

Competition and Markets Authority Draft Annual Plan 2025 to 2026

**Promoting Competition and Protecting Consumers to Drive
Growth, Opportunity, and Prosperity for the UK**

13 January 2025



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Growth, Opportunity, and Prosperity for the UK**

Presented to Parliament, the Scottish Parliament, Senedd Cymru, and the Northern Ireland Assembly pursuant to paragraph 13(2) of Schedule 4 to the Enterprise and Regulatory Reform Act 2013 (as amended by section 40(3) of the United Kingdom Internal Market Act 2020)



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Consultation information page

Scope of this consultation

This consultation gives stakeholders and interested parties the opportunity to provide views on the Competition and Markets Authority's (CMA) draft Annual Plan for 2025/26: Promoting Competition and Protecting Consumers to Drive Economic Growth, Opportunity, and Prosperity for the UK.

Questions for consultation

All consultation questions are set out at the end of the relevant section of this draft Annual Plan, as follows:

Competition and Consumer Protection to drive economic growth, opportunity, and prosperity for the UK

- In which sectors or markets are pro-competitive interventions most needed to unlock long-term growth and prosperity?
- How could the CMA use our statutory functions most effectively to help realise these opportunities?
- How can the power of competition, and the work of the CMA, be most effectively applied in support of the UK government's Industrial Strategy?

Updating our Strategic and Annual Plan

- Do you agree with the CMA's proposed Medium-Term Priorities and Areas of Focus for 2025/26?
- Are there any other areas that we should prioritise during 2025/26?
- What medium to long-term trends or forces should we consider as we review our strategy?

Evolving the way we work

- What aspects of the CMA's processes do you believe work well? What areas do you believe need improving, and how?
- Do you see opportunities for the CMA to further strengthen the proportionality, predictability, procedural effectiveness, and pace of our work, consistent with meeting our statutory obligations?
- What relevant examples of international best practice in merger control, competition enforcement or other areas could we learn from (bearing in mind legal and operational differences in regimes around the world)?
- What options should we consider as we monitor, evidence, and report on our positive impact on economic growth, including in our Annual Report and Accounts?

Duration

13 January 2025 – 31 January 2025

How to respond

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Responses should be submitted in writing via CMA Connect or by email to general.enquiries@cma.gov.uk by 31 January 2025 at the latest. The CMA will be undertaking stakeholder engagement across the UK during the consultation period – particularly across the business, investor and consumer advocacy communities.

After the consultation

We will consider all responses and publish a final version of the Annual Plan by the end of March 2025. We will publish a summary of responses and feedback received through our stakeholder engagement. Publication of this summary will happen within the timescales set out in the Cabinet Office Consultation Principles (see below). We may also publish non-confidential versions of received responses.

Compliance with the Cabinet Office Consultation Principles

This consultation is compliant with the latest Cabinet Office