expertise on the issues of UK competition, consumer rights, innovation, productivity, and supply-side reforms through the Microeconomics Unit (MU).

Our future functions will include new digital regime responsibilities. The Digital Markets, Competition and Consumers (DMCC) Act makes provision for these new powers for the CMA. Within the CMA, the Digital Markets Unit (DMU) will house our new digital regime functions to promote greater competition and innovation in digital markets.

Directors' report: Financial review

Expenditure

Presentation of expenditure

Our expenditure is reported on two different bases in this Annual Report and Accounts. In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the CMA to prepare a Statement of Parliamentary Supply (SOPS) and supporting notes. The Statement of Comprehensive Net Expenditure (SoCNE) on page 146 details the CMA's comprehensive net expenditure of £141.47 million in 2023/24 compared to £105.33 million in 2022/23. This expenditure is calculated following accounting standards (IFRS) and guidance and on a similar basis to those rules applied by private sector businesses.

The SOPS on page 133 presents total expenditure of £147.20 million and compares this with the budget presented to Parliament of £168.66 million. These figures are calculated in accordance with HM Treasury's Consolidated Budgeting Guidance for the year, which differs in several respects with the accounting basis above.

An overview of our expenditure

Our Total Managed Expenditure (TME) was £147.20 million, broken down by HM Treasury's spending categories as set out in the table below:

	2023/24 outturn	2023/24 budget	2022/23 outturn
	£000	£000	£000
TME	**147,201**	**168,655**	**112,725**
• Resource DEL	123,059	131,662	115,349
• Capital DEL	6,330	12,993	6,528
Total DEL[13]	**129,389**	**144,655**	**121,877**
• Resource AME	18,157	22,000	(8,979)
• Capital AME	(345)	2,000	(173)
Total AME[14]	**17,812**	**24,000**	**(9,152)**

We are accountable to Parliament for our expenditure. Parliamentary approval for our spending plans is given through the Supply Estimate presented to the House of Commons, specifying our delegated budget control totals, and asking for the

[13] DEL is the controllable budget total, issued by HM Treasury on behalf of Parliament, that the department uses to fund delivery of its strategic objectives.
[14] AME budgets are volatile or demand-led in a way that the department cannot control. HM Treasury do not set firm AME budgets in spending reviews, but the department monitors AME forecasts closely and these are updated annually.

necessary funds to be voted. We draw down these voted funds in-year from the Consolidated Fund as required.

The Supply Estimate includes a formal description of the services ('ambit') to be financed. Voted funds cannot be used to finance services that do not fall within the ambit. Our Resource DEL budget for 2023/24 was £131.66 million, of which £14.41 million was ringfenced for non-cash depreciation.

Our Capital DEL budget for 2023/24 was £12.99 million including a £5.00 million budget switch from Resource DEL to Capital DEL in our Supplementary Estimate.

Our Capital AME budget for 2023/24 was £2.00 million to cover dilapidation provisions in relation to our capitalised leases required by IFRS 16.

Outturn

The CMA continues to fulfil our statutory duty to promote competition, both within and outside the UK, for the benefit of consumers.

Our 2023/24 Resource DEL outturn is £123.06 million compared to a budget of £131.66 million, resulting in an underspend of £8.60 million because of various factors, including:

- Fitout delays outside the CMA's control. We have reprofiled milestones in the fitout of properties in our Property Transformation Programme (PTP), including Manchester, Belfast, and Cardiff. This had the following impact on our Resource DEL spend:
    - Contingency funding of £2.50 million was originally set aside to manage anticipated in-year risks in the PTP, which did not materialise (due to delays in the fitout of properties) or were otherwise managed, and so was not utilised
    - In anticipation of higher annual depreciation costs with the expansion of our office premises, we increased our depreciation budget. Given assets may only be depreciated once complete and in use, it has not been possible to recognise any depreciation expense associated with the CMA's new premises that are now expected to open in 2024/25. This has led to annual depreciation costs being £3.36 million lower than expected in 2023/24.
- The CMA collected £2.74 million more income than originally expected from regulatory appeals and recovered legal costs.

Our 2023/24 Capital DEL outturn was £6.33 million compared to a budget of £12.99 million, resulting in an underspend of £6.66 million and primarily due to two factors:

- Following the initiation of a rent review on our London office, the Cabot, we set aside £4.00 million of contingency in our Capital DEL budget to cover the upfront impact of any resultant increase in future rent payments, as required by IFRS 16 Leases. The contingency was not needed in 2023/24 due to a favourable outcome.

- The remaining underspend was due to the reprofiling of milestones in the fitout of properties in our PTP into 2024/25.

Our 2023/24 Resource AME outturn is £18.16 million compared to a budget of £22.00 million, resulting in an underspend of £3.84 million and predominantly due to the uncertain nature of provisions (i.e. probabilities around timings, provisions written back, provisions utilised during the year and the unwinding of discounts). Spend scoring in Resource AME also includes dilapidation provisions for properties outside the scope of IFRS 16 Leases, legacy pensions, and other non-financial costs.

Our 2023/24 Capital AME outturn is *negative* £0.35 million compared to a budget of £2.00 million. The negative outturn is due to:

- Recognising £0.18 million dilapidation provision additions relating to revised dilapidation estimates for all our properties with capitalised leases as required by IFRS 16 Leases.
- Reversal and utilisation of £0.13 million relating to the dilapidation provision for Finlaison House, London due to vacating the property at the end of the lease term.
- Reductions of £0.40 million across all capitalised dilapidation provisions due to changes in the discount rate using the discount rate promulgated in HM Treasury's Public Expenditure System paper.

Our Capital AME budget was set with an expectation that we would occupy additional premises in 2023/24 and would therefore need to recognise new dilapidation provisions at the point of fitout works. As discussed above, due to reprofiling milestones in the fitout of properties in our PTP, we did not utilise this budget cover in year.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the CMA to prepare, for each financial year, Resource Accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The Resource Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the Resource Accounts, the Principal Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the Resource Accounts;
- Prepare the Resource Accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury has appointed the Chief Executive as Principal Accounting Officer of the department. In addition, HM Treasury has appointed an Additional Accounting Officer to be accountable for those parts of the department's accounts relating to specified requests for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Chief Executive's overall responsibility as Accounting Officer for the department's accounts.

The allocation of Accounting Officer responsibilities in the department is as follows:

- Accounting Officer: Sarah Cardell, Chief Executive.
- Additional Accounting Officer: Erik Wilson, CBE, Chief Operating Officer for sections A and B of the Estimate.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the CMA's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NAO are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Signed for and on behalf of the CMA

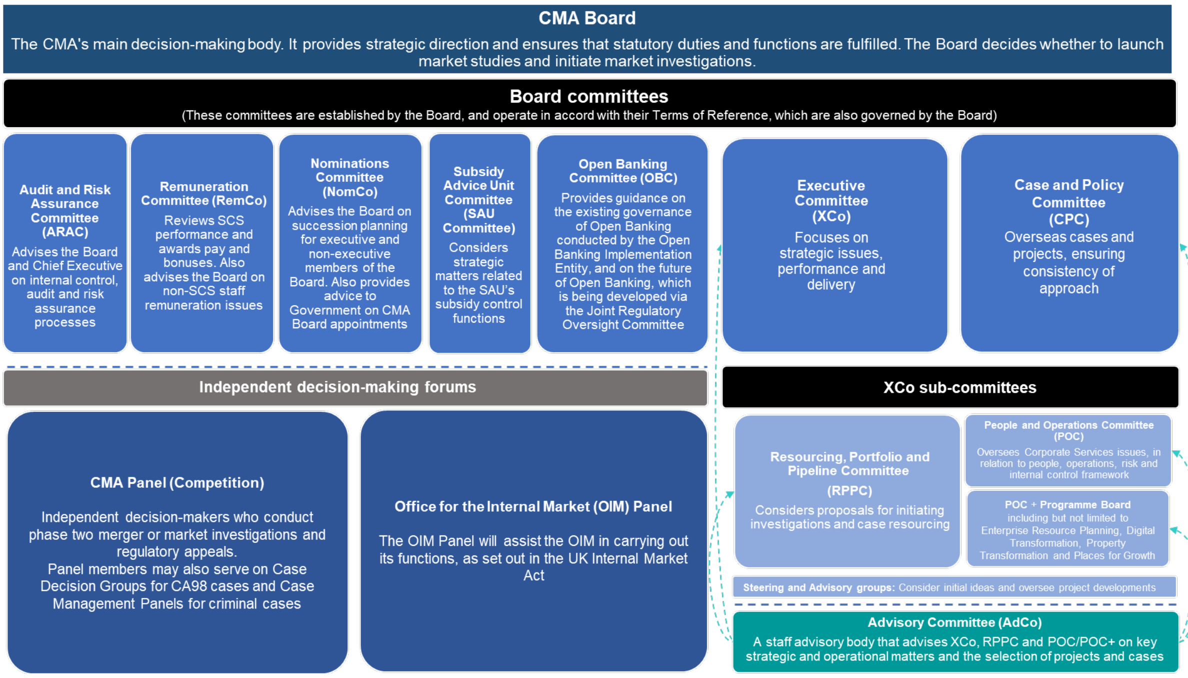
Sarah Cardell

Chief Executive and Principal Accounting Officer
19 July 2024

CMA Governance Statement 2023/24

In accordance with HM Treasury Guidance, this Governance Statement sets out the governance, risk management and internal control arrangements for the CMA.

CMA Board and its committees



Committee arrangements in this graphic are correct as of 31 March 2024; the role of each committee listed is explained further below.

CMA Board

The Board consists of the Chair, Non-Executive Directors (two of whom are also members of the CMA Competition Panel), Chief Operating Officer, and Executive Directors (including the Chief Executive).

Led by the Chair, the Board establishes the overall strategic direction of the CMA within the policy framework laid down under the Enterprise and Regulatory Reform Act 2013 (the Act). The Board ensures that the CMA fulfils our statutory duties and functions, maintains our independence as a non-ministerial government department and that it observes the principles of good corporate governance. The Board will have regard to any opinions and reports of the CMA Principal Accounting Officer and Additional Accounting Officer and ensures that the CMA makes appropriate use of public funds.

The Board is responsible for a number of different matters. These include being the decision-maker on reserved matters, as set out in the Act and the CMA Rules of Procedure published on the CMA website. The Rules of Procedure set out the Board's powers and functions and also include the Board Authorisations and the

Conflicts of Interest Policy. The Board approved some minor updates to the Rules of Procedure in February 2024. An in-depth biannual review of the Rules of Procedure is currently ongoing.

The Board receives information from the Executive to enable the Board to share its views on the strategic direction of the CMA and is updated on the progress of CMA cases through regular management information reports. Additionally, the Board receives data from a range of sources within the CMA, including an assessment of how the CMA is meeting our strategic priorities, and how we are using our financial and staff resources.

In line with the CMA Conflicts of Interest policy, a register of interests of Board members, Board advisers and their close family members is maintained and published on the CMA website. Any identified conflicts, and potential conflicts, of interest of Board members are managed in line with the Conflicts of Interest policy and any recusals that may subsequently be required are noted in the published minutes.

The CMA Board met 16 times in 2023/24. Board meetings were held in each month except in the month of August, with a number of extraordinary meetings being held in addition to its regular monthly meetings to deal with topical issues in a more timely and flexible manner. The minutes from CMA Board meetings are published on the CMA website. Attendance of Board members at Board and committee meetings is set out below.

Board members

The list below outlines the membership of the Board from 1 April 2023–31 March 2024, including recent changes in membership.

Marcus Bokkerink (Non-Executive Chair)
Marcus was appointed Chair of the CMA Board in September 2022. Marcus is a member of the CMA Nominations Committee, Remuneration Committee and the Open Banking Committee.

Sarah Cardell (Chief Executive)
Sarah Cardell was appointed as Chief Executive of the CMA in December 2022, having been Acting Chief Executive since July 2022. She was General Counsel from September 2013. Sarah is the CMA's Principal Accounting Officer and chairs a number of board committees, including XCo, CPC, SAU and the Open Banking Committee. She is also a member of the CMA Nominations Committee.

Kirstin Baker CBE (Competition Panel Inquiry Chair, Non-Executive Director)
Kirstin Baker was appointed as Non-Executive Director of the CMA Board in September 2018. Her term of appointment ended in March 2024. She remains on

the CMA Competition Panel as an Inquiry Chair, a member of the CMA Audit and Risk Assurance Committee, and the Subsidy Advice Unit.

Joel Bamford (Executive Director for Mergers)
Joel Bamford was appointed Executive Director for Mergers and Executive Director of the Board in February 2024. Joel is a member of the senior executive team and the Subsidy Advice Committee. He leads the mergers function to ensure that the CMA delivers an efficient and robust merger control regime.

Justin Basini (Non-Executive Director)
Justin Basini was appointed as Non-Executive Director of the CMA Board in February 2024. He is a member of the CMA Audit and Risk Assurance Committee.

Martin Coleman (Competition Panel Chair, Non-Executive Director)
Martin Coleman was appointed as Non-Executive Director of the CMA Board in October 2017. He was appointed Competition Panel Chair in September 2018 and acts as an Inquiry Chair. He is Interim Chair of the CMA Remuneration Committee.

Frank Dangeard (Non-Executive Director)
Frank Dangeard was appointed as Non-Executive Director of the CMA Board in February 2024.

Cynthia Dubin (Non-Executive Director)
Cynthia Dubin was appointed as Non-Executive Director of the CMA Board in January 2019. She is Chair of the CMA Audit and Risk Assurance Committee and the Nominations Committee. She was appointed Senior Independent Director in February 2024.

Professor Amelia Fletcher CBE (Non-Executive Director)
Amelia Fletcher was appointed as Non-Executive Director of the CMA Board in October 2016 and as Senior Independent Director in December 2020. She was Chair of the CMA Remuneration Committee. Her term of appointment ended in December 2023.

Will Hayter (Executive Director for Digital Markets)
Will Hayter was appointed Executive Director for Digital Markets and Executive Director of the Board in February 2024. Will is also a member of the senior executive team and leads on our Digital Markets work as we prepare to take on new responsibilities under the Digital Markets, Competition and Consumers Act.

Dame Patricia Hodgson (Non-Executive Director)
Dame Patricia Hodgson was appointed non-executive director of the CMA Board of in February 2024.

Murdoch MacLennan (Chair of the Office for the Internal Market and Non-Executive Director)
Murdoch MacLennan was appointed as Chair of the Office for the Internal Market and Non-Executive Director of the CMA Board in April 2022. He is a member of the CMA Remuneration Committee and the Subsidy Advice Unit.

Cyrus Mehta (Non-Executive Director and Member, Competition Panel)
Cyrus Mehta was appointed as CMA Panel Member in April 2020 and as a Non-Executive Director of the CMA Board in February 2024. Cyrus is a member of the Remuneration Committee and the Subsidy Advice Unit.

Dharmash Mistry (Non-Executive Director)
Dharmash Mistry was appointed as a Non-Executive Director of the CMA in February 2024.

Erik Wilson CBE (Executive Director and Chief Operating Officer)
Erik Wilson was appointed as Chief Operating Officer in June 2020, after holding the position of Executive Director, Corporate Services since September 2013. He is a member of the senior executive team and chairs the People and Operations Committee. Erik is the CMA's Additional Accounting Officer.

Dr Michael Grenfell (Executive Director, Enforcement)
Michael Grenfell was appointed as Executive Director, Enforcement, and as an Executive member of the CMA Board in July 2015. Michael left the CMA in February 2024.

David Stewart (Executive Director, Markets and Mergers)
David Stewart was appointed as Executive Director, Markets and Mergers, and an Executive member of the CMA Board in January 2022. David left the CMA in September 2023.

Board advisers

Dr Mike Walker (Chief Economic Adviser)
Mike Walker was appointed as Chief Economic Adviser and adviser to the Board in September 2013. He is a member of the senior executive team and the Subsidy Advice Committee.

Chris Prevett (General Counsel)
Chris Prevett was appointed as Interim General Counsel and adviser to the CMA Board in July 2022, and as General Counsel in January 2024. He is a member of the senior executive team and the Subsidy Advice Committee.

Jessica Lennard (Chief Strategy and External Affairs Officer)
Jessica Lennard was appointed as Chief Strategy & External Affairs Officer and adviser to the Board in August 2023. Jessica is also a member of the senior executive team and the Subsidy Advice Committee.

Lucy Robbins (Senior Director for People, Capability and Culture)
Lucy Robbins was appointed as Senior Director for People, Capability and Culture in November 2018. Lucy became an adviser to the CMA Board in September 2022 and left the CMA in March 2024.

Board meeting attendance 2023/24

Board member	Meeting attendance
Marcus Bokkerink	16/16
Kirstin Baker	14/15
Joel Bamford	2/2
Justin Basini	2/2
Sarah Cardell	16/16
Martin Coleman	16/16
Frank Dangeard	1/2
Cynthia Dubin	16/16
Amelia Fletcher	12/12
Michael Grenfell	11/14
Will Hayter	2/2
Dame Patricia Hodgson	2/2
Murdoch MacLennan	13/16
Cyrus Mehta	2/2
Dharmash Mistry	2/2
David Stewart	7/7
Erik Wilson	15/16

Board evaluation

We review the effectiveness of the Board annually, and its committees every two to three years; every third year this review is carried out by an independent reviewer. In 2023, we commissioned a full external review of the Board and its committees following a competitive procurement process and in line with best practice. Given the number of new appointments to the Board in early 2024, it was agreed that the review should be in three stages:

1. An initial high-level review of the effectiveness of the existing Board and its Committees to provide some learnings for a new Board to address in its development.
2. A workshop for the new Board to go through the lessons from the initial review and create any relevant action plan for improvement.
3. A fuller review of the new Board and its Committees' effectiveness once they have been operating for a period.

The first part of this review reported in January 2024, and found that the CMA has an able and strategic Board that is able to provide informed challenge and is alert to ensuring the CMA's efficacy and regulatory reputation.

It noted the challenge of the recent change in Board members and recommended a focus on the onboarding these new members. A significant induction programme for new members has been designed and implemented.

It also recommended that the CMA develops further the Board and ARAC's approach to managing risk – strengthening the risk register and, consequently, drawing on ARAC's role to give the Board assurance that the controls on key strategic risks are effective, and ensuring that the whole Board is fully owning the CMA's strategic risks; more on the CMA's approach to risk management can be found on page 88.

Board committees

Leveraging our senior decision makers

In summer 2023, as part of the CMA's 'Shaping the Future' programme, we looked at how we could strengthen our approach to senior committee decision-making, resulting in changes to improve how we share information with Senior Directors and streamline our committee structures. Changes included refreshing our Case and Policy Committee and our Operations Committee and renaming the latter as the People and Operations Committee (POC). We also increased Senior Director membership of both these committees, also allowing these Senior Directors to attend all committees on request, supporting the further development of a culture of ownership of risk issues at all levels of the organisation, where risks are identified and escalated.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is chaired by Non-Executive Director, Cynthia Dubin. The members are: Kirstin Baker (who is a qualified accountant, Competition Panel Inquiry Chair and, until March 2024, a Non-Executive Director), Frances McLeman (a CMA Competition Panel member) and, from March 2024, Justin Basini (who is a Non-Executive Director).

The Principal Accounting Officer and/or the Additional Accounting Officer (respectively the Chief Executive and/or the Chief Operating Officer), the CMA Chair, the Director of Finance, the Head of Risk and a member of the senior leadership team in Legal Service also attend ARAC. The National Audit Office (NAO) and Government Internal Audit Agency (GIAA) are represented at these meetings.

ARAC's remit covers all aspects of corporate governance, risk management and internal control within the CMA. It advises the Principal Accounting Officer and the CMA Board on the appropriateness of the financial statements, whether they are fair, balanced and understandable, and the adequacy of audit arrangements (internal and external). It also has a key role on the implications of assurances provided in respect of risk and control, with a view to enabling the Board to assure itself of the effectiveness of the CMA's risk management system, and procedures and internal controls including business continuity and information technology. ARAC focusses on risk throughout each meeting, often considering in more detail issues that may raise specific risks for the CMA.

The 2023/24 review of Board Effectiveness made recommendations to further develop the Board and ARAC's relationship with risk management (more on this review can be found on page 80). ARAC is working closely with the CMA Legal Director, Governance, Compliance, and Risk and the Risk and Compliance Lead to develop a wider risk management improvement plan to address the recommendations raised in the effectiveness review. The Board is scheduled to approve a revised risk appetite framework and statement in mid-2024, following the onboarding of new Board members. The revised format will closely align with the HM Treasury 'Orange Book - Risk Appetite Guidance Note.'

ARAC met four times in 2023/24.

ARAC meeting attendance 2023/24

ARAC member	Meeting attendance
Cynthia Dubin	4/4
Kirstin Baker	4/4
Justin Basini	0/1
Frances McLeman	4/4

The Remuneration Committee

The Remuneration Committee (RemCo) was chaired by Non-Executive Director, Amelia Fletcher until March 2024. Members are: Marcus Bokkerink, CMA Chair, Martin Coleman, Competition Panel Chair, Non-Executive Director and Interim Chair of RemCo, Murdoch MacLennan, OIM Chair and Non-Executive Director, and from March 2024, Cyrus Mehta, Non-Executive Director and Competition Panel member.

As Chief Executive, Sarah Cardell attended all RemCo meetings along with the Chief Operating Officer, Erik Wilson. The Senior Director for People, Capability and Culture and the HR Directors may also attend RemCo.

RemCo is responsible for making decisions on all aspects of remuneration for all SCS staff members, including oversight of all elements of SET performance management and approval of SCS pay awards and bonuses in accordance with Cabinet Office rules. RemCo also provides a strategic steer on delegated pay issues.

RemCo met four times in 2023/24.

RemCo meeting attendance 2023/24

Board member	Meeting attendance
Amelia Fletcher	4/4
Marcus Bokkerink	4/4
Martin Coleman	2/4
Murdoch MacLennan	1/4

The Nominations Committee

The Nominations Committee (NomCo) is chaired by Non-Executive Director, Cynthia Dubin. Members are: Marcus Bokkerink, CMA Chair and Sarah Cardell, Chief Executive.

The Chief Operating Officer, Senior Director, People, Capability and Change, and the Director of Executive Office may also attend NomCo.

The purpose of NomCo is to advise DBT on succession planning for executive and non-executive members of the Board and provide advice on future CMA Board appointments; NomCo also is responsible for advising the Chair on Board evaluation reviews. NomCo met once in 2023/24.

NomCo meeting attendance 2023/24

NomCo member	Meeting attendance
Cynthia Dubin	1/1
Sarah Cardell	1/1
Marcus Bokkerink	1/1

The Open Banking Committee

The Open Banking Committee (OBC) is chaired by the Chief Executive Sarah Cardell. Members are: Marcus Bokkerink, Chair and Kirstin Baker, Competition Inquiry Chair and Non-Executive Director until March 2024.

General Counsel and the Senior Directors in the Markets directorate may also attend OBC.

The Open Banking Committee provides guidance on the existing governance of Open Banking conducted by the Open Banking Implementation Entity, and on the future of Open Banking, which is being developed via the Joint Regulatory Oversight Committee (comprising the CMA, the Financial Conduct Authority, the Payment Systems Regulator and His Majesty's Treasury). OBC met twice in 2023/24.

OBC meeting attendance 2023/24

OBC member	Meeting attendance
Marcus Bokkerink	1/2
Kirstin Baker	2/2
Sarah Cardell	2/2

Subsidy Advice Unit

The Subsidy Advice Unit (SAU) is chaired by the Chief Executive, Sarah Cardell. Members are: Kirstin Baker, Non-Executive Director, until March 2024, and Competition Inquiry Chair, Murdoch MacLennan, OIM Chair and Non-Executive Director, David Stewart, Executive Director Markets, Mergers and Remedies until September 2023, and from March 2024, Joel Bamford, Executive Director, Mergers, and Cyrus Mehta, Non-Executive Director and Competition Panel member. Sarah Cardell delegated the chairing of this meeting alternately between the General Counsel and the Chief Economist when she was unavailable.

The SAU considers strategic matters such as they relate to the SAU's subsidy control functions. These include in particular the SAU's overall strategy and objectives, delivery and performance, planning for referrals, regime and reputational issues, and policy and procedures. SAU met 19 times in 2023/24.

SAU meeting attendance

SAU member	Meeting attendance
Sarah Cardell	9/19
Kirstin Baker	16/19
Joel Bamford	1/1
Murdoch MacLennan	15/19
David Stewart	8/10
Chris Prevett	14/19
Mike Walker	12/19
Jessica Lennard	4/10
Rachel Merelie	18/19

Executive Committee

The Executive Committee (XCo) is the overall decision-making body for performance and delivery. As set out in its terms of reference, XCo oversees and makes decisions relating to strategy, delivery and performance, portfolio and pipeline, finance and risk, staffing, organisational transformation, regime issues and reputation. It also makes decisions on matters relating to the Board, including preparing for and reviewing Board meetings. XCo is chaired by the Chief Executive, Sarah Cardell and members are part of the Senior Executive Team. XCo meets weekly.

XCo also considers and approves recommendations from its sub-committees – the People and Operations Committee and the Resourcing, Portfolio and Pipeline Committee.

Case and Policy Committee

The Case and Policy Committee (CPC) guides the development of CMA policy across all delivery tools, and provides oversight of cases and projects, ensuring consistency of approach and offers advice on high level legal, economic or policy issues as they arise.

CPC is chaired by the Chief Executive, Sarah Cardell, and its membership includes the majority of the senior executive team, Senior Directors and two Competition Panel Inquiry Chairs. CPC meets bi-weekly.

XCo sub-committees

People and Operations Committee

The People and Operations Committee (POC) identifies and manages key corporate and emerging risks. It ensures an effective internal control environment, makes policies, processes and structures which set standards of conduct, drives compliance, and ensures the safety of staff and assets. POC also oversees and advises on the delivery of an internal audit programme and provides cross-CMA governance and oversight to time-limited corporate projects through the 'POC Plus programme board'. Members include Senior Directors from across the CMA and Directors from the Corporate Services Directorate.

Resourcing, Portfolio and Pipeline Committee

The Resourcing, Portfolio and Pipeline Committee (RPPC) provides strategic direction in relation to the CMA's use of our resources in our ongoing and prospective pipeline of work. RPPC is chaired by the Chief Executive, Sarah Cardell, and its membership includes Executive Directors and Senior Directors from across the CMA.

The Advisory Committee

In September 2021, the CMA launched an Advisory Committee (AdCo) as part of our wider work on equality, diversity and inclusion and the CMA's Race Action Plan. AdCo works to improve diversity of thought at senior levels of the CMA, providing insights and advice to inform, support and constructively challenge senior decision-making. AdCo acts in an advisory capacity and has no decision-making powers, though committees must consider AdCo's advice and recommendations. It also provides advice to committees including XCo, RPPC, POC, and POC Plus and advice to teams and other groups where requested.

AdCo previously had an external and independent Chair from the Civil Service who was appointed in September 2021 and stepped down in February 2024. AdCo currently has an internal Interim Chair while recruitment is underway for the next external Chair. AdCo's members are drawn from different areas and professions across the CMA, and from backgrounds and groups that are under-represented at senior levels.

CMA Competition Panel

As set out in the Enterprise and Regulatory Reform Act 2013, decisions on Phase 2 merger inquiries, market investigations and regulatory appeals are made by independent groups drawn from the CMA Competition Panel. Each group has at least three members and is led by an Inquiry Chair. Competition Panel members may also be appointed to antitrust (Competition Act 1998) case decision groups.

The groups make their decisions independently of the CMA Board. The requirement for the Group to act independently does not prevent the CMA Board from giving appropriate information in its possession to a Group and vice versa. The Board is kept informed about resourcing, efficiency, the application of CMA policy and the staff processes that support the work of the Competition Panel. Legislation requires that at least one Competition Panel member sits on the CMA Board. The Competition Panel Chair and one of the Inquiry Chairs were members of the Board until March 2024, when Kirstin Baker, Inquiry Chair stepped down from the Board, and Cyrus Mehta, Competition Panel member joined the Board.

More information about each of the Competition Panel members is available on our website, and their interests are disclosed as part of the appointment process. A conflicts check is conducted, on a case-by-case basis, when Competition Panel members are assigned to inquiries and, if necessary, a publication of the disclosure of interest is made on the relevant case page.

Competition Panel Inquiry Chairs

Martin Coleman (Panel Chair, Inquiry Chair and Non-Executive Director)
See Martin's biography on page 78.

Kirstin Baker CBE (Inquiry Chair and Non-Executive Director)
See Kirstin's biography on page 77. Kirstin stepped down from the Board in March 2024.

Margot Daly (Inquiry Chair)
Margot was appointed an Inquiry Chair of the CMA in September 2021, having been a Competition Panel member since May 2020.

Richard Feasey (Inquiry Chair)
Richard was appointed an Inquiry Chair in April 2021, having been a Competition Panel member since October 2017. He is a member of the CMA's specialist utility panel.

Stuart McIntosh (Inquiry Chair)
Stuart was appointed an Inquiry Chair in April 2018, having been a Competition Panel member since October 2017. He is a member of the CMA's specialist utility panel.

Kip Meek (Inquiry Chair)
Kip was appointed an Inquiry Chair and a Competition Panel member in November 2018.

Competition Panel members

Jo Armstrong
Humphrey Battcock
Robin Cohen
Maria Da Cunha
Anne Fletcher
Robin Foster
Roland Green
Ashleye Gunn
Susan Hankey
Ulrike Hotopp
Paul Hughes
Colleen Keck
Juliet Lazarus
Sheila McClelland
Frances McLeman
Cyrus Mehta
Paul Muysert
Jeremy Newman
Sir Kenneth Parker
Keith Richards
Stephen Rose
Karthik Subramanya
John Thanassoulis
Mark Thatcher
David Thomas
Claire Whyley
Crispin Wright

OIM Panel

The Office for the Internal Market (OIM) is part of the Competition and Markets Authority (CMA). The OIM Panel assists the OIM in carrying out its functions under the United Kingdom Internal Market Act 2020. The Chair of the OIM Panel, Murdoch MacLennan, sits on the CMA Board.

The OIM Panel provides general support and advice to the OIM in relation to its overall portfolio (through a 'Standing Task Group' consisting of all OIM Panel members) and, in some cases, on specific pieces of work (through 'Project-specific Task Groups' which may be formed of smaller numbers of OIM Panel members). In addition, the CMA may authorise the OIM Panel to carry out functions under Part 4 of the United Kingdom Internal Market Act 2020 on behalf of the CMA. In such cases the OIM Panel will act independently of the CMA Board.

More information about each of the OIM Panel members is available on our website, and members' interests are disclosed as part of the appointment process. A conflicts check is conducted ahead of each meeting of the OIM Panel and, if necessary, a publication of the disclosure of interest will be made on the relevant OIM Panel member's webpage.

OIM Panel members

Angharad Butler	Michael Neilson	Tim Render
Stephen Gifford	Professor Suzanne Rab	Professor Andreas Stephan
Shane Lynch		

Risk management

Strong risk management helps the CMA make better decisions. The CMA's risk management approach supports our purpose to help people, businesses and the UK economy by promoting competitive markets and tackling unfair behaviour.

Risks are discussed in an open and transparent way. This allows the CMA to identify, treat and escalate risks quickly and creates a culture of ownership of risk issues at all levels of the organisation.

In 2023/24, the CMA continued to build on our existing risk management framework to ensure that it remains aligned with good practice in The Orange Book and ISO31000, as this is an integral part of the governance of the CMA. The risk management framework ensures the appropriate assessment and treatment of risks, as well as consistency of risk identification, management and reporting. The framework also helps the CMA respond to uncertainties that may affect our ability to deliver our strategic priorities.

The risk management framework requires an assessment of the current profile of any given risk and that the residual risk is clearly set out. The residual risk is an assessment of the risk after all anticipated actions have been implemented to take inherent risk down. This requirement means that active consideration is given to mitigating actions and what their effect will be once they are applied. The residual risk levels are assessed against the Board's Risk Appetite (revised in January 2023) across six key themes including strategic, litigation, financial/value for money, operational, legal compliance and reputational. The Appetite provides for some flexibility in limited circumstances, subject to appropriate escalation and approval.

The CMA's corporate risk register gives a structured assessment of impact, likelihood and velocity, and the Risk and Compliance Lead works with the Directorates to manage local risk registers, which feed into the central corporate risk register on a monthly basis. The risk register is split into two tiers of corporate and strategic risks. The risk register is subject to regular review by XCo, ARAC and the Board.

The CMA has a well-established system of internal controls, with the risk function being led by the Risk Compliance Lead and the Legal Director for Governance, Risk and Compliance (who in turn reports to the General Counsel). The internal control systems involve Directorates updating their local risk registers monthly to align with XCo meetings; a review of the local registers and collation of a central corporate risk register for tier 1 and tier 2 risk by the risk function; and a review and discussion of the central corporate risk register and the operation of the risk framework by XCo every month.

In addition, XCo carries out a review of the risk portfolio against the Board's Risk Appetite every quarter. ARAC carries out a review of the risk register and effectiveness of the risk framework and provides feedback at each of its meetings. This includes specifically considering residual risks against the Appetite and this provides assurance that the organisation is operating consistently with the Appetite and that appropriate action is taken to align with the Appetite.

The Board reviews tier 1 risks monthly, considering, in particular, escalated risks. They monitor the overall risk portfolio including the mitigating actions and provide challenge where appropriate. Risk management forms a key part of the update provided by the Chief Executive at every Board meeting, when the most important risks facing the organisation are raised with the Board.

The 2023/24 review of Board Effectiveness made recommendations to further develop the Board and ARAC's approach to risk management. These recommendations have been included in the development of a wider risk management improvement plan to ensure that risks are well targeted and reflect the priorities of the CMA. This plan will deliver further improvements to the effectiveness of reporting to XCo, ARAC and the Board, to support their management and oversight roles during 2024/25.

The risk approach is promoted to staff across the organisation, including through the CMA intranet pages and via training. This focused work on risk has resulted in improved risk reporting and management throughout the CMA. We set out more information on risks, challenges and opportunities in the Performance Report above.

Implementation of Government Functional Standards

The Government Functional Standards (GFS) refer to a published suite of management standards developed by the Cabinet Office, which have been mandated for use across central government since September 2021, including functions such as project delivery, commercial and finance. The purpose of the GFS is to create a coherent, effective, and standardised approach to undertake business within government and to provide a stable basis for capability building and continuous improvement.

Our assurance framework provides clear roles and accountabilities for those engaged in front line delivery and related corporate oversight, and the use of each relevant GFS has been embedded into the organisation.

Our governance, risk, and control framework for complying with the GFS and spend controls is operating as intended, although there are opportunities to improve and strengthen the control environment in relation to the GFS, to ensure we remain compliant over the long term. We have established a protocol for conducting systematic annual assessments of compliance with GFS, ensuring consistent and regular reporting to the Audit and Risk Assurance Committee (ARAC).

We are also implementing the recommendations set by the Government Internal Audit Agency (GIAA) Report in May 2023 and expect to have fully implemented the GIAA management recommendations during 2024/25. GIAA has endorsed the proposed plan and timeline of ongoing improvement activities in relation to GFS oversight and we are reporting quarterly to ARAC on progress.

Compliance

Corporate Governance Code

The CMA has complied with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice, to the extent appropriate and in line with our statutory duties.

Identifying and managing conflicts of interest

The CMA's Conflicts of Interest policy sets out the process for declaring outside interests and managing any potential conflicts that may arise for Board, Competition Panel and staff members as a result of outside interests. In line with this policy, all Board, Panel and staff members declare outside interests which could give rise to conflict risks to either their managers and/or the Compliance Officer for the purposes of assessing whether conflict risk arises as a result of outside interests and, if so, how it should be managed. This policy is both robust and adheres to the relevant requirements of the Civil Service Management Code.

In Q1 2024, an assurance exercise was undertaken to ensure that any paid outside employment held by Senior Civil Servants at the CMA does not present a conflict of interest.

This exercise, the results of which have been scrutinised by the CMA's Audit and Risk Assurance Committee, found that no CMA Senior Civil Servants held remunerated positions or wider interests that might conflict with their obligations under the CMA's Conflicts of Interest policy or the Civil Service Management Code. In accordance with the Cabinet Office's guidance on the Declaration and management of outside interests in the Civil Service, we have published online the details of four CMA Senior Civil Servants' remunerated outside employment, which has been agreed in accordance with the CMA's Conflicts of interest policy.

Business Appointments

Application of the Business Appointments Rules

The CMA's Conflicts of Interest policy makes it clear that, when staff leave the organisation, they must comply with the requirements of the Business Appointment Rules (BARs) before they accept a new appointment outside the Civil Service. The CMA also has a dedicated BARs policy that sets out in more detail the process in place for handling applications made at different grades under the BARs. The CMA has taken steps to ensure that both policies are well publicised within the organisation, through internal communications, presentations to teams and the annual attestation process set out in the Conflicts of Interest policy.

The CMA's HR department follows a clearly defined process to ensure that BARs applications are completed by all staff before they leave the Civil Service and all applications from senior staff are considered by the Compliance Officer. In November 2023, the CMA achieved an assessment of Substantial Compliance in a GIAA Starters and Leaver audit review – Pre-employment and BARS effectiveness.

BARs Applications 2023/24

In 2023/24, the CMA applied the BARs to all staff leaving the Civil Service, and the CMA has been transparent in the decisions given in individual applications from senior staff, in compliance with the BARs transparency reporting requirements, details of which can be found on our website.

In addition to the BARs applications outlined below, there were 27 Conflict Check applications for transfers to Other Government Departments. There were no applications that were found to be unsuitable for the applicant to take up, and there were no breaches of the Rules. In 2024/25, ARAC will receive regular reports on BARs for its ongoing review and monitoring.

SCS Pay Band 3 departures are considered by the CMA's Compliance Officer who then sends the application and any comments to ACOBA for advice on whether the individual can take up an appointment and, if so, whether any conditions should apply to the work that they can undertake. The Prime Minister makes the ultimate decision whether to accept the advice of ACOBA.

Where an appointment is approved, that outcome will be published on ACOBA's website. Acceptance of a new position is conditional on ACOBA approval of the application and no announcements by either the individual, the CMA or the individual's future employer are allowed before approval has been given.

Number of BARs applications assessed by the department over the year:

Grade	Number
AO	17
EO	7
HEO	18
SEO	10
G7	52
G6	18
SCS Pay Band 1	5
SCS Pay Band 2	1

Number of BARs applications where conditions were set:

Grade	Number
AO	0
EO	0
HEO	0
SEO	0
G7	1
G6	5
SCS Pay Band 1	1
SCS Pay Band 2	1

Complaints and enquiries

Internal whistleblowing

The CMA's internal whistleblowing policy, known as 'Speaking Out', outlines the process to follow if a member of staff is aware of a perceived wrongdoing within the CMA, including something they believe goes against the core values in the Civil Service Code (i.e. integrity, honesty, objectivity and impartiality). The policy is available to all staff on the intranet and is highlighted to new staff during their induction programme. A programme of communications runs through the year, including blogs and involvement in the cross-Civil Service Speak Up week. During the year, we also updated the CMA intranet to more clearly signpost where help and information can be found, including through the Speaking Out policy. A group of trained Speaking Out Advisers are available to staff who want to raise a concern but are not sure how to do so. From 2023, we now have Speaking Out Advisers based in each of our office locations. The policy is part of the CMA's internal control framework and is reviewed each year. The CMA received no whistleblowing complaints during 2023/24.

External whistleblowing

The CMA has a prescribed role under the Public Interest Disclosure Act 1998 for matters relating to the sale of goods or the supply of services, which adversely affect the interests of consumers; or about competition affecting markets in the UK. Under this legislation members of the public can make a 'protected disclosure' to the CMA, if it is in the public interest and relates to potential wrongdoing by their employer or ex-employer.

The CMA Whistleblower Hotline has been in operation since July 2021 and enables members of the public to make disclosures to us by phone, email or new webform. For the reporting period 1 April 23 to 31 March 24, we received 17 qualifying disclosures, of which 10 resulted in further investigation and seven were recorded for intelligence. We publish our statistics annually and also submit a report to DBT.

Corporate complaints

The CMA takes complaints raised against it very seriously. The CMA's complaints procedure allows for speedy informal resolution of complaints, for instance by a phone call, if that is satisfactory to the complainant, or through an escalation to an independent senior staff member if appropriate. The CMA is committed to thorough investigation of any complaints raising serious issues about our conduct.

In 2023/24, the CMA received four enquiries which raised issues about our conduct, and which were treated as corporate complaints (2022/23: 7). Of these four complaints, three were not upheld, and one was partially upheld.

No complaints were made about the CMA to the Parliamentary and Health Service Ombudsman during 2023/24 (2022/23: none).

General correspondence

In 2023/24 the CMA handled 5,900 items of written correspondence from the public, which included many reports from consumers and businesses about anti-competitive behaviour or problems in markets, some of which may lead us to scrutinise markets or investigate businesses that may be breaking the law. Many of these enquiries are discussed in weekly pipeline meetings, giving an opportunity for many different teams to come together and discuss their interests in future investigations and projects.

We have a 10-day working target to reply to the written correspondence. In 2023/24 we responded to 100% of the correspondence received within this KPI.

In 2023/24 the CMA received 105 MP correspondence (not including ministerial departmental correspondence). We responded to 67% within our KPI of 15 working days.

Freedom of Information Act (FoIA) requests

In 2023/24, the CMA responded to 89% of the FoIA requests it received within the statutory 20 working day period. More than half of the remaining 11% which exceeded 20 days had the Public Interest Test extensions, which means that 96% of FOI requests were responded to within statutory deadlines.

A requester that is unhappy with the CMA's response can ask the CMA to internally review our decision. The CMA received and responded to eleven requests for internal reviews. Eight were fully upheld and three were partially upheld. A requester can also complain to the Information Commissioner's Office (ICO) about the CMA's handling of a request. No requesters complained to the ICO about the CMA's handling of their FoIA requests in 2023/2024.

FoIA requests 1st April 2023 – 31st March 2024

Total number of requests for information under the FoIA.	146
Of these:	
Number of requests granted in full	52
Number of requests refused in full because the CMA does not hold any of the information requested	9
Number of requests refused because the cost of the response would exceed the cost threshold	5
Number of requests refused because request was vexatious	0
Number of requests where the CMA refused to provide some of the information	41
Number of requests where the CMA refused all the information requested	39

Requests received under Data Protection legislation

In the same period, the CMA also received 11 requests under Data Protection legislation. We received nine subject access requests, one data deletion request and one further request which was a combined subject access and data rectification request. Six of these requests were answered within the statutory one-month period. The delays in the other five were caused by the need to locate, evaluate and redact large volumes of documents which proved difficult to do, in the statutory timeframe especially during the summer leave period. We notified requestors on these delays and provided a revised deadline, which we met in all cases.

Personal Data Related Incidents

No personal data related incidents were reported to the ICO in 2023/24.

Internal Audit

The Head of Internal Audit provides an annual report and opinion on the systems of governance, risk management and control operating in the CMA based on the work undertaken during the year, knowledge of the business environment, and the work of others such as the National Audit Office.

In 2023 to 2024, the Head of Internal Audit provided an overall **MODERATE** opinion on the framework of governance, risk management and control within the CMA for 2023/24. The CMA continues to demonstrate that we have an appropriate and effective internal control framework in place which is continuing to mature as the organisation delivers our long-term objectives, strategies, and plans, and following the implementation of the Machinery of Government change which resulted in changes to governance and oversight arrangements following the establishment of the Department for Business and Trade.

This **MODERATE** opinion reflects that although there are no fundamental weaknesses in the prevailing internal control environment in the areas that the Head of Internal Audit examined, their findings and recommendations represent an opportunity to improve controls and further implement good practice. The CMA is receptive to this, reflecting our commitment to continuous improvement. The Head of Internal Audit's assessment, considering insights from other government bodies, is that the CMA compares favourably in our approach to developing our governance, risk management and control framework, including supporting the set-up of our new functions, with alignment and coordination with the Department of Business and Trade governance structure.

The Head of Internal Audit observed that there is effective oversight of strategic and operational delivery at the People and Operational Committee (POC) and the People and Operations Transformation Board (POC +) meetings and proposes to conduct a further review of the effectiveness of the CMA Board as part of our 2024-25 audit programme.

The Head of Internal Audit also confirmed that further work is already underway to help embed the risk management framework including rationalising the corporate and strategic risks and ensuring best practice is embedded at an operational level. This was also raised as a finding in 2022/23. In response, the CMA has appointed a new dedicated Risk and Compliance Lead and appropriate plans (for example, a Risk Management Framework Development plan) have been developed to help embed best practice across the organisation. Once fully implemented, the Head of Internal Audit's opinion is that this will help to strengthen the internal risk control framework and support the CMA's ambition to achieve a substantial opinion.

The Head of Internal Audit's work with the CMA also continues to identify a strong commitment to ensuring a proportionate control environment is in place which is aligned to good practice and business needs, including alignment with the Government Functional Standards. While the GIAA saw examples of non-compliance with certain processes and procedures, it found that appropriate action is being taken to address weaknesses once they have been identified.

The Head of Internal Audit continues to receive positive engagement with his work and the implementation of recommendations to address weaknesses or improve the control environment. At the end of the year there were no actions overdue, which reflects CMA management's commitment to an effective control environment.

The CMA continues to operate in an ever-changing and challenging environment, reflecting additional challenges to delivering business as usual activities, against a volatile economic and political environment. The Head of Internal Audit found that we continue to grow and develop our core ERP and digital systems and capabilities as part of our strategic transformation programmes. This year saw the introduction of the Digital Markets, Competition and Consumer Bill (since enacted) which will provide new digital regime powers for the CMA and for enhanced competition and consumer enforcement powers. Strategies and plans have been developed to ensure the CMA is ready to operate within the new enforcement regimes.

Recruitment and retention of staff continues to be a key risk area for 2024/25, with increased competition with wider government organisations and the private sector in a competitive job market for special skillsets. This is recognised by the CMA and reflected in the Strategic Risk Register.

During the year, the Head of Internal Audit consulted and informed ARAC about changes to the audit plan and accountabilities (following their appointment), as well as their commitment to ensure all outstanding management actions are fully implemented by management at year end.

Reporting on Better Regulation

Part 4 of the Regulatory Enforcement and Sanctions Act 2008 requires the CMA to report on compliance with our duty under the Act to avoid imposing or maintaining unnecessary burdens on businesses in performing regulatory functions. Where our work results in regulatory functions, it does so under competition or mergers law, which are expressly excluded from better regulation reporting controls. We have no power to make rules or otherwise impose burdens affecting businesses generally. Our interventions take place in relation to specific businesses or markets, and we intervene only in the light of clear evidence of market failure and/or breaches of law that threaten the proper working of markets.

Sustainability Report

Overview

As a government organisation, the CMA is committed to a target of achieving net zero greenhouse gas emissions by 2050. We are also committed to meeting the Greening Government Commitment (GGC) targets which set out to reduce water consumption, greenhouse gas emissions, minimise waste, ensure sustainable procurement of products and reducing environmental impacts from Information and Communication Technology (ICT) and digital. The CMA's Sustainability Report is set out in line with the Task Force on Climate-related Financial Disclosure (TCFD) phase 1 recommendations.

The GGC commitments set out the actions that UK government departments and their partner organisations need to take to reduce their impact on the environment. This target framework is set for the period between April 2021 to March 2025 and is mainly based on a baseline of the sustainability figures as recorded in 2017/18.

The CMA is committed to meeting our sustainability obligations. Building on the progress made to date, CMA Directors representing facilities management, procurement, property and finance have been tasked with leading the next stage of the CMA strategy development in this area, working with the CMA Environment & Sustainability Network and reporting to the Chief Operating Officer. This updated strategy and implementation plan will be signed off by the Executive Committee and Board during 2024. An update will be provided in the 2024/25 Annual Report.

We are a relatively small independent non-ministerial government department with offices in London, Belfast, Cardiff, Darlington, Edinburgh and Manchester. Our current offices in Belfast, Cardiff and Edinburgh are housed by other government departments and we are due to open new offices in Manchester, Belfast, and Cardiff in 2024. Most of the services in our offices that are not housed by other government departments are provided by landlords who provide information to the individual tenants.

We highlight that the CMA has grown significantly since 2017/18 in terms of our people, office space, and our responsibilities. Our staff numbers have increased from an average total of 628 in 2017/18 to 1,008.5 in 2023/24. Our physical presence has also increased from 2017/18. At this time, we only had offices in London and staff had less reason to travel nationally and internationally than they do now. Currently we have staff based in Belfast, Cardiff and Edinburgh (housed in Government Hubs) and in Darlington, Manchester and the Temple and Canary Wharf areas of London. In 2019, we also relocated our headquarters to newly refurbished offices in Canary Wharf. Although these offices are larger than our previous accommodation in Holborn, these offices achieved a Building Research Establishment Environmental

Assessment Method (BREEAM) rating of Excellent and are therefore much more efficient than our previous accommodation.

It is therefore clear that the sustainability baseline set in 2017/18 is not reflective of our current operations and we will consider applying for this baseline to be reset to a year that is more reflective of our current operations. To put our total greenhouse gas emissions into perspective, within our baseline year of 2017/18, the total GHG emission per FTE was 1.46 tonnes of carbon dioxide equivalent (tCO_2e), whereas in 2023/24 our total GHG emissions per FTE is 0.45 (tCO_2e). This is an equivalent reduction of 69%. There are a number of factors that have led to this reduction which include more efficient office spaces, more efficient ICT equipment, changes to the way we work, the procurement of green energy, and the utilisation of rail travel as a preferred means of transport.

Further, as our head count and physical presence continues to grow, this will be reflected within our overall emission numbers. We are continuing to improve and develop our approach towards climate related risk and opportunities, and climate change adaption, which includes making changes to our operations and the way we function as an organisation.

Task Force on Climate-related Financial Disclosure (TCFD) Compliance Statement

The UK government recognised the recommendations of the Financial Stability Board's (FSB's) TCFD as one of the most effective frameworks for organisations to analyse, understand, and against which to ultimately disclose climate-related financial information. The TCFD's recommendations set out how organisations across sectors and geographies can assess and disclose their Governance, Strategy, Risk Management and Metrics and Targets related to climate change. This is being introduced over three phases as follows with phase 1 being introduced in July 2023, phase 2 in March 2024 and phase 3 thereafter.

We have reported on climate-related financial disclosures consistently with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. We consider climate change to be a principal risk, and have therefore complied with the TCFD recommendations and recommendations disclosures as below:

(a) Governance - recommended disclosures (a) and (b)
(b) Metrics and Targets - recommended disclosure (b).

This is in line with the UK government's TCFD-aligned disclosure implementation timetable for Phase 1. We plan to provide recommended disclosures for Strategy in future reporting periods in line with the central government implementation timetable.

We have not reported against the government's GGC fleet commitments as we do not have a fleet. We also have not reported in relation to the GGC Nature recovery (Making space for thriving plants and wildlife commitments), as we do not manage any land. However, we intend to work with local charitable organisations in the future to help deliver nature recovery plans through volunteering initiatives.

Governance

The CMA's governance around climate related risks and opportunities are set out below in line with phase1 of the TCFD's recommendations:

1. Describe the Board's oversight of climate-related risks and opportunities:

   Corporate sustainability governance is carried out by the People and Operations Committee via the Board-level Chief Operating Officer.

2. Describe management's role in assessing and managing climate-related risks and opportunities:

   Directors in our Corporate Services Directorate are responsible for the risks and opportunities relating to their areas of operational responsibility, in line with GGC 2021-25 targets.

Metrics and targets

We have disclosed below the metrics and targets used to assess and manage the relevant climate-related opportunities in line with phase1 of TCFD's recommendations:

b) Disclose Scope 1, Scope 2, and, where appropriate, Scope 3 GHG emissions, and the related risks: We have a headline target to reduce the overall greenhouse gas emissions from the 2017/18 baseline as set out in the GGC framework set for the period between April 2021 to March 2025.

Mitigating climate change: working towards Net Zero by 2050

The GGC targets in relation to greenhouse gas emissions are to reduce the overall and direct greenhouse gas emissions for estate and operations from a 2017/2018 baseline.[15] For the CMA these are an overall emission reduction target of 62% and direct emission reduction target of 30%.[16]

The table below indicates the CMA's overall emissions:

Non-financial indicators	Baseline	2023/24	Percentage difference
Overall GHG emissions (tCO2e)	914.49	456.91	50% reduction
Overall GHG emissions (tCO2e) per FTE	1.46	0.45	69% reduction

The table below sets out the CMA's Scope 1, 2 and 3 greenhouse gas emissions:

Non-financial indicators	Baseline	2023/24	Percentage difference
Scope 1 Direct GHG emissions (tCO2e)	147.42	54.86	63% reduction
Scope 1 Direct GHG emissions (tCO2e) per FTE	0.23	0.054	77% reduction
Scope 2 Energy indirect GHG emissions (tCO2e)	661.36	145.52	78% reduction
Scope 2 Energy indirect GHG emissions (tCO2e) per FTE	1.05	0.14	86% reduction
Scope 3 Energy indirect GHG emissions (tCO2e) In line with GGC reporting requirements	105.71	256.53	143% increase
Scope 3 Energy indirect GHG emissions (tCO2e) In line with GGC reporting requirements per FTE	0.17	0.25	51% increase

Our overall emissions, scope 1 and 2 emissions have all reduced, even though our organisation has grown. This is due to a number of factors including operating from more efficient office spaces, more efficient ICT equipment, changes to the way we work, the procurement of green energy, and the utilisation of rail travel as a preferred means of transport. It is noted that our scope 3 emissions have increased. This has been affected by a number of factors, including our increased requirement to travel internationally since our baseline year.

[15] Where data for the baseline year 2017/18 has not been available for a specific aspect, the next available year's data has been used.

[16] The CMA has adopted these targets, originally set for the Department of Business, Environment and Industrial Strategy (BEIS) in the GGC commitments 2021/25, as BEIS was the CMA's ministerial sponsor government department when these targets were set.

Energy

We have collected our energy statistics from the landlords of the properties where we have leases. The landlord for our Canary Wharf Property has procured 100% of the property's electricity from a renewable electricity supply, backed by Renewable Energy Guarantee of Origin (REGO). Furthermore, our landlord for our Darlington office provides solar energy as a percentage of the electricity provided to the property.[17] Our energy costs for this year equate to £966,970.

Our consumption is set out in the table below and is based on direct meter readings where possible or apportionment from our landlords.

	Year	Consumptions (kWh)	Emissions (tCO2e)	Percentage difference
Electricity	2017/18 baseline	1,471,900	661.36	
Electricity	2023/24	702,762	145.52	52% reduction
Gas	2017/18 baseline	801,117	147.42	
Gas	2023/24	299,889	54.86	78% reduction

Our increased headcount and operations, as well as a new office in Darlington and Manchester have affected our energy usage. As we have new offices opening in 2024, it is likely that our future statistics will be further impacted by the increase in our operational requirements. Our reductions in energy utilisation have been influenced by a number of factors which include: the change of our headquarter building from Holborn to our new more efficient offices in Canary Wharf, changes to the way we work, and more efficient ICT equipment.

Travel

The CMA recognises the GGC target to reduce the emissions from domestic business flights by at least 30% from a 2017/ 2018 baseline, and report the distance travelled by international business flights, with a view to better understand and reduce related emissions where possible.

In 2017/18, the CMA had limited reason to travel domestically as virtually all of our employees were based in one location. As we now have offices throughout the UK

[17] Our landlords provide restricted information, we are therefore unable to separate costs for utility streams or present accurate costs for water consumption.

and we have more staff and greater responsibilities, our requirements to travel to these locations is a factor introduced after the baseline was set. This includes the requirement to travel to and from locations such as Belfast and Edinburgh by air. Despite these operational and physical increases, our emissions from domestic air travel from 2017/18 has reduced by 33%.

Our investments in technology provide us with modern and effective remote working and meeting capabilities. We have an established hybrid working approach, where staff split their time between the office and remote working. This was based in 2023/24 on a minimum 40% attendance requirement, although this may change in line with government policy. It is recognised that this way of working helps to reduce energy consumption and emissions. Due to the nature of our work, we are also mindful of the benefits of face-to-face meetings and interactions where appropriate.

Within our travel policy, rail travel is elected as the preferred means of travel where practicable and also that lower carbon options should continue to be considered at all times. This and our increased operational activities throughout the UK have led to an increase in the emissions related to this mode of travel but has contributed to our decrease in domestic air travel, as noted above.

The distance travelled by international business flights in year 2023/24 equates to 543,095 kilometres (Km). Our requirement to travel internationally has increased significantly since the 2017/18 baseline which is reflected in the travel figures below and in our scope 3 emissions. As we have expanded our responsibilities following the UK's exit from the EU, we have increased our international engagement to promote the UK's interests across the world with respect to competition and consumer protection. This includes attendance at multilateral events and meetings with our international counterparts, as well as global business stakeholders. Where possible, we take the train instead of flying, and we continuously look to manage our attendance so as to achieve value for money, whilst being mindful to minimise our carbon footprint.

Our travel by car and bus has increased since the baseline which has been set. This is due to an increase in operational activities and due to the expansion in our operations throughout the UK.

Our total costs related to travel for this year equates to £502,588. The below table illustrates the mode of travel, distance travelled and emissions for the CMA in 2023/24 compared against the baseline and the previous year. We note that our increased headcount and activities have influenced these figures relative to previous years.

Non-financial indicators	Baseline (Km)	Baseline Emissions (tCO2e)	2022/23 (Km)	2022/23 Emissions (tCO2e)	2023/24 (Km)	2023/24 Emissions (tCO2e)	Percentage difference from the baseline
*** Total Air Travel (2017/18 baseline)**	623,795	91.01	663,949	91.80	872,220	197.14	117% increase
***Domestic Air Travel (2017/18 baseline)**	502,687	79.31	214,285	27.86	329,125	52.98	33% reduction
*** International Air travel (2017/18 baseline)**	121,108	11.70	449,664	63.94	543,095	144.16	1,132% increase
*** Rail Travel, including Eurostar (2017/18 baseline)**	248,236	10.96	198,013	7.22	1,156,266	38.63	253% increase
*** **Car and Taxi Travel (*2021/22 baseline*)**	21,998	3.71	42,893	6.86	61,303	9.59	159% increase
*** **Bus Travel *(2022/23 baseline)***	463	0.03	NA	NA	1,239	0.13	333% increase

**Historic carbon figures calculated using DEFRA conversion factors for the given year.*
***Where data for the baseline year 2017-18 has not been available for a specific target, the next available year's data has been used*.

Minimising waste and promoting resource efficiency

Our work to minimise waste and to promote resource efficiency are aimed towards compliance with GGC commitments, including sub targets and the headline target to reduce the overall amount of waste generated by 15% from the baseline year.

As the CMA is an occupant of multi-tenanted buildings, the landlords typically provide our waste management services and recycling programs. We aim to recycle waste wherever we can, and to work with our landlords to reduce waste going to landfill.

The amount of waste which goes to landfill for this year is 0.24%, which is in line with the GGC sub target of 5% by 2025. Furthermore, 43.98% is recycled and 55.78% is sent to incineration/energy from waste. We are working with our landlords and staff to reach the GGC target to recycle 70% of waste by 2025.

For the year 2023/24, our ICT recycling figures equate to 1.037 tonnes recycled externally and 0.868 tonnes reused externally.

The total amount of waste (excluding ICT waste) has increased by 46% which reflects our growth as an organisation. We note however that our total amount of waste per FTE has decreased by 9%.

The total cost for waste for the last year is £7,342. The below table illustrates the overall and recycled waste compared to the baseline year of 2017/18. This data includes the recycling figures for food waste - 3.95 tonnes, and glass – 8.12 tonnes.

Waste (excluding ICT waste)		2017/18	2023/24	Percentage difference
Non-financial indicators (tonnes)	Total Waste	60.00	87.45	46% Increase
	Total waste per FTE	0.10	0.09	9% decrease
	Recycled	26.00	38.46	48% Increase
	Incinerated/energy from waste	34.00	48.78	43% Increase

We encourage staff to reduce the use of paper by adopting digital alternatives and reducing printing wherever possible, also discouraging staff from printing unless absolutely necessary. The default setting of our central printers is double sided and set to monochrome.

The table below shows the number of paper reams ordered from our suppliers in 2023/24 as compared to our 2017/18 baseline. The reduction in paper usage has exceeded the GGC target to reduce usage by 50%. We will continue to take measures and seek opportunities to reduce our use of paper where we can.

Nonfinancial indicators	Baseline	2023/24	Percentage difference
Reams of Paper	8,361	627	93% reduction

Catering services

We aim to reduce waste associated with catering where we provide such services. We also aim to offer staff nutritious food offerings, eliminate the use of single use plastics and nonrecyclable products, offer alternatives to meat, undertake social purchasing, and increase staff knowledge of the carbon impact of our catering offerings. Landlords or others provide these services in some of our offices and we also aim to work with these organisations to also achieve these goals.

Our office in Canary Wharf offers a café style service which provides fresh food and barista coffee. In the summer of 2023, we employed a new catering contractor to run this café based around three core food principles: Fresh, Local and Sustainable. Furthermore, we continue to work with this service provider to provide catering in line with the WELL nourishment concept of creating food environments where the healthiest option is the easiest choice.

We have committed to remove consumer single use plastic (CSUP) from our Canary Wharf café. Furthermore, our new catering service provider is implementing a reuse scheme which introduces reusable takeout containers and incentivises the use of reusable cups. The below table shows how many pieces of plastic were used within the CMA in 2023/34 and compares this against the baseline.

Nonfinancial indicators	Baseline	2023/24	Percentage difference
***Single Use Plastics (*2021/22 used as a baseline*)**	50,085	2,777	94% reduction

**Where data for the baseline year 2017/18 has not been available for a specific target, the next available year's data has been used.*

Reducing our water use

Our reduction of water usage approach is aligned to GGC commitments which include reducing water consumption by at least 8% from a 2017/2018 baseline, which we have exceeded by 34% in 2023/24.

We use self-closing taps in our offices and have dual flushing mechanisms for all our toilets to reduce excess water utilisation. We also specify that all water sources for our new offices have dedicated meters so that we can measure the amount of water used. Within our office in Canary Wharf, our landlord has undertaken surveys for the installation of water meters for each tenant, including the CMA. They plan to undertake these works in the near future which will enable us to measure and target our water usage.

The below table indicates the water used within the CMA in 2023/34. Due to the limited financial information provided by our landlords, we are unable to provide expenditure for water.

Nonfinancial indicators	2017/18 baseline	2023/24	Percentage difference
Water consumption (m3)	12,991	7,480	42% reduction

Procuring sustainable products and services

Our purchasing activity continues to maximum value for money and to minimise waste throughout our supply chain. We achieve this through meeting or exceeding the GGC commitments relevant to procurement, including as they relate to environmental, social, and economic factors and we maximise social value effectively and comprehensively in the procurement of goods, services and works.

Where procuring goods, services or works we continue to comply with the Public Services (Social Value) Act 2012 and government procurement policy as it relates to social value, including tackling carbon reduction, modern slavery and utilising the government's Social Value Model. This includes:

- Complying with all relevant UK legislation and regulatory requirements;
- Promoting awareness of sustainability within the CMA and our supply chain;
- Including sustainability criteria when evaluating competitive offers wherever relevant.

The CMA recognises the opportunity to make positive change and our contracts will, where possible, contribute across the following areas:

- **Social**
    - Supporting the reduction of social exclusion, isolation and inequality.
    - Generating education, training and employment opportunities for disadvantaged groups.
    - Engaging the local voluntary and community sector.
- **Economic**
    - Promoting the Living Wage.
    - Supporting Small and Medium Enterprises (SMEs) by creating visibility and opportunity to access our third party spend.
- **Environmental**
    - Seeking to reducing carbon emissions.
    - Seeking to reduce air pollution.
    - Maximising the opportunity to re-use and recycle.

Adapting to climate change

The CMA recognises the GGC commitment to develop an organisational climate change adaption strategy across our estates and operations.

We are in the early stages in developing our approach towards adapting to climate change with respect to our estates and operations. Our Corporate Services Teams review climate change risks and opportunities when making key decisions, for example when selecting locations for new properties to ensure they are not in areas that are predicted to be prone to flooding.

Our future approach will encompass the development of our climate change adaption strategy, climate change risk assessment and the implementation of a climate change adaptation action plan. We have been unable to substantially progress this work to date due to changes in the facilities service provider that provided sustainability management, as well as key changes to our operational team.

Reducing environmental impacts from ICT and digital

The CMA's approach towards reducing environmental impacts from ICT and digital is aligned to GGC commitments.

Our Technology and Business Solutions team integrates sustainability as a core value in technology decisions. We select energy-efficient servers, data centres, and devices and opt for virtual servers and cloud computing to reduce physical infrastructure. We also work with suppliers to ensure sustainable practices throughout the supply chain and plan for responsible disposal or recycling of all IT equipment, in line with responsible end-of-life management practices. We continue to leverage advanced technologies to monitor and optimise resource usage, reduce waste, enhance energy efficiency and continuous power optimisation techniques across our cloud platforms.

Property

Our office in Canary Wharf, London is designed to the Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent' standard. The heating, ventilation and air conditioning is controlled by a Building Management System which is aligned to the WELL building standard. This controls and monitors usage, making the office more energy efficient through the control of our heating and ventilating services. We also have a modern lighting control system which affords savings through presence detection.

In 2023, we opened a small new office in Darlington. This office utilises different systems such as lighting controls that improved our energy efficiency.

Within 2024/25 we intend to open new properties in Manchester, Cardiff, and Belfast, and to ensure that the properties which we lease and refurbish are done so in compliance with GGC commitments and Government Property Agency (GPA) standards. The CMA has also developed our own Standards of Design with Sustainability as a key aspect of these standards.

About our data

The utilities and most of our services are provided to us through our landlords and via service charges related to our lease agreement. In the absence of detailed information from our landlords we have used financial information. The amounts indicated are calculated based on the limited information that is available to tenants within multi-tenanted properties.

Where we are occupants within government hubs, the sustainability data related to the operation of these properties is reported through the host.

Where data for the baseline year 2017/18 has not been available for a specific aspect, the next available year's data has been used.

Remuneration and staff report

Remuneration Report

Senior management – single total figure of remuneration (audited)

Senior management	Salary		Allowances		Bonuses[18]		Pensions[19]		Payments upon leaving[20]		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Andrea Coscelli[21]	-	70-75	-	-	-	-	-	12	-	-	-	80-85
Chris Prevett[22]	160-165	140-145	-	-	10-15	10-15	62	40	-	-	235-240	195-200
David Stewart[23]	75-80	170-175	-	-	-	-	37	66	25-30	-	140-145	235-240
Erik Wilson CBE	150-155	140-145	-	-	10-15	15-20	118	(55)	-	-	280-285	100-105
Jessica Lennard[24]	95-100	-	-	-	-	-	45	-	-	-	140-145	-
Joel Bamford[25]	20-25	-	-	-	-	-	10	-	-	-	35-40	-
Lucy Robbins	130-135	125-130	0-5	5-10	10-15	15-20	52	27	-	-	200-205	175-180
Michael Grenfell[26]	155-160	170-175	-	-	-	15-20	27	26	155-160	-	340-345	210-215
Mike Walker[27]	190-195	185-190	-	-	5-10	15-20	70	70	-	-	270-275	270-275
Sarah Cardell[28]	220-225	205-210	-	-	10-15	15-20	33	31	-	-	265-270	250-255
Stuart Hudson[29]	-	135-140	-	-	-	15-20	-	54	-	-	-	205-210
Will Hayter[30]	140-145	-	-	-	10-15	-	55	-	-	-	210-215	-

[18] At the time of publication, guidance for bonus payments for SCS staff in respect of performance during the 2023/24 performance year has not yet been approved by government. Figures for the 2022/23 performance year, which were paid in 2023/24, have been used.
[19] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
[20] Payment upon leaving includes untaken annual leave entitled up to last date of employment, payment in lieu of notice and any exit package payments.
[21] Andrea Coscelli left the CMA on 27 July 2022. Full year salary in 2022/23 was £200k-£205k.
[22] Chris Prevett was temporarily promoted to interim General Counsel from 26 July 2022 to 31 January 2024. Chris was appointed as General Counsel from 01 February 2024. Full year salary from temporary promotion in 2022/23 was £145k-£150k.
[23] David Stewart left the CMA on 8 September 2023. Full year annual salary in 2023/24 was £170k-£175k.
[24] Jessica Lennard joined the CMA on 14 August 2023. Figures for 2022/23 are not reportable. Full year salary is £145k-£150k.
[25] Joel Bamford joined the CMA on 12 February 2024. Figures for 2022/23 are not reportable. Full year salary is £180k-£185k.
[26] Michael Grenfell left the CMA on 09 February 2024. Full year annual salary in 2023/24 was £180k-£185k.
[27] Mike Walker's base salary is £180k-£185k. Salary column includes a non-consolidated amount of £10k-£15k.
[28] Sarah Cardell's base salary is £205k-£210k. Salary column includes a non-consolidated amount of £10k-£15k.

Fair pay disclosures (audited)

Percentage change in pay

For the highest paid director[31], there has been an increase of 7.2% when comparing the 2023/24 mid-point of the band for total salary and allowances (£220k – £225k) to the 2022/23 figure (£205k - £210k). This rise stems from non-consolidated payments received as part of the 2023/24 pay award, as their salary had reached the maximum of their pay band. Conversely, there has been a decrease of 28.6% to the 2023/24 mid-point of the band for performance pay and bonuses (£10k - £15k) compared to 2022/23 (£15k - £20k). When considering total salary, allowances and bonuses, there has been an increase of 6.7% overall when comparing the mid-point of the band for 2023/24 (£235k - £240k) to the mid-point of the band for 2022/23 (£220k - £225k).

Excluding the highest paid director, the average salary and allowances for all employees[32] has risen by 2.1% since 2022/23. Concurrently, there has been a noteworthy 75.5% increase in average performance-related pay (PRP) and bonuses over the same period. This can be attributed to the non-consolidated payment of £1,500 made in June 2023 which was included in the 2023/24 Civil Service pay remit guidance addendum.

The changes to salary and allowances reflect the impact of the 2023/24 pay award, contributing to the increase in the average salary.

[29] Stuart Hudson left the CMA on 26 March 2023. Full year annual salary in 2022/23 was £140k-£145k.
[30] Will Hayter was promoted into the role of Executive Director on 01 February 2024, therefore remuneration data was not reportable for 2022/23.

[31] For the CMA the highest-paid director is the highest-paid director on the Executive Committee.

[32] For 2023/24, the fair pay disclosure includes non-payroll employees (i.e. agency and inward secondees), whereas the fair pay disclosure for 2022/23 only included employees on payroll. In previous years, total costs for non-payroll employees were reported in the staff costs section of the report.

Pay ratios

The pay ratios show the relationship between the total pay and benefits of the highest paid director and the total pay and benefits of the remainder of the CMA workforce. Total pay and benefits include salary, allowances, non-consolidated pay, and benefits in kind. It does not include severance payments, employer pension contributions and the Cash Equivalent Transfer Values (CETV) of pensions.

During the financial year 2023/24, the banded full-time equivalent remuneration for the highest-paid director at the CMA ranged from £235k to £240k, compared to £220k to £225k in 2022/23.

In 2023/24, no employees received remuneration in excess of the highest-paid director (2022/23: nil). Remuneration for employees, excluding the highest-paid director, ranged from £25.4k - £202.9k (2022/23: £23.2k - £202.6k).

The table below shows the ratios between the highest paid director and their remuneration and the pay and benefits of the employee at the 25th percentile, the median and the 75th percentile.

	2023/24			2022/23		
	Total pay & benefits (£)	Salary (£)	Pay ratio	Total pay & benefits (£)	Salary (£)	Pay ratio
25th percentile	41,777	40,356	5.68: 1	39,193	38,259	5.68:1
Median	63,106	60,481	3.76: 1	58,947	58,047	3.77:1
75th percentile	84,176	81,313	2.82: 1	78,038	76,632	2.85:1

There has been no increase in the pay ratio at the 25th percentile. There has been a 0.01 decrease in the pay ratio at the 50th percentile and a 0.03 increase in the pay ratio at the 75th percentile.

Senior management – pension benefits (audited)

	Accrued pension at pension age as at 31 March 2024	Real increase in pension and related lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023[33]	Real increase / (decrease) in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	£000
Chris Prevett	30-35	2.5-5	385	304	33	
David Stewart	5-10	0-2.5	109	72	24	
Erik Wilson CBE	105-110	5-7.5	2,293	2041	112	
Jessica Lennard	0-5	2.5-5	31	-	24	
Joel Bamford	0-5	0-2.5	7	-	6	
Lucy Robbins	20-25	2.5-5	307	233	35	
Michael Grenfell	-	-	-	-	-	27
Mike Walker	50-55	2.5-5	795	651	52	
Sarah Cardell	-	-	-	-	-	33
Stuart Hudson[34]	-	-	-	101	-	-
Will Hayter	40-45	2.5-5	511	420	31	

[33] The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of **alpha** membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.
[34] Stuart Hudson left the CMA on 26 March 2023. Data for 2023/24 is not reportable.

Non-Executive Board members remuneration (audited)

	2023/24		2022/23	
	Salary	Benefits in kind	Salary	Benefits in kind
	£000	Nearest £100	£000	Nearest £100
Amelia Fletcher[35]	20-25	-	25-30	-
Cynthia Dubin	25-30	-	25-30	-
Cyrus Mehta[36]	0-5	-	-	-
Dame Patricia Hodgson[37]	0-5	-	-	-
Dharmash Mistry[38]	0-5	-	-	-
Franck Dangeard[39]	0-5	-	-	-
Jonathan Scott[40]	-	-	45-50	-
Justin Basini[41]	0-5	-	-	-
Kirstin Baker[42]	25-30	-	25-30	-
Marcus Bokkerink	105-110	-	60-65	-
Martin Coleman[43]	25-30	-	25-30	-
Murdoch MacLennan[44]	25-30	-	25-30	-

[35] Amelia Fletcher left the CMA on 30 December 2023. Full year salary was £25k-£30k.
[36] Cyrus Metha joined the Non-Executive Board members on 21 February 2024. Full year salary as a Non-Executive Board member was £25k-£30k
[37] Dame Patricia Hodgson joined the CMA on 21 February 2024. Figures for 2022/23 are not reportable. Full year salary was £25k-£30k.
[38] Dharmash Mistry joined the CMA on 21 February 2024. Figures for 2022/23 are not reportable. Full year salary was £25k-£30k.
[39] Franck Dangeard joined the CMA on 21 February 2024. Figures for 2022/23 are not reportable. Full year salary was £25k-£30k.
[40] Jonathan Scott left the CMA on 6 September 2022. Full year salary for 2022/23 was £105k-£110k. Jonathan Scott was engaged to a commit a minimum of 2-days per week in 2022/23.
[41] Justin Basini joined the CMA on 21 February 2024. Figures for 2022/23 are not reportable. Full year salary was £25k-£30k.
[42] The salary above for Kirstin Baker relates to their role as a CMA NED only. In 2023/24 Kirstin was also employed as a CMA Inquiry Chair and in 2023/24 earned a total remuneration of £110k-£115k for their work on the CMA Board and Panel.
[43] The salary above for Martin Coleman relates to their role as a CMA NED only. In 2023/24 Martin was also employed as a CMA Panel Chair and in 2023/24 earned a total remuneration of £135k-£140k for their work on the CMA Board and Panel.
[44] The salary above for Murdoch MacLennan relates to their role as a CMA NED only. In 2023/24 Murdoch was also employed as a CMA Chair of the OIM Panel and in 2023/24 earned a total remuneration of £35k-£40k for their work on the CMA Board and Panel.

All the Non-Executive Board members (NEDs) were engaged on a 30-days per year basis except for Marcus Bokkerink who was engaged to commit a minimum of 2-days per week.

The Chairman and the NEDs are not members of the Principal Civil Service Pension Scheme and they have no other pension entitlements with the CMA (2022/23: nil).

Remuneration policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Review Body on Senior Salaries (SSRB). The SSRB advises the Prime Minister from time to time on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975 (as amended).

In reaching its recommendations, the SSRB considers:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional and local variations in labour markets and their effects on the recruitment and retention of staff.
- Government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services.
- The funds available to departments as set out in the government's departmental expenditure limits.
- The government's inflation target.

The SSRB takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. In 2023/24 one payment was made (2022/23: nil).

Salary and bonuses

Salary covers both pensionable and non-pensionable amounts and includes but may not necessarily be confined to gross salaries; overtime; recruitment and retention allowances; private office allowances; other allowances (to the extent that they are subject to UK taxation); and any ex-gratia payments. This report is based on accrued payments made by the CMA.

Bonuses are based on performance levels attained as part of the end of year performance review process. The bonuses disclosed for senior management were paid in 2023/24 and relate to performance in 2022/23. The comparative bonuses reported for 2022/23 relate to performance in 2021/22.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic, premium, and classic plus** provide benefits on a final salary basis, whilst **nuvos** provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy[45] is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

[45] The public service pensions remedy.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

Introduction

The CMA's talented staff are the foundation of our success and our most important asset in delivering our ambitious plans and objectives.

We remain committed to ensuring we are a great employer that values and welcomes the different knowledge, ideas, skills, behaviours, and experiences all our colleagues bring to the CMA.

We aim to foster a culture that promotes wellbeing and mental health so colleagues can thrive. This year, we have focused on several people initiatives, with the aim of making our employee experience the best it can be.

Employee value proposition and our employee experience plan: making the CMA a great place to work

Employee Value Proposition
During 2022/23, we undertook a broad series of colleague engagement sessions to understand how colleagues viewed their experience of working at the CMA – what they valued, and what they wanted to see improved. We then analysed our staff survey results to cross-check the data and information. During 2023/24, we have finalised and implemented a series of Employee Value Proposition statements that are being used to attract potential colleagues to the CMA. These deliver a consistent narrative and articulation about the CMA experience. This has included a refresh of our externally facing recruitment collateral and webpages.

Employee Experience Plan
We have an Employee Experience Plan which provides us with a longer-term strategic direction to improve the experience colleagues have. Delivery of key actions has commenced including work on our internal communications strategy, effective career planning, reviewing our performance and development approaches, and how we support colleagues with work-life balance. The plan will be focused on five themes: learning and career development; inclusion; flexibility and work-life balance; the work we do; and empowerment.

Values
Since launching our refreshed values in January 2023, we deliver **impactful outcomes** - for people, businesses and the economy. We are **ambitious** and **evidence-based**, and always strive for **excellence**. We treat everyone with **respect** and are **collaborative** and **inclusive**. Everything we do is **underpinned by the Civil Service values**: Honesty, Integrity, Objectivity and Impartiality. We are now

implementing an annual set of activities to highlight practical ways we live our values.

Equality, Diversity and Inclusion
Promoting Equality, Diversity and Inclusion (EDI) remains a key focus for the CMA. We have continued the delivery of our second two-year action plan as part of our current four-year EDI strategy. We have actions in five thematic areas: recruitment and grow our own, career progression and development, improving representation, pay and reward, and culture of inclusivity.

Wellbeing
We are actively promoting a healthy work environment with toolkits, policies, trained Mental Health First Aiders, who provide assistance to colleagues, and an Employee Assistance Programme that also provides a broad range of support and advice to staff on family, relationship and financial matters, as well as access to counselling.

Staff engagement

The CMA participates in the Annual Civil Service People Survey. In the 2023 staff survey results, which were published in December 2023, the CMA's response rate was 72% and our engagement score was 65%. The data analysis provides insight to enable the delivery of our key employee experience priorities.

We are finalising the development of the Internal Communications and Engagement Strategy. The strategy will deliver meaningful communications and engagement to strengthen connections between our people, but also create a shared understanding of and connection to our organisational purpose, values, and priorities.

Learning and development

The CMA's Academy continues to offer a wider range of learning and development opportunities supporting professional excellence, covering core business and interpersonal skills, coaching and mentoring, leadership and management, professional skills, and talent and career development.

The Academy is a centre of excellence, offering a prospectus of learning programmes delivering over five themes: apprenticeships, core skills, leadership and management, professional skills, and talent development.

The Academy facilitates professional development, memberships, conferences, qualifications, and support career pathways. It supported a total of 92 professional memberships and enabled 42 colleagues to attend professional conferences. It also supported applications to maintain registration through the Solicitors Regulation Authority, and applications towards professional qualifications/further study. The

CMA had 44 apprentices in post at the end of December 2023, including new roles across Data, Business Administration, Commercial and Economics, continuing our commitment to developing our diverse talent pipeline and building capability.

The Academy's work includes consulting with professions and cross organisational departments on development needs and strategically aligned skills assessments.

It manages the CMA's programme on digital skills to make better use of digital tools, technology, and data. In response to user feedback, the CMA is delivering tailored courses on effective collaboration and co-authoring using Microsoft Word templates. The digital skills programme also includes a focus on AI, data, and automation, linking with our Digital Transformation Programme.

The Academy has enhanced learning and development communications through an accessible digital platform (Upskill) outlining monthly opportunities, resources, and signposting to key programmes internally and externally.

It also oversees the CMA's induction programme to include the Civil Service line managers programme and have evaluated the induction experience across all office locations, achieving an 88% satisfaction rate.

The Academy worked with internal networks and stakeholders to update the CMA's coaching and mentoring programmes, to include training for a new cohort of internal coaches to support career development and upskilling, and to enhance the programme to support colleagues with protected characteristics.

Supporting the work of consumer protection, the CMA continues our engagement with the Citizens Advice Service to deliver a programme for our Consumer colleagues to visit contact centres and learn from customers' experiences.

Recruitment outreach

Recruitment outreach activities have continued throughout the year on a local basis. This has included open days, careers fairs, talks and seminars, as well as events focused on the Devolved Nations and regions:

- Colleagues from the Office of the Chief Economic Advisor completed a series of economics lectures at universities across England, Scotland and Wales.
- Legal Services colleagues attended careers fairs at City University in London, alongside a micro-placement partnership, offering short term placements with the CMA. Legal Services have also engaged with the Manchester Law Society.
- Colleagues from the Digital Markets Unit attended a Manchester Tech Talent event focused on early careers in digital, data and technology, in anticipation of future growth at the CMA.

- We have continued to foster relationships with the Darlington Economic Campus Outreach Group, with colleagues based in Darlington taking part in local events and workshops.

Staff policies applied for disabled staff

Applications for employment
Candidates applying through the Disability Confident Scheme (DCS) are guaranteed an interview if their application scores the minimum acceptable level, or higher, for all elements assessed, regardless of whether there are higher scoring candidates. During the recruitment process we encourage candidates to tell us what changes or help they might need, so that we can make reasonable adjustments to support them in their application.

Continuing employment
The health and wellbeing of our staff is a key enabler to help us to deliver our objectives and contribute to the success of our organisation. We fully recognise our responsibilities and our duty of care to all of our staff and aim to enable staff to maintain their health, wellbeing and safety at work.

We have implemented the cross-government Workplace Adjustment Passport which aims to support the conversation between an individual and their manager about their disability, health condition or gender reassignment and any workplace adjustments that might need to be made.

Our VisAbility staff network's primary aim is to raise awareness and celebrate the abilities of staff members with either a non-visible and / or visible disability (physical and mental health) or long-term health condition. The VisAbility network partnerships with the Dyslexia Network for the benefit of their members.

Training and development
In addition to offering career development via the Civil Service talent programmes (such as the Future Leaders Scheme DELTA programme), we have developed our own career development programme, Aspire.

Health and safety

The CMA values the health, safety, and wellbeing of our staff, contractors, and visitors. We ensure a comprehensive and consistent approach across all the CMA office locations. Any new office is chosen following a survey to ensure the health, safety, and wellbeing of our staff, contractors, and visitors. We aim to take a consistent approach and ensure compliance with a minimum set of standards (noting that we do not provide the same wellbeing arrangements in each office with the provision of facilities such as cafés, wellness rooms, multi faith prayer rooms etc varying from location to location).

Health and safety compliance testing has been carried out across all CMA sites, such as building inspections, safety audits, fire risk assessments, fire extinguisher inspections, lift maintenance and inspections, water risk assessments, Portable Appliance Testing, fire door inspections, and fire suppression system testing.

First aid, mental health first aid, and fire warden training has been delivered to ensure cover and support for staff at all sites, and the CMA emergency evacuation plan and procedure were reviewed before planned fire drills were carried out. The health and safety standing committee membership was reviewed with new members appointed from all CMA office locations.

During 2023/24, 3 accidents and 5 near misses were recorded, but none of these accidents met the requirements for a reportable accident (2022/23: 6 accidents and 9 near misses). The decrease compared with last year is reflective of increased awareness of the office spaces.

Sickness absence

The average working days lost in 2023/24 due to absence per FTE employee was 4.11 days (2022/23: 4.57 days). The most recently published Civil Service figure was an average of 7.9 days.

During 2023/24 COVID-19 still had an impact on staff absence accounting for 6.9% of all working days lost during the year (21.6% in 2022/23).

Staff turnover

The CMA's annual staff turnover rate for permanent staff in 2023/24 was 10.4% (2022/23: 15.6%).

Our turnover has decreased this year. We invite all those who leave the CMA to provide feedback on their experience at the CMA and their reasons for leaving. The key factors cited as a reason for leaving in 2023/24 were improved pay and benefits (54.7% of those completing the a questionnaire) and career progression (64%). Even where pay was not a key factor in leaving, a significant majority of leavers (89%) stated they would receive a higher level of pay at their new employer.

Our staff have skills and experience that are desirable across different sectors. 69% of leavers who completed the exit questionnaire left the Civil Service to move to private sector organisations, regulators, public sector organisations and charities.

Other reasons for leaving included job satisfaction, career change and working hours. Office attendance, and office location, were also cited; following the pandemic and changes to the way we work, some staff have chosen to move to organisations where they have even greater flexibility over their working location.

Trade Union Facility Time

Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative.

Relevant union officials
20 staff (19.46 FTE) were relevant union officials during 2023/24 (2022/23: 17 FTE). 5 union officials spent 0% of their working hours on facility time in 2023/24 (2022/23: 4) and 15 union officials spent up to 50% of their working hours on facility time in 2023/24 (2022/23:14).

The time spent by union officials on paid trade union activities as a percentage of total paid facility time hours in 2023/24 was 6.76% (2022/23: 3.61%).

The percentage of the total pay bill in 2023/24 spent on paying employees who were relevant union officials for facility time was 0.056% (2022/23: 0.063%).

Off-payroll engagements

Off-payroll worker engagements, earning £245 per day or greater, as at 31 March 2024.

Number of existing engagements as of 31 March 2024	
Of which, no. that existed:	34
Less than 1 year	17
For between 1 and 2 years	13
For between 2 and 3 years	4
For between 3 and 4 years	-
For 4 or more years	-

All off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater.

Number of temporary off-payroll workers engaged during the year ended 31 March 2024	
Of which:	37
Not subject to off-payroll legislation	31
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	6
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: No. of engagements that saw a change to IR35 status following review	-

Off-payroll workers are typically engaged either through commercial contracts to deliver expert services or as temporary agency workers to fill hard to recruit roles, provide temporary cover for key roles or to deliver urgent and time critical projects.

There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility.

There were three individuals on payroll that have been deemed Board members and/or senior officials with significant financial responsibility.

Staff costs (audited)

Staff costs comprise:

			2023/24	2022/23
	Permanently employed staff	Others[46]	Total	Total
	£000	£000	£000	£000
Wages and salaries	66,728	2,400	69,128	58,576
Social security costs	7,796	-	7,796	6,894
Pension costs	17,174	-	17,174	14,733
Sub total	**91,698**	**2,400**	**94,098**	**80,203**
Other staff costs	611	-	611	207
Recoveries of income in respect of outward secondments	(16)	-	(16)	(164)
Total	**92,293**	**2,400**	**94,693**	**80,246**

[46] Wages and salaries of Others comprises of agency and temporary staff.

The total wages and salaries for 2023/24 have increased compared to 2022/23. This is reflective of the increase in the number of people employed.

Number of people employed (audited)

The number of people (FTE) employed at 31 March 2024 and the average number of people (FTE) employed during the year:

	At year-end		Average for year	
	2023/24	2022/23	2023/24	2022/23
	Number	Number	Number	Number
Permanent staff	955.84	813.7	884.6	804.6
Others[47]	131.8	114.3	123.9	99.0
Total	1,087.7	928.0	1,008.5	903.6

The 2023/24 year-end figure is 159.7 FTE higher than the year-end figure for 2022/23. This is due to the CMA completing more recruitment appointments than seen in 2022/23. This can be attributed to the growth of the CMA across a variety of function which includes the Digital Markets Unit, the Subsidy Advice Unit and the Office for the Internal Market, and the associated growth in our Corporate Services and Strategy, Advocacy and Communications functions to support the organisational growth.

[47] Others includes loans in, secondments in, fixed term contracts and agency workers. The CMA has no ministers or special advisers.

Staff composition

The composition, by grade, of staff engaged on a contract of employment[48], at 31 March 2024 by grade:

	2023/24		2022/23	
	Male	Female	Male	Female
SCS3 (Director)	0.0	1.0	2.0	1.0
SCS2 (Director)	12.9	11.9	12.7	8.3
SCS1 (Director)	60.2	51.9	56.5	42.8
Grade 6	127.1	113.3	114.2	106.8
Grade 7	138.6	141.9	127.3	115.1
SEO	54.6	42.3	36.8	30.7
HEO	92.0	103.7	71.8	86.3
EO	27.5	43.6	22.5	35.9
AO	17.0	18.0	12.6	13.0
Total	529.9	527.5	456.4	439.8

Staff on loan

In 2023/24, the total number of loans used by the CMA was 77 (2022/23: 80). The majority of loans have been with the Legal and OCEA directorates, with 35 loans in. Legal had 18 loans in, and OCEA had 17 loans in, mainly Economists.

The driving force for utilising loans is proactively sourcing staff with the relevant knowledge and experience, but also Civil Service methods of working, in order to complement external recruitment campaigns. Some loans have resulted from

[48] Staff composition data differs from the number of people employed data as it only includes persons employed on a contract of employment and excludes secondees and agency workers.

specialist knowledge requirements for our casework, and a way to source staff at pace. By utilising staff members from both within and outside the CMA, we have been able to build experience and expertise within business areas, as well as upskilling staff who ultimately return to their home department. The same is true for staff returning to CMA from loans elsewhere.

	Outward staff loans 2023/24		Inward staff loans 2023/24	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
SCS3 (Director)	0	0	0	0
SCS2 (Director)	0	0	0	0
SCS1 (Director)	0	2	0	0
Grade 6	0	10	5	6
Grade 7	2	6	15	22
SEO	0	1	0	1
HEO	2	1	1	1
EO	2	0	0	0
AO	0	0	0	0
Total	**6**	**20**	**21**	**30**

Expenditure on consultancy

In 2023/24, the CMA spent £1.8 million on consultancy (2022/23: £0.8 million). The increase in expenditure is predominantly due to discovery phase costs of projects, such as Digital Transformation which includes the Enterprise Resource Planning (ERP) system and a review of the CMA's approach to performance development and reward (PDRR).

Exit packages (audited)

Exit packages are paid, where applicable, in accordance with the terms of the Civil Service Compensation Scheme. Exit costs are accounted for in full when a commitment has been made by the CMA and are paid in the year of departure. Exit packages in 2023/24 were as follows:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10k	0	0	0
£10k - £25k	0	0	0
£25k - £50k	0	0	0
£50k - £100k	0	0	0
£100k - £150k	0	1	1
£150k - £200k	0	0	0
Total	**0**	**1**	**1**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2023/24 (2022/23: nil). £100k-£150k exit costs were paid in 2023/24, the year of departure (2022/23: nil).

Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Parliamentary accountability and audit report

Statement of Outturn against Parliamentary Supply (SOPS)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the CMA to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how the CMA has spent against our Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should the CMA exceed the limits set by their Supply Estimate, called control limits, its accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimate to enable comparability between what Parliament approves and the final outturn.

The SOPS contains a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not reconcile exactly to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SOPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and an analysis of income payable to the Consolidated Fund (note 4).

The SOPS and the Supply Estimate are compiled in line with HM Treasury's budgeting framework. An explanation of the budgeting framework and key terms is provided in the Directors' report: Financial Review section of the Corporate Governance Report, beginning on page 72. Further information on HM Treasury's public spending framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of HM Treasury's Consolidated Budgeting Guidance.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The Director's report: financial review, in the Corporate Governance Report, provides a summarised discussion of outturn against the Supply Estimate and functions as an introduction to the SOPS disclosures.

Summary table 2023/24

		2023/24								2022/23
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Outturn
Type of spend	SoPS Note	Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Total	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit										
Resource	**1.1**	**123,059**	-	**123,059**	**131,662**	-	**131,662**	**8,603**	**8,603**	**115,349**
Capital	1.2	6,330	-	**6,330**	12,993	-	**12,993**	6,663	6,663	**6,528**
Total		**129,389**	-	**129,389**	**144,655**	-	**144,655**	**15,266**	**15,266**	**121,877**
Annually Managed Expenditure										
Resource	**1.1**	**18,157**	-	**18,157**	**22,000**	-	**22,000**	**3,843**	**3,843**	**(8,979)**
Capital	1.2	(345)	-	**(345)**	2,000	-	**2,000**	2,345	2,345	**(173)**
Total		**17,812**	-	**17,812**	**24,000**	-	**24,000**	**6,188**	**6,188**	**(9,152)**
Total Budget										
Resource	1.1	141,216	-	**141,216**	153,662	-	**153,662**	12,446	12,446	**106,370**
Capital	1.2	5,985	-	**5,985**	14,993	-	**14,993**	9,008	9,008	**6,355**
Total Budget Expenditure		**147,201**	-	**147,201**	**168,655**	-	**168,655**	**21,454**	**21,454**	**112,725**
Non-Budget Expenditure		-	-	-	-	-	-	-	-	-
Total Budget and Non-Budget		**147,201**	-	**147,201**	**168,655**	-	**168,655**	**21,454**	**21,454**	**112,725**

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Please refer to the Supply manual for detail on the control limits voted by Parliament.

Net cash requirement 2023/24

		2023/24			2022/23
Item	**SOPS Note**	**Outturn**	**Estimate**	**Outturn vs Estimate: savings/(excess)**	**Outturn**
		£000	**£000**	**£000**	**£000**
Net Cash Requirement	**3**	**120,383**	**136,242**	**15,859**	**113,701**

Administration costs 2023/24

		2023/24			2022/23
Type of spend	**SOPS Note**	**Outturn**	**Estimate**	**Outturn vs Estimate: savings/(excess)**	**Outturn**
		£000	**£000**	**£000**	**£000**
Administration costs	**1**	**24,349**	**31,395**	**7,046**	**19,777**

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Notes to the Statement of Outturn against Parliamentary Supply 2023/24

SOPS 1 Outturn detail, by Estimate Line

SOPS 1.1 Analysis of resource outturn by Estimate Line

	2023/24									2022/23
	Resource Outturn							Estimate		Outturn
	Administration			Programme						
Type of spend: (Resource)	Gross	Income	Net	Gross	Income	Net	Outturn total	Net total	Outturn vs Estimate, saving/ (excess)	Total
	£000	£000	£000	£000	£000	£000	£000	£000 £000	£000	£000
Spending in Departmental Expenditure Limit (DEL)										
Voted: A Competition Promotion	24,476	(127)	**24,349**	104,340	(5,630)	**98,710**	**123,059**	**131,662**	**8,603**	115,349
Annually Managed Expenditure (AME)										
Voted: B Competition Promotion	(78)	-	(78)	18,235	-	**18,235**	**18,157**	**22,000**	**3,843**	(8,979)
Total Resource	**24,398**	**(127)**	**24,271**	**122,575**	**(5,630)**	**116,945**	**141,216**	**153,662**	**12,446**	**106,370**

SOPS 1.2 Analysis of capital outturn by Estimate line

	2023/24						2022/23
	Outturn			Estimate			Outturn
Type of spend: (Capital)	Gross	Income	Net	Net	Net total compared with Estimate	Net total compared to Estimate, adjusted for virements[49]	Net
	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit (DEL)							
Voted: A	6,330	-	**6,330**	**12,993**	**6,663**	**6,663**	**6,528**
Annually Managed Expenditure (AME)							
Voted: B	(345)	-	**(345)**	**2,000**	**2,345**	**2,345**	**(173)**
Total Capital	**5,985**	**-**	**5,985**	**14,993**	**9,008**	**9,008**	**6,355**

SOPS 2 Reconciliation of outturn to net operating expenditure

	Note	2023/24	2022/23
Item		Outturn	Outturn
		£000	£000
Total Resource outturn	**SOPS 1.1**	**141,216**	106,370
Add: Research included within capital budget outturn[50]		777	14
Less: Discounting of capitalised dilapidation provision for IFRS 16 Leases		(515)	(808)
Net operating expenditure / (income) for the year	**SoCNE**	**141,478**	**105,576**

As noted in the introduction to the SOPS above, outturn and the Supply Estimate are compiled against HM Treasury's budgeting framework. This reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the SoCNE in the financial statements.

[49] There were no virements in 2023/24.
[50] The European system of regional and national accounts 2010 (ESA).

Research spend, within scope of the European system of regional and national accounts 2010 (ESA 10), scores in the capital budget (in the DEL element) and the capitalisation of dilapidation provisions, for leases within scope of IFRS 16, also scores in the capital budget (in the AME element). However, both are accounted for as expenditure in the SoCNE.

There was a substantial increase in ESA 10 expenditure in 2023/24 compared to 2022/23, predominantly due to discovery phase costs of projects being capitalised under this definition. These projects include Digital Transformation, which incorporates the Enterprise Resource Planning (ERP) system, and frontline research that will assist in designing future cases.

SOPS 3 Reconciliation of net resource outturn to net cash requirement

				2023/24	2022/23
		Outturn	Estimate	Outturn vs Estimate: saving/(excess)	Outturn
	Note	£000	£000	£000	£000
Total Resource outturn	SOPS 1.1	141,216	153,662	12,446	106,370
Total Capital outturn	SOPS 1.2	5,985	14,993	9,008	6,355
Adjustments to remove non-cash items:					
Depreciation (including asset impairment and loss on disposal)	4	(11,052)	(14,413)	(3,361)	(10,579)
New provisions and adjustments to previous provisions	4	(18,898)	(24,000)	(5,102)	6,128
Other non-cash items	4,5	(602)	-	602	(496)
Adjustments to reflect movements in working balances:					
Increase/(decrease) in receivables	10	602	-	(602)	(76)
(Increase)/decrease in payables	12	(5,067)	6,000	11,067	(1,152)
(Increase)/decrease in lease liabilities	13	5,231	-	(5,231)	4,306
Increase/(decrease) in lease receivables	11	(35)	-	35	(47)
Increase/(decrease) to be surrendered to the Consolidated Fund		1,917	-	(1,917)	(199)
Use of provisions	12,14	1,086	-	(1,086)	3,091
Net cash requirement		**120,383**	**136,242**	**15,859**	**113,701**

As noted in the introduction to the SOPS above, outturn and the Supply Estimate are compiled against HM Treasury's budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

The table below reconciles the net cash requirement of £120.38 million in SOPS 3 to the Statement of Cashflow (SoCF) on page 149.

	Note	£000
Net cash outflow from operating activities		109,642
Net cash outflow from investing activities		5,366
Payment of lease liabilities		5,413
Receipt of lease liabilities		(38)
Net cash requirement	SoCF	**120,383**
Net cash requirement	SoPs 3	**120,383**

SOPS 4 Income payable to the Consolidated Fund

SOPS 4.1 Analysis of income payable to the Consolidated Fund

During 2023/24 there was no relevant income (for example, income outside the ambit of the Supply Estimate or excess cash surrenderable to the Consolidated Fund) payable to the Consolidated Fund (2022/23: nil).

SOPS 4.2 Consolidated Fund income

Full details of income collected as agent for the Consolidated Fund is reported in the CMA's 2023/24 Trust Statement of these financial statements, beginning at page 174.

Parliamentary accountability disclosures

Losses and special payments (audited)

In 2023/24 there were no reportable losses (2022/23: £1.06 million) and no reportable special payments (2022/23: nil).

Contingent liabilities not required to be disclosed under IAS 37 (audited)

In addition to contingent liabilities disclosed in the financial statements in Note 17, the CMA is also required to disclose liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability or a contingent liability otherwise outside the scope of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), such as financial guarantees.

There were no remote contingent liabilities in 2023/24 (2022/23: nil).

The FReM 6.7.1 (g) requires departments to include a reconciliation of contingent liabilities reported in the Supply Estimate and those reported in the accounts. As no contingent liabilities are reported in either for 2023/24 there is no reconciliation necessary in this instance. We will assess the need for a reconciliation on a year-by-year basis.

The CMA complies with all the relevant Government Functional Standards as outlined in the Governance Statement 2023/24 under the heading of the Implementation of Government Functional Standards on page 90.

Special severance payments (audited)

In 2023/24 there were no special severance payments (2022/23: nil).

Gifts (audited)

In 2023/24 there were no reportable gifts (2022/23: nil).

Fees and charges (audited)

In 2023/24 there were no reportable fees and charges (2022/23: nil).

Signed for and on behalf of the CMA

Sarah Cardell
Chief Executive and Principal Accounting Officer
19 July 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Competition and Markets Authority for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's Statement of Financial Position as at 31 March 2024;

- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2024 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Competition and Markets Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. In applying the Ethical Standards, I have considered the potential implications for my audit arising from the decision of one of my Executive Directors to accept a role as Chief Operating Officer of the Competition and Markets Authority from October 2024. I am satisfied that appropriate safeguards have been implemented to protect my and the NAO team's independence and objectivity throughout the audit.

My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Competition and Markets Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Competition and

Markets Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Competition and Markets Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Parliamentary Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance Summary, Corporate Governance Report, Remuneration and Staff Report and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Competition and Markets Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Remuneration and Staff Report and Parliamentary Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Competition and Markets Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration and Staff Report and Parliamentary Accountability Report subject to audit are not in agreement with the accounting records and returns; or

certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Competition and Markets Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Competition and Markets Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Competition and Markets Authority will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Competition and Markets Authority's accounting policies,
- inquired of management, those charged with governance, including obtaining and reviewing supporting documentation relating to the Competition and Markets Authority's policies and procedures on:
    - identifying, evaluating and complying with laws and regulations;
    - detecting and responding to the risks of fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Competition and Markets Authority's controls relating to the Competition and Markets Authority's compliance with the Government Resources and Accounts Act 2000, Managing Public Money.
- inquired of management, and those charged with governance whether:
    - they were aware of any instances of non-compliance with laws and regulations;
    - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Competition and Markets Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Competition and Markets Authority's framework of authority and other legal and regulatory frameworks in which the Competition and Markets Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Competition and Markets Authority. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, Employment Law, Tax Legislation, The Enterprise and Regulatory Reform Act 2013 and the Subsidy Control Act 2022.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **24 July 2024**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

CMA financial statements

Statement of Comprehensive Net Expenditure (SoCNE) for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Operating income	5	(5,757)	(386)
Total operating income		**(5,757)**	**(386)**
Staff costs	3	94,693	80,246
Purchase of goods and services	4	52,542	25,716
Total operating expenditure		**147,235**	**105,962**
Net operating expenditure / (income) for the year		**141,478**	**105,576**
Other comprehensive net expenditure			
Actuarial net loss / (gain) on by-analogy pension scheme	14	(12)	(244)
Comprehensive net expenditure / (income) for the year		**141,466**	**105,332**

The notes on pages 151 to 173 form part of these Financial Statements.

Statement of Financial Position (SoFP) as at 31 March 2024

	Note	2023/24 £000	2022/23 (Re-presented) £000
Non-current assets			
Property, plant, and equipment	6	30,274	31,334
Right-of-Use assets	7	42,218	47,339
Intangible assets	8	2,845	2,471
Lease receivables	11	257	292
Total non-current assets		**75,594**	**81,436**
Current assets			
Trade and other receivables	10	5,522	4,920
Lease receivables	11	35	35
Cash and cash equivalents	9	2,839	922
Total current assets		**8,396**	**5,877**
Total assets		**83,990**	**87,313**
Current liabilities			
Trade and other payables	12	(17,760)	(12,693)
Lease Liabilities	13	(4,942)	(4,642)
Provisions	14.1	(14,023)	(2,380)
Total current liabilities		**(36,725)**	**(19,715)**
Total assets less current Liabilities		**47,265**	**67,598**
Non-current liabilities			
Trade and other payables	12	-	-
Lease Liabilities	13	(37,857)	(43,388)
Provisions	14.1	(15,980)	(9,823)
Total non-current liabilities		**(53,837)**	**(53,211)**
Total assets less (liabilities)		**(6,572)**	**14,387**
Taxpayers' equity and reserves			
General fund		(6,572)	14,387
Total equity		**(6,572)**	**14,387**

The re-presented figures for 2022/23 comprises of reclassifications of AUC tangible assets transferred to AUC intangible assets.

The notes on pages 151 to 173 form part of these Financial Statements.

Sarah Cardell
Chief Executive and Principal Accounting Officer
19 July 2024

Statement of Cash Flow (SoCF) for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Net operating income/(expenditure)	SoCNE	(141,478)	(105,576)
Adjustments for non-cash transactions	4,5	29,893	3,924
Adjustment for non-cash interest of lease liabilities	4	481	388
(Increase)/Decrease in trade and other receivables	10	(602)	1,164
Movement in receivables relating to items not passing through the SoCNE		-	(1,088)
Increase/(Decrease) in trade and other payables	12	5,067	(9,655)
Movements in payables relating to items not passing through the SoCNE		(1,917)	11,006
Use of provisions	10,14	(1,086)	(3,091)
Net cash (outflow) from operating activities		**(109,642)**	**(102,928)**
Cash flows from investing activities			
Purchase of property, plant, and equipment	6,13	(4,200)	(5,158)
Purchase of intangible assets	8	(1,192)	(66)
Proceeds from disposal of non-financial assets		26	-
Net cash (outflow) from investing activities		**(5,366)**	**(5,224)**
Cash flows from financing activities			
Financing from the Consolidated Fund (supply)		122,300	113,900
Payment of lease liabilities		(5,413)	(5,596)
Receipts from lease receivables		38	47
Net cash flow from financing activities		**116,925**	**108,351**
Net increase/(decrease) in cash and cash equivalents in the year, before adjustment for payments to the Consolidated Fund		**1,917**	**199**
Payments of amounts due to the Consolidated Fund		-	-
Net Increase/(Decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund		**1,917**	**199**
Cash and cash equivalents at the beginning of the year	9	**922**	**723**
Cash and cash equivalents at the end of the year	9	**2,839**	**922**

The notes on pages 151 to 173 form part of these Financial Statements.

Statement of Changes in Taxpayers' Equity (SocTE) for the year ended 31 March 2024

	Note	General Fund £000
Balance as at 31 March 2022		**(2,346)**
Adjustment to opening balance for IFRS 16 adoption: rent-free creditor reversal to Reserves		8,253
Balance at 1 April 2022		**5,907**
Net Parliamentary Funding		
Drawn down Supply		113,900
Deemed Supply		723
Unspent Supply repayable to the Consolidated Fund	9	(922)
Non-cash charges – auditors' remuneration	4	111
Net operating expenditure for the year		(105,576)
Actuarial (loss)/gain on pension liability	14	244
Balance at 31 March 2023		**14,387**
Net Parliamentary Funding		
Drawn down Supply		122,300
Deemed Supply		922
Unspent Supply repayable to the Consolidated Fund	9	(2,839)
Non-cash charges - auditors' remuneration	4	124
Net operating expenditure for the year		(141,478)
Actuarial (loss)/gain on pension liability	14	12
Balance at 31 March 2024		**(6,572)**

The notes on pages 151 to 173 form part of these Financial Statements.

Notes to the Financial Statements

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2023/24 Government Financial Reporting Manual (FReM), issued by HM Treasury, and the Government and Resource Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted and/or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the CMA selects the accounting policy which is judged to be most appropriate for the purpose of giving a true and fair view.

In addition to the primary statements prepared under IFRS, the FReM also requires the CMA to prepare a Statement of Outturn against Parliamentary Supply and supporting notes analysing the net resource outturn and capital outturn against control totals voted by Parliament through the Estimate. These are included within the Parliamentary Accountability section of this document.

In common with other government departments, the financing of the CMA's future service provision and liabilities are to be met by future grants of Supply from the Consolidated Fund and the application of future income, approved annually by Parliament. Parliament has authorised spending for 2024/25 in the central government Main Supply Estimate and there is no reason to believe that future approvals will not be made. It has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention, except for those financial instruments that are measured at amortised cost, as explained in the accounting policies below, and as determined by the relevant accounting standards and the accounts direction issued by HM Treasury.

1.2 Provisions and Contingent Liabilities

The CMA recognises provisions in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Recognition and valuation of provisions rely on the application of professional judgement, historical experience, and other factors expected to influence future events. A provision is recognised where the likelihood of a liability crystallising is probable and where such provision can be measured with reasonable certainty. Provisions are calculated using the best available information, but the actual outcomes of items provided for may differ from expectations.

Where the time-value of money is material, the provision is discounted to its present value using HM Treasury's standard discount rate (currently a nominal rate of 5.10% for post-employment benefit liabilities and a nominal rate of 4.26% for short term general provisions). Each year, the financing charges in the SoCNE include the adjustments to amortise one year's discount and restate liabilities to current price levels.

Contingent liabilities are not recognised as liabilities in the SoFP but are disclosed in the notes to the accounts. A contingent liability is either: a possible obligation arising from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events; or it is a present obligation arising from past events but is not recognised because either an outflow of economic benefits is not probable to settle the obligation, or the amount of the obligation cannot be reliably estimated.

In addition to contingent liabilities disclosed in the accounts in accordance with IAS 37, the CMA discloses (if applicable) within our accountability report, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities outside the scope of IAS 37 which have been reported to Parliament in accordance with the requirements of Managing Public Money.

1.3 Standards issued but not yet effective

IFRS 17 Insurance Contracts was issued in May 2017 and applies to the public sector for annual reporting periods beginning on or after 1 January 2025. IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard.

The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance, and cash flows. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.

The CMA does not currently have any insurance contracts which are in scope of either IFRS 4 or IFRS 17, however, this position will be reassessed in 2025/26 when the standard becomes effective in the public sector.

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the CMA.

1.4 Income

IFRS 15 Revenue from Contracts with Customers applies to income received by the CMA. All income is recognised when the service is provided or when a legal decision has been determined.

Income recognised consists principally of:

- Regulatory Appeals; and
- Appeal costs reimbursed (relating to recovered legal costs) and other income.

Regulatory appeals

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This core principle is delivered in a 5-step model framework: [IFRS 15:IN7]

- Step 1: Identify the contract with a customer - This condition is satisfied when a third party challenges a regulatory decision by a sector regulator and the issue is referred to the CMA. This fits the definition of a contract under the FReM adaption of IFRS 15.
- Step 2: Identify the performance obligations in the contract, which are for the CMA to act as an expert tribunal, to decide on the underlying case, and for the recovery of costs to become enforceable.
- Step 3: Determine the transaction price, which is the cost incurred by the CMA acting as an expert tribunal, as quantified in the final costs order.
- Step 4: Allocate the transaction price to the performance obligations in the contract after steps 2 and 3 have been actioned.
- Step 5: The revenue is recognised when the timeframe to appeal the CMA's decision has elapsed or the appeal process has been concluded.

Appeal costs reimbursed

Income in the form of appeal costs reimbursed is recovered from parties who have unsuccessfully appealed a legal decision made by the CMA. The CMA accounts for income that relates to the recovery of the internal element of these costs and any external costs (disbursements) that were not previously offset from Competition Act 1998 (CA98) fine income on the CMA's Trust Statement.

The income recognition point for legal cost reimbursements is when a Court or Tribunal judgment is handed down stating that the appeal has been dismissed, the CMA's decision is being upheld and it is agreed or ordered by the Court or Tribunal that the appellant should pay the CMA all or a proportion of the CMA's costs in the appeal case.

1.5 Pensions

Pension benefits are provided through civil service pension arrangements as detailed in the Remuneration Report.

The CMA recognises the expected pension costs on a systematic and rational basis over the period during which it benefits from employees' service by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the CMA recognises the contributions payable for the year.

The CMA has a separate scheme for the previous Chairs and Directors General of the Office of Fair Trading, which is analogous to the PCSPS. A legacy pension provision has been recorded for the future costs of benefits under this scheme.

1.6 Leases

The CMA as a lessee

The CMA's material leases relate to property rentals for office space. IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset meets the IFRS 16 criteria to be classified as of 'low value'.

The CMA has determined low value to be £5,000, in accordance with the capitalisation threshold for assets. For leases of 12 months or less duration and leases of low value assets, the lease payments are recognised as an expense on a straight-line basis over the lease term.

IFRS 16 requires that assets and liabilities will be recognised initially at the discounted value of the minimum lease payments over the applicable lease term. The CMA applies HM Treasury's discount rate as the incremental borrowing rate when calculating the discounted value (4.71% for leases recognised in 2024).

After initial recognition, right of use assets are depreciated on a straight-line basis over the expected lease term and interest is recognised on the liabilities. As a result, the timing of the recognition of the total costs of leasing will change, as interest costs will be higher at the start of a lease. Lease payments are offset against the outstanding lease liabilities.

The CMA assesses the likelihood of exercising break clauses or extension options within lease terms. This estimate determines the length of the lease term impacting the lease liabilities and right of use assets. Such assessments are reviewed if there is a significant event or significant change of circumstances.

The CMA does not have any peppercorn leases.

The CMA as a lessor

The CMA is the lessor in one agreement that sub-lets part of the Cabot's office space to the Groceries Code Adjudicator (GCA) and which is classified as a finance sub-lease in scope of IFRS 16.

1.7 Property, plant, and equipment

Property, plant, and equipment are held at depreciated historical cost as a proxy for current value, as this realistically reflects consumption of the asset. Revaluations would not cause a material difference. The CMA capitalises expenditure of £5,000 (inclusive of VAT) or more for both individual and grouped assets where they are in use for over 12 months. Where significant purchases of individual assets, which are separately beneath the capitalisation threshold, arise in connection with a single project, they are treated as a grouped asset.

The assets' residual value and useful life are reviewed and adjusted if appropriate at the end of each reporting period. There was no revaluation in 2023/24.

1.8 Intangible assets

Intangible assets comprise of the development of Information Technology (IT) platforms for use across the CMA, other software and software licences capitalised at cost where they satisfy the CMA's capitalisation criteria of capitalising expenditure of £5,000 (inclusive of VAT) or more for individual purchases and grouped assets; the asset is expected to be in use for over 12 months; and the CMA controls the asset. Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset.

Intangible assets are recognised at historic cost less any accumulated amortisation and impairment losses as per IAS 38 Intangible Assets.

Development costs that are directly attributable to the design and testing of software are capitalised when they meet the criteria specified in IAS 38 Intangible Assets (as adapted by the FReM). Expenditure which does not meet the criteria is expensed as incurred.

1.9 Assets under construction

Assets under construction represent costs incurred in developing both tangible and intangible assets. Upon completion and when these assets are available for use, the relevant value of these assets are transferred to the appropriate asset class and depreciated (or amortised) according to the relevant accounting policy. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.10 Depreciation and amortisation

The CMA depreciates right-of-use assets under IFRS 16 on a straight-line basis over the useful life of the asset, which is to the lease end date.

Under IFRS 16, the CMA assesses the likelihood of exercising break clauses or extension options within lease terms. This estimate determines the length of the lease term impacting the lease liabilities and right-of-use assets. Such assessments are reviewed if there is a significant event or significant change of circumstances. If the CMA decides to exercise the break clause in a lease agreement, the right-of-use asset will be depreciated to this new end date and depreciation will be accelerated.

The other asset classifications are depreciated or amortised at rates calculated to write down their value, less any estimated residual value, evenly on a straight-line basis over their estimated useful lives. Where a change in asset life is determined, the asset is depreciated or amortised over its remaining assessed life on a straight-line basis using accelerated depreciation.

Depreciation and amortisation are charged to the SoCNE from the month following that in which the asset is available for use.

The values of assets are reviewed for impairment for events or changes in circumstances that indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount.

There is uncertainty in relation to estimated useful lives of non-current assets; these are reviewed as at the reporting date and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on their use.

Estimated useful asset lives are within the following ranges:

Property, plant, and equipment (depreciation)

Leasehold improvement costs (including dilapidations asset) over the remainder of the lease term

Information technology	2 to 6 years
Furniture, fixtures and fittings	5 to 10 years

Intangible assets (amortisation)

Software licences	2 to 5 years (licence term)
Software	2 to 5 years

1.11 Financial instruments

The CMA does not hold any complex financial instruments within scope of IFRS 9 Financial Instruments and those held are comprised of trade receivables and payables. Receivables are measured at amortised cost.

IFRS 9 Financial Instrument’s Expected Credit Loss (ECL) model for the assessment of impairment for financial assets does not materially impact these accounts. The CMA predominantly has trade receivables held for collecting cash in the normal course of business, and therefore utilises the ‘simplified’ approach permitted by IFRS 9 Financial Instruments which eliminates the need to calculate a 12-month ECL. If the credit risk of a trade receivable increases significantly and is not considered low, a full lifetime ECL is recognised.

1.12 Cash and Cash Equivalents

Cash in the SoFP represents the balance held with the Government Banking Service. The CMA does not hold cash equivalents as defined in paragraph 6 of IAS 7 Statement of Cash Flows.

1.13 Value Added Tax

Many activities of the CMA are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant resource expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged, or input tax is recoverable, the amounts are stated net of VAT.

2 Statement of operating costs by operating segment

2.1 Analysis by operating segment

The CMA recognised ten reportable segments within our management accounts with the following breakdown of total gross expenditure:

	Total gross expenditure 2023/24 £000	Total gross expenditure 2022/23 (re-presented) £000
Corporate Services**	32,463	26,961
Digital Markets Unit	4,872	2,994
Subsidy Advice Unit	1,663	1,499
Enforcement	18,290	16,699
Legal Service	24,304	28,756
Markets, Remedies and Regulation	8,684	7,162
Mergers	6,562	5,706
Office for the Internal Market	1,805	1,762
Office of Chief Economic Advisor	19,181	14,350
Strategy, Communications and Advocacy	4,443	3,585
Balance at 31 March	**122,267**	**109,474**

In 2023/24, the CMA implemented a change in organisational structure which led to a standalone Mergers directorate, previously located within the Markets and Mergers segment.

The increased expenditure across frontline areas, particularly the Digital Markets Unit and Office of Chief Economic Advisor, is attributable to a recruitment drive to deliver the CMA's growth and future shape in support of the digital markets regime.

The decreased expenditure within Legal Service relates to CA98 income. In 2022/23 insufficient CA98 income was recognised in the Trust Statement to cover litigation costs which meant the CMA's supply funding was used to cover these costs. Refer to note 4 for further context on the litigation offset mechanism approved by HM Treasury.

From 2024/25 the CMA will implement several structural changes: Enforcement and MRR will be rearranged across three new directorates - Consumer Protection and Markets, Competition Enforcement, and Regulation; TBS and DaTA will relocate from Corporate Services and OCEA, respectively, into the new Directorate of the Chief Data, Technology, and Insight Officer; the international element of Policy & International will relocate from Legal Service to SCA.

**Corporate Services' total gross expenditure of £32.46 million is analysed as follows:

	Total gross expenditure 2023/24 £000	Total gross expenditure 2022/23 £000
Premises	7,208	6,932
Information Technology	4,825	4,655
Staff and other non-staff costs	20,430	15,374
Balance at 31 March	**32,463**	**26,961**

The increase in Corporate Services' total gross expenditure is mainly attributed to an increase in staff and other non-staff costs due to continued recruitment to support the CMA's growth and future shape, particularly the growth of the Digital Markets Unit and advisory professions to support the digital markets regime.

Non-staff costs have increased in tandem with our increased size and our ambition to expand our presence across the UK. These include the cost of delivering our new offices in Manchester and Darlington and continued investment in new technologies such as the Digital Transformation Programme.

2.2 *Reconciliation between operating segments and SoCNE*

	2023/24 £000	2022/23 £000
Total gross expenditure reported for operating segments	122,267	109,474
Reconciling items:		
Income	(5,757)	(386)
Legal provision utilisation	-	(3,025)
Litigation offset	(5,406)	(4,800)
Depreciation and non-cash items	30,374	4,313
Total net expenditure per the SoCNE	**141,478**	**105,576**

3 Staff costs

Total staff costs at 31 March 2024 were £94.69 million (2022/23: £80.20 million), comprising: £69.13 million salaries and wages; £0.59 million other staff cost; £7.80 million social security; and £17.17 million staff pension costs. Refer to staff costs note in the Staff Report, beginning on page 126 for more detailed information.

4 Expenditure

	2023/24 £000	2022/23 £000
Rent (operating leases)	316	109
Rates	1,628	1,673
Stamp duty	-	34
Utilities	967	807
Maintenance	(19)	8
Other Premises Costs	69	427
Service Charge	3,132	2,808
Net premises costs	**6,093**	**5,866**
Research expenditure	**808**	**134**
Litigation Costs	-	3,003
Hire of plant and machines	4	-
Professional services	4,056	2,175
Training	1,753	1,725
Publicity and campaigns	368	511
Travel and subsistence	1,019	608
Recruitment	1,096	619
Telecommunications	316	545
IT (including maintenance)	4,544	4,132
Printing, copying, and mailing	175	393
Publications	136	12
Facilities Management	1,295	1,238
Other expenditure	378	353
Total purchase of goods and services	**15,140**	**15,314**
Non-cash items		
Depreciation of property, plant and equipment	5,174	4,520
Depreciation of right-of-use assets	4,899	4,296
Depreciation of intangible assets	748	678

Impairment of property, plant and equipment	-	1,058
Trade receivables – amount not required, written back	-	(2)
Loss / (profit) on disposal of tangible and intangible assets	231	27
Apprenticeship Levy – training	124	87
Provisions – amounts provided for in year	25,838	1,119
Auditors' remuneration and expenses	124	111
Provisions - amount not required, written back	(6,234)	(5,615)
Provisions - changes to discounting	(762)	(1,962)
Borrowing cost (unwinding of discount)	(122)	(303)
Interest costs of right-of-use assets	481	388
Total non-cash items	**30,501**	**4,402**
Total costs	**52,542**	**25,716**

Our expenditure in other premises costs has decreased by £0.36 million in 2023/24 due to a decrease in storage and distribution costs.

The CMA has HM Treasury approval to offset 100% of qualifying litigation costs using CA98 penalty income collected in the Trust Statement. In 2022/23, the CMA reported litigation costs of £3.00 million which represented the difference between total litigation costs of £7.80 million and CA98 penalty income of £4.80 million to offset these costs. In 2023/24, the CMA collected sufficient CA98 penalty income to fully offset net litigation costs of £4.51 million, which results in a net zero effect on these financial statements.

Expenditure on professional services has increased by £1.88 million in 2023/24. We have continued to invest in new technologies such as the Digital Transformation Programme which includes the ERP system upgrade and the PDRR project.

Expenditure on travel and subsistence has increased by £0.41 million in 2023/24 as the CMA grows and expands our presence across the UK.

Expenditure on recruitment increased by £0.48 million and is directly attributable to a recruitment drive to deliver the CMA's growth and future shape.

Expenditure on ICT (including maintenance) has increased by £0.41 million in 2023/24 as we have continued to invest in our digital capabilities to ensure the resilience of the CMA's ICT infrastructure to sustain the organisation going forwards, as we grow across all four nations.

Non-cash expenditure on auditor's remuneration and expenses represents £0.11 million (2022/23: £0.10 million) for the audit of these accounts and £0.01 million (2022/23: £0.01 million) for the audit of the Trust Statement. This totals £0.12 million (2022/23: £0.11 million)

Refer to note 14 on page 169 to 172 for more detail on the changes to provisions.

5 Income

	2023/24 £000	2022/23 £000
Recovery of accommodation costs	-	46
Appeal costs reimbursed	1,939	244
Regulatory appeals	3,686	-
Other income	5	6
Total income (cash items)	**5,630**	**296**
Non-cash items:		
Apprenticeship Levy – notional grant	124	87
Interest received: Derecognised right-of-use asset	3	3
Total income	**5,757**	**386**

In 2023/24, the CMA accounted for £1.94 million of appeal cost reimbursements in four legal cases (2022/23: three cases) which comprised:

- £1.48 million for internal legal costs; and
- £0.46 million for external legal costs that had not previously been offset from CA98 penalty income.

The CMA also recovered £3.69 million of costs relating to four Regulatory Appeals (2022/23: nil).

The CMA offers training programmes for apprentices in a range of roles across the department and various professions. As at 31 March 2023, the CMA had 92 apprentice new starts. This increased by a further 23 apprentice starts throughout 2023/24, with a total of 115 apprentices having started in the CMA by 31 March 2024. The CMA receives a notional grant for the cost of training apprentices which results in a net zero effect on these financial statements. Refer to note 4 on page 159 for the associated expenditure.

6 *Property, plant, and equipment*

	Leasehold improvements £000	Information technology £000	Furniture and fittings £000	Assets under construction £000	2023/24 Total £000
Cost or valuation					
At 1 April 2023	28,693	12,485	4,279	360	45,817
Additions	100	1,072	12	3,091	4.275
Disposals	(240)	(445)	(8)	-	(693)
Reclassification	314	2	33	(363)	(14)
Impairments	-	-	-	-	-
At 31 March 2024	**28,867**	**13,114**	**4,316**	**3,088**	**49,385**
Depreciation					
At 1 April 2023	6,538	6,485	1,460	-	14,483
Charged in year	2,151	2,591	432	-	5,174
Disposals	(232)	(292)	(8)	-	(532)
Reclassification	-	-	(14)	-	(14)
Impairments	-	-	-	-	-
At 31 March 2024	**8,457**	**8,784**	**1,870**	**-**	**19,111**
Carrying amount at 31 March 2024	**20,410**	**4,330**	**2,446**	**3,088**	**30,274**
Carrying amount at 31 March 2023 (re-presented)	22,155	6,000	2,819	360	31,334

In 2023/24, the CMA spent £3.09 million in relation to assets under construction. This spend comprises:

- £2.73 million for One New Bailey, Manchester; and
- £0.36 million for Conscliffe House, Darlington. The CMA occupied this premises in 2023/24 and reclassified costs to leasehold improvements and furniture and fittings from assets under construction.

The CMA also spent £1.07 million on information technology assets, such as servers and surface hubs, to ensure that CMA staff have the best possible end-user computing experience, whether working from home or in one of the CMA's offices.

In 2023/24, the CMA disposed of £0.45 million of ICT assets which included:

- £0.19 million of ICT hardware for the CMA's room booking system that was replaced in July 2023. This hardware had not been fully depreciated, with a loss on disposal recognised in Note 4; and
- £0.18 million of ICT hardware infrastructure assets that had reached the end of their useful lives, as determined by the vendor. This hardware had not been fully depreciated, with a loss on disposal recognised in Note 4.

In 2023/24, the CMA re-presented £0.65 million of tangible assets under construction in 2022/23 as intangible assets under construction. This related to various digital transformation programmes.

	Leasehold improvements	Information technology	Furniture and fittings	Assets under construction	2022/23 Total Re-presented
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2022	28,359	9,529	4,279	143	42,310
Additions	263	3,292	-	288	3,843
Disposals	-	(336)	-	-	(336)
Reclassification	71	-	-	(71)	-
Impairments	-	-	-	-	-
At 31 March 2023	**28,693**	**12,485**	**4,279**	**360**	**45,817**
Depreciation					
At 1 April 2022	4,302	4,937	1,033	-	10,272
Charged in year	2,236	1,857	427	-	4,520
Disposals	-	(309)	-	-	(309)
Reclassification	-	-	-	-	-
Impairments	-	-	-	-	-
At 31 March 2023	**6,538**	**6,485**	**1,460**	**-**	**14,483**
Carrying amount at 31 March 2023	**22,155**	**6,000**	**2,819**	**360**	**31,334**
Carrying amount at 31 March 2022	24,057	4,592	3,246	143	32,038

7 *Right-of-use assets*

	Buildings 2023/24 £000	Total 2023/24 £000	Total 2022/23 £000
Cost or valuation			
At 1 April	51,635	51,635	49,710
Additions	257	257	1,925
Disposals	(706)	(706)	-
Reclassifications and Transfers	-	-	-
At 31 March	**51,186**	**51,186**	**51,635**
Depreciation			
At 1 April	4,296	4,296	-
Charged in year	4,899	4,899	4,296
Disposals	(227)	(227)	-
Reclassifications	-	-	-
At 31 March	8,968	8,968	4,296
Carrying amount at 31 March	**42,218**	**42,218**	**47,339**

The 2023/24 right-of-use asset additions of £0.26 million was due to:

- £0.15 million for a new lease in scope of IFRS 16 Leases which came 'on-balance sheet' in 2023/24 and relates to premises in Darlington. This increased the IFRS 16 lease liabilities: and
- £0.11 million due to capitalised dilapidation provision increases, following an independent external valuation assessment.

The 2023/24 right-of-use asset cost disposals of £0.71 million was in relation to three properties as follows:

- office space in Finlaison House, London, was vacated at the end of the lease term agreement and the right-of-use asset was fully depreciated with the disposal value being the residual value removed from the SoFP; and
- the lease terms for two premises; Erskine House, Belfast; and Ty William Morgan, Cardiff, were reassessed in 2023/24 and the lease liabilities were subsequently recalculated from the end date of the lease agreement to the first break clause date. This resulted in a decrease in the right of use asset and lease liabilities of £0.48 million and £0.45 million respectively.

8 Intangible assets

	Software and software licences 2023/24 £000	Asset under construction 2023/24 £000	Total 2023/24 £000	Total 2022/23 Re-presented £000
Cost or valuation				
At 1 April	4,983	655	5,638	5,418
Additions	226	966	1,192	1,381
Disposals	(849)	-	(849)	(1,161)
Reclassification	833	(819)	14	-
At 31 March	**5,193**	**802**	**5,995**	**5,638**
Depreciation				
At 1 April	3,167	-	3,167	2,592
Charged in year	748	-	748	678
Disposals	(779)	-	(779)	(103)
Reclassification	14	-	14	-
At 31 March	**3,150**	**-**	**3,150**	**3,167**
Carrying amount	**2,043**	**802**	**2,845**	**2,471**

In 2023/24, the CMA disposed of £0.23 million of software and £0.62 million of software licences. These assets had either:

- reached the end of their useful economic lives and had been fully depreciated. It was determined that these assets would not generate future economic benefits and were disposed; or
- not reached the end of their useful economic life but were disposed as they were replaced by improved software solutions.

In 2023/24, the CMA re-presented £0.65 million of tangible assets under construction in 2022/23 as intangible assets under construction. This related to various digital transformation programmes.

9 Cash and cash equivalents

	2023/24 £000	2022/23 £000
Balance at 1 April	922	723
Net change in cash and cash equivalent balances	1,917	199
Balance at 31 March	**2,839**	**922**
The balance at 31 March was held at		
Government Banking Service	2,839	922
Balance at 31 March	**2,839**	**922**

10 Trade and other receivables

Amounts falling due within one year

	2023/24 £000	2022/23 £000
Trade receivables (gross)	260	51
Impairment allowance	-	-
Trade receivables (net)	**260**	**51**
Deposits and advances	35	25
Other receivables	179	171
VAT	176	301
Prepayments and accrued income	4,872	4,372
Total	**5,522**	**4,920**

The increase in trade receivables (net) of £0.21 million is attributed to two Regulatory Appeals invoices issued by the CMA in March 2024 in connection with the Energy License modification appeal.

The increase in prepayments and accrued income of £0.50 million is due to the commencement of two new rental leases for Darlington and One New Bailey Manchester that are paid quarterly in advance.

No trade and other receivables fall due after more than one year.

11 Lease Receivables

A maturity analysis of lease receivables within scope of IFRS 16 Leases, based on undiscounted gross cashflows, is reported in the table below.

	2023/24 £000	2022/23 £000
Maturity analysis – contractual cashflows: undiscounted		
Less than one year	38	38
One to five years	127	154
More than five years	141	152
Total lease receivables: undiscounted	**306**	**344**

Amounts recognised in the SoFP

	2023/24 £000	2022/23 £000
Lease Receivables: current receivables	35	35
Lease Receivables: non-current receivables	257	292
Total lease receivables: discounted	**292**	**327**

The lease receivables (both current and non-current) are part of the Cabot floor space that is sub-let to the Groceries Code Adjudicator.

12 Trade and other payables

Amounts falling due within one year

	2023/24 £000	2022/23 £000
Trade payables	407	545
Accruals and deferred income	8,615	7,841
Taxation and social security	3,150	1,811
VAT	46	20
Other payables	2,703	1,554
Amounts issued from the Consolidated Fund for supply but not spent at 31 March:	2,839	922
Consolidated Fund extra receipts due to be paid to the Consolidated Fund – received	-	-
Total	**17,760**	**12,693**

Amounts issued from the Consolidated Fund for supply, but not spent at 31 March, has increased by £1.92 million. In practice, this closing cash position is not payable to the Consolidated Fund. It will be deducted from the CMA's 2024/25 net cash requirement that can be drawn down from the Consolidated Fund in the next financial year and classified as 'deemed supply'.

13 Lease Liabilities

A maturity analysis of lease liabilities within scope of IFRS 16 Leases, based on undiscounted gross cashflows, is reported in the table below. Liquidity risk is the possibility that the CMA may be unable to meet our obligations from lease liabilities to be settled with cash. As the CMA is allowed to draw down cash from the Consolidated Fund and, if necessary, make a Contingencies Fund advance[51] request to HM Treasury for additional cash, our liquidity risk is low.

	2023/24 £000	2022/23 £000
Maturity analysis – contractual cashflows: undiscounted		
Less than one year	5,528	5,207
One to five years	16,790	20,862
More than five years	22,697	24,706
Total lease liabilities: undiscounted	**45,015**	**50,775**

Amounts recognised in the SoFP

	2023/24 £000	2022/23 £000
Lease Liabilities: current liabilities	4,942	4,642
Lease Liabilities: non-current liabilities	37,857	43,388
Total lease liabilities: discounted	**42,799**	**48,030**

Leases are discounted at a single nominal rate for leases, which for the full 2024 calendar year is 4.72% (2023: 3.51%), promulgated in HM Treasury PES papers.

[51] A Contingencies Fund advance is required to meet commitments until the Supplementary Estimate receives Royal Assent, at which point the CMA will be able to draw down the cash from the Consolidated Fund in the usual way, to repay the Contingencies Fund advance.

14 Provisions for liabilities and charges

	Legacy pensions	Dilapidations	Legal	Total 2023/24
	£000	£000	£000	£000
Balance at 1 April 2023	943	6,543	4,717	12,203
Provided in year	38	199	25,779	26,016
Provisions not required written back	-	(112)	(6,122)	(6,234)
Provisions utilised in the year	(78)	(8)	(1,000)	(1,086)
Changes in discount rate	-	(399)	(363)	(762)
Borrowing costs (unwinding of discount)	-	(5)	(117)	(122)
Actuarial loss/(gain)	(12)	-	-	(12)
Balance at 31 March 2024	**891**	**6,218**	**22,894**	**30,003**

	Legacy pensions	Dilapidations	Legal	Total 2022/23
	£000	£000	£000	£000
Balance at 1 April 2022	1,239	7,809	12,621	21,669
Provided in year	19	635	1,100	1,754
Provisions not required written back	-	-	(5,615)	(5,615)
Provisions utilised in the year	(71)	-	(3,025)	(3,096)
Changes in discount rate	-	(1,901)	(61)	(1,962)
Borrowing costs (unwinding of discount)	-	-	(303)	(303)
Actuarial loss/(gain)	(244)	-	-	(244)
Balance at 31 March 2023	**943**	**6,543**	**4,717**	**12,203**

In 2023/24, the CMA discounted the dilapidations and legal provisions to their values using the latest HM Treasury rates as the time value of money resulted in a material difference.

The HM Treasury rates are presented below:

HM Treasury Rates		2023/24	2022/23
CPI (Consumer Price Index) Inflation	Year 1	3.60%	7.40%
	Year 2	1.80%	0.60%
	Into perpetuity	2.00%	2.00%
Nominal Discount Rate	Short term (Years 1-5)	4.26%	3.27%
	Medium term (Years 6-10)	4.03%	3.20%
	Long term (Years 11-40)	4.72%	3.51%
	Very long term (Years 41-100)	4.40%	3.00%

The change in discount rates has resulted in a decrease to the dilapidations provision of £0.40 million (2022/23: £1.90 million) and legal provisions of £0.16 million (2022/23: £0.06 million)

The legacy pensions provision was discounted by the Government Actuary's Department using rates reported in note 14.2 on page 171.

14.1 Analysis of expected timing of cash flows

	Legacy pensions £000	Dilapidations £000	Legal £000	Total 2023/24 £000
Not later than one year	78	2	13,943	**14,023**
Later than one year and not later than five years	312	538	8,951	**9,801**
Later than five years	501	5,678	-	**6,179**
Balance at 31 March 2024	**891**	**6,218**	**22,894**	**30,003**

	Legacy pensions £000	Dilapidations £000	Legal £000	Total 2022/23 £000
Not later than one year	71	125	2,184	**2,380**
Later than one year and not later than five years	284	440	2,533	**3,257**
Later than five years	588	5,978	-	**6,566**
Balance at 31 March 2023	**943**	**6,543**	**4,717**	**12,203**

14.2 Legacy pensions

This provision relates to the previous Chairmen and Directors General of the former Office of Fair Trading, one of the CMA's predecessor bodies.

An actuarial valuation was carried out by the Government Actuary's Department as at 31 March 2024.

The financial assumptions used in the calculation of the liability as at 31 March 2024 were as follows:

- The gross rate used to discount scheme liabilities was 5.10% per annum (2022/23: 4.15% per annum);
- The gross rate of increase for pensions in payment and deferred pensions was 2.55% per annum (2022/23: 2.40% per annum); and
- In nominal terms, these assumptions implied price inflation of 2.55% per annum (2022/23: 2.40% per annum).

Other amounts disclosed to explain the change in provision are:

	2023/24 Total £000	2022/23 Total £000
Interest cost	38	19
Actuarial loss	(12)	(244)
Total	**26**	**(225)**
Benefits paid	(78)	(71)
Decrease in provision	**(52)**	**(296)**

14.3 Dilapidations

This provision is an estimate of the future expenditure required to return the CMA's office space, being utilised in each building we occupy, to its original condition at the end of the lease term.

The key considerations in calculating this provision are:

- The CMA's intention to occupy the office space until either the end date of each lease agreement or to a break option date in each lease agreement; and
- The office space will be well maintained, and only minor repairs will be required.

In December 2023, the CMA reassessed the appropriateness of the dilapidations provision for all properties that it occupies and has subsequently increased this provision by £0.20million, prior to discounting, using an independent external valuation assessment. This increase includes properties within scope of IFRS 16

Leases resulting in an increase to the right-of-use asset additions in note 7 on page 164 by £0.11 million.

14.4 Legal

Regulatory decisions by the CMA may be subject to appeal. Appeals against the CMA’s decisions may give rise to probable liabilities for legal costs.

While there is still inherent uncertainty in ongoing appeals, the CMA has determined, based on legal advice received, that an outflow of resources embodying economic benefits is more likely than not to occur in some cases.

Due to uncertainties in other ongoing appeals, in terms of the likelihood of CMA success, the timing of proceedings and the amount of the potential cost liability, the CMA has recognised other appeals as contingent liabilities in note 17 on page 173 as they do not satisfy IAS 37 criteria to recognise a provision.

15 Capital and other commitments

15.1 Capital commitments

At the end of 2023/24, the CMA had capital commitments amounting to £0.42 million (2022/23: £0.20 million) for services related to information technology.

Commitments under operating leases

The future lease payments on three properties that the CMA occupies: Caspian Point, Cardiff; the BLOC Building, Manchester; and Thanet House, London, which are outside the scope of IFRS 16, are recorded in the table below.

	2023/24 **£000**	**2022/23** **£000**
Total future minimum lease payments under operating leases are given in the table below for each of the following periods:		
Not later than one year	430	42
Later than one year and not later than five years	46	-
Later than five years	-	-
Total	**476**	**42**

16 Related Party Transactions

The CMA has transactions with other government departments and central government bodies. Our main dealings were with the Government Property Agency and HM Revenue and Customs (HMRC). Except for remuneration found in the Remuneration Report section of the Accountability Report, no Board member, key manager, or related party has undertaken any material transaction with the CMA during the year. Information regarding Board Members' Register of Interests can be found in the Directors' Report under the Register of Interests section.

The CMA sublets part of our office premises at the Cabot to the Groceries Code Adjudicator, sponsored by the Department for Business and Trade, (formerly the Department for Business, Energy, and Industrial Strategy). The CMA also leases premises within Government Hubs from other government departments, such as HMRC and Ofcom, as part of our increased presence across the four Nations.

17 Contingent liabilities

There is a possibility of a transfer of material economic benefits to third parties where the CMA is involved in active litigation. The legal cases included as contingent liabilities all relate to legal proceedings through the courts, and the outcomes are dependent on court rulings and findings.

The result of the Phenytoin judgment of the Supreme Court of 25 May 2022 is that in the Competition Appeals Tribunal (CAT), the starting point is that costs follow the event, but that the CAT has discretion, under its rules, to make an order they think is appropriate, taking into account all circumstances of the case. This is a return to the position in 2019 where the CMA was liable for costs in cases that it lost at the CAT. This also reflects the position in other courts in which the CMA regularly litigates.

Further details cannot be disclosed, as in accordance with IAS 37 (paragraph 92), the CMA considers that the disclosure of values for any contingent liability or the aggregated possible financial exposure connected to legal proceedings could seriously prejudice ongoing litigation activity, due to the limited number of ongoing litigation cases the CMA is involved in.

18 Events after the reporting period

In accordance with the requirements of IAS 10 Events after the Reporting Period, events are considered up to the date on which the financial statements are authorised for issue, which is interpreted as the same date the accounts are certified by the Comptroller and Auditor General. There are no subsequent events to report.

CMA trust statement

Trust Statement

A separate Trust Statement is maintained for fees collected under the Enterprise Act 2002 (amended 2013) and fines collected under the Competition Act 1998. These revenues are payable to the Consolidated Fund.

Statement of Accounting Officer's responsibilities

HM Treasury has directed the CMA to prepare for each financial year a Trust Statement in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the CMA Trust Statement account and our revenue and expenditure and cash flows for the financial year.

HM Treasury has appointed the Chief Executive of the CMA as the Principal Accounting Officer with overall responsibility for preparing the Trust Statement and for transmitting it to the Comptroller and Auditor General.

In preparing the Trust Statement, the Accounting Officer is required to comply with the requirements of the FReM and, in particular, to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the Trust Statement on a going concern basis.

I have taken all necessary steps to make myself aware of information relevant to the audit of this Trust Statement account, and to ensure that my auditors are informed. So far as I am aware there is no relevant information of which my auditors are unaware.

I confirm that this Trust Statement as a whole is fair, balanced, and understandable and I take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced, and understandable.
Signed for and on behalf of the CMA

Sarah Cardell
Chief Executive and Principal Accounting Officer
19 July 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Competition and Markets Authority Trust Statement for the year ended 31 March 2024 under the Exchequer and Audit Department Act 1921.

The financial statements comprise: Competition and Markets Authority Trust Statements

- Statement of Financial Position as at 31 March 2024;
- Statement of Revenue, Statement of Other Income and Expenditure, and for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Name of audited entity's affairs as at 31 March 2024 and its net revenue for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Competition and Markets Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. In applying the Ethical Standards, I have considered the potential implications for my audit arising from the decision of one of my Executive Directors to accept a role as Chief Operating Officer of the Competition and Markets Authority from October 2024. I am satisfied that appropriate safeguards have been implemented to protect my and the NAO team's independence and objectivity throughout the audit.

My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Competition and Markets Authority use of the going concern basis of accounting in the preparation of the financial statements of the trust statement is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Competition and Markets Authority Trust Statement 's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Competition and Markets Authority Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Statement of Accounting Officer's Responsibilities, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance Summary, Corporate Governance Report, Remuneration and Staff Report and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Competition and Markets Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Remuneration and Staff Report and Parliamentary Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Competition and Markets Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration and Staff Report and Parliamentary Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Competition and Markets Authority Trust Statement from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Competition and Market Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Competition and Market Authority will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Competition and Markets Authority's accounting policies
- inquired of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Competition and Markets Authority's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Competition and Markets Authority's controls relating to the Competition and Markets Authority's compliance with the Government Resources and Accounts Act 2000 and Managing Public;
- inquired of management and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Competition and Markets Authority the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Competition and Markets Authority's framework of authority and other legal and regulatory frameworks in which the Competition and Markets Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Competition and Markets Authority. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, The Enterprise Act and Competition Act 1998.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **24 July 2024**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Statement of Revenue, Other Income and Expenditure (SoROIE) for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Revenue			
Fines and penalties income			
Penalties imposed under the Competition Act 1998		7,080	43,504
Interest earned on penalties imposed under the Competition Act 1998		768	84
Total fines and penalties income		**7,848**	**43,588**
Merger fees			
Fees received under the Enterprise Act 2002		3,360	4,520
Total merger fees		**3,360**	**4,520**
Administrative penalties			
Penalties imposed under the Enterprise Act 2002[52]		2,585	-
Total administrative penalties		**2,585**	**-**
Total revenue		**13,793**	**48,108**
Expenditure			
CA98 Penalty offset for litigation costs[53]		(4,508)	(4,682)
Debts written off or otherwise impaired[54]	2.2	1,053	(1,930)
Total expenditure [55]		**(3,455)**	**(6,612)**
Net revenue for the Consolidated Fund	**5**	**10,338**	**41,496**

The notes on pages 184 to 188 form part of this Trust Statement.

[52] The CMA may impose financial 'administrative' penalties on a person (including a company) that: (i) fails to comply with information request/evidence gathering powers under ss26, 26A, 27, 28 or 28A of the Competition Act 1998; s109 of the Enterprise Act 2002; or s174 of the Enterprise Act 2002 and (ii) breaches an initial enforcement order, interim order or interim undertaking.

[53] The CMA has approval to fully offset its own litigation costs against Competition Act 1998 penalties income.

[54] Debts written off or otherwise impaired is a positive amount this year predominantly due to a net decrease in the ECL impairment provision of £1.3 million during the year. Refer to note 2.2 on page 186 and 187 for more detail.

[55] The CMA's notional audit fee for the Trust Statement is £14,000 (2022/23: £13,000). Refer to note 4 on page 159 and 160 for disclosure.

Statement of Financial Position (SoFP) as at 31 March 2024

	Note	2023/24 £000	2022/23 £000
Non-current assets			
Receivables	2.1	5,671	1,470
Total non-current assets		**5,671**	**1,470**
Current assets			
Receivables	2.2	3,594	41,332
Cash and cash equivalents	3	19,470	4,766
Total current assets		**23,064**	**46,098**
Total assets		**28,735**	**47,568**
Current liabilities			
Payables	4	(64)	-
Total current liabilities		**(64)**	**-**
Total assets less liabilities		**28,671**	**47,568**
Total assets less current liabilities		**28,671**	**47,568**
Represented by:			
Balance on Consolidated Fund account	**5**	**28,671**	**47,568**

The notes on pages 184 to 188 form part of this Trust Statement.

Sarah Cardell
Chief Executive and Principal Accounting Officer
19 July 2024

Statement of Cash Flows for the year ended 31 March 2024

	Note	2023/24 £000	2022/23 £000
Net cash flow from operating activities	A	43,939	4,766
Cash paid to the Consolidated Fund	5	(29,235)	(100,921)
Increase/(Decrease) in cash in the year		**14,704**	**(96,155)**

Notes to the Statement of Cash Flows

A: Reconciliation of Net Cash Flow to movement in Net Funds	Note	2023/24 £000	2022/23 £000
Net revenue for the Consolidated Fund		10,338	41,496
Decrease/(Increase) in non-cash assets		33,537	(36,382)
Increase/(Decrease) in liabilities		64	(348)
Net cash flow from operating activities		**43,939**	**4,766**

B: Analysis of Changes in Net Funds	Note	2023/24 £000	2022/23 £000
Increase/(Decrease) in cash in the year	3	14,704	(96,155)
Net funds at 1 April (net cash at bank)		4,766	100,921
Net funds at 31 March (closing balance)		**19,470**	**4,766**

The notes on pages 184 to 188 form part of this Trust Statement.

Notes to the Trust Statement

1 Statement of accounting policies

The CMA acts as an agent responsible for collecting merger fees and Competition Act 1998 (CA98) penalties on behalf of the Consolidated Fund. These financial statements provide an account of the collection of revenues, which by law or convention are payable into the Consolidated Fund, where the CMA undertakes the collection and acts as agent rather than principal. The legislative requirement is set out in the Exchequer and Audit Departments Act 1921.

These financial statements have been prepared in accordance with the 2023/24 FReM and the accounts direction issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the CMA selects the accounting policy which is judged to be most appropriate to the particular circumstance for the purpose of giving a true and fair view.

The policies adopted by the CMA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These financial statements have been prepared on a going concern basis.

1.1 Accounting convention

The Trust Statement has been prepared on an accruals basis in accordance with the historical cost convention.

1.2 Significant judgements and estimates

In calculating accrued income for enforcement and other services, judgements and estimates are made on the status of underlying activities. A provision for anticipated irrecoverable amounts is included. In addition to this, in calculating the Expected Credit Loss (ECL) required by IFRS 9 Financial Instruments, judgements and assumptions are made on the future economic conditions and the impact these conditions may have on credit risk. Based on our findings, we consider the credit risk level to be low and therefore adopt the simplified approach when calculating the ECL. A provision for an impairment allowance is then recognised. Please refer to note 1.4 (Receivables) on page 185 for further information. Other judgements and estimates that have a significant risk of causing any material adjustment to the carrying value of assets and liabilities within the next financial year are addressed in this Trust Statement.

1.3 Revenue recognition

Fees and penalties are measured in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is recognised once the CMA has investigated the intended merger and has issued our decision; when a penalty has been imposed, a decision letter sent to the entity concerned, and the entity has been given two calendar months in which to appeal the decision if it so chooses. In summary under IFRS 15, the revenue is recognised when a decision letter has been issued and the timeframe for an entity to appeal the decision has expired.

This approach is consistent with the FReM adaptation in relation to IFRS 15 for evaluating how much income is recognised and when it is recognised under FReM 11.3.9.

Fees and penalties are measured at the fair value of amounts received or receivable, net of any repayments.

1.4 Receivables

IFRS 9 Financial instruments includes requirements for classification, recognition and measurement, impairment and derecognition of financial instruments.

Under IFRS 9, allowances are made for credit losses on an ECL basis.

In line with IFRS 9's simplified approach to impairment, we have recognised a loss allowance at an amount equal to lifetime ECLs from initial recognition of the receivables. These have been estimated by reference to past default experience, adjusted for the expected impact of current and future economic conditions.

Receivables are reviewed periodically for all outstanding CA98 penalties to determine recoverability and to assess any allowance for uncollectible amounts measured in accordance with IFRS 9. The impairment allowance serves to reduce the receivable in the Statement of Financial Position, but also reduces the balance on the Consolidated Fund account. The creation of this impairment allowance, and any subsequent movement, or any write-offs which have not been previously provided for, are included in the SoROIE.

If a party has been offered the option to pay their penalty by instalments, and subsequently defaults on their payments for any reason - for example, if they enter administration - every step is taken to pursue the debt. However, usually the outstanding balance is fully impaired until such time as the recovery process has been completed, at which time any unused allowance is released. This also applies where a penalty is imposed on an entity that has entered into administration or does so before any payment of the penalty can be made.

1.5 Value Added Tax (VAT)

Merger fees and CA98 penalties are outside the scope of VAT.

2 Receivables

2.1 Non-current receivables

	2023/24 £000	2022/23 £000
Amounts falling due after more than one year		
Competition Act 1998 penalties	5,671	1,470
Total	**5,671**	**1,470**

2.2 Current receivables

	2023/24 £000	2022/23 £000
Amounts falling due within one year		
Competition Act 1998 penalties	3,760	42,496
Less impairment allowance	(938)	(2,402)
Net Competition Act 1998 penalties	**2,822**	**40,094**
Merger fees receivables	420	680
Less impairment allowance	(263)	(2)
Net Merger fees	**157**	**678**
Amount owed from CMA Main Account	55	-
Accrued income	560	560
Total	**3,594**	**41,332**

The decrease in receivables in 2023/24 is predominantly due to a decision issued by the CMA on 23 March 2023 finding that ten suppliers of demolition and asbestos removal services had breached competition law by taking part in bid rigging, in the form of cover bidding. In accordance with the CMA's accounting policy, £41.3 million of CA98 penalties was recognised as owing from eight suppliers in 2022/23. Two suppliers, who were fined a total of £18.0 million, appealed the CMA's decision and therefore were not recognised as a receivable. During 2023/24, the CMA received £33.5 million out of the £41.3 million that was owing from 2022/23, reducing the receivable owed to the CMA accordingly.

The £0.26 million merger fees impairment provision relates to merger fees that have been outstanding for over six months. The CMA is following up with the relevant third parties in an attempt to recover the monies, however, as at 31 March 2024 the CMA considered these receivables to be classified as a 'doubtful debt' due to the age of the debt and evidence which gives rise to the uncertain collectability of the debt.

In line with IFRS 9 and the 2023/24 FReM, the CMA's assessment of ECLs applied against both current and non-current receivables is a decrease in the impairment provision of £1.3 million using an average rate of 1.32%. This loss rate is estimated using historic data on the receivables written-off or fully impaired, for example, due to administration or dissolution of an entity, as a proportion of the total net receivable at the reporting date.

While every effort is made to recover debts, due to the uncertain nature of entity liquidations, a loss allowance is made for the full amount of the debt at the time an entity enters into administration.

3 Cash and cash equivalents

	2023/24 £000	2022/23 £000
Balance held at Government Banking Service at 1 April	4,766	100,921
Net change in cash balances	14,704	(96,155)
Balance held at Government Banking Service at 31 March	**19,470**	**4,766**

The increase in cash balance is due to an increase in the collection of high value penalties received in 2023/24 in comparison to 2022/23.

The CMA will transfer this closing balance to HM Treasury in the 2024/25 financial year. See note 5 which reflects the opening balance held at the Government Banking Service at 1 April 2023 paid to the Consolidated Fund in 2023/24.

4 Payables

	2023/24 £000	2022/23 £000
CA98 Penalties offset for litigation costs	64	-
Total	**64**	**-**

5 Balance on the Consolidated Fund account

	2023/24 £000	2022/23 £000
Balance on Consolidated Fund account at 1 April	47,568	106,993
Net revenue for the Consolidated Fund	10,338	41,496
Less amount paid to the Consolidated Fund	(29,235)	(100,921)
Balance on Consolidated Fund account at 31 March	**28,671**	**47,568**

6 Events after the reporting period

In accordance with the requirements of IAS 10 'Events after the Reporting Period', events are considered up to the date on which the Trust Statement are authorised for issue, which is interpreted as the same date they are certified by the Comptroller and Auditor General. There are no subsequent events to report.

E03164537
978-1-5286-5072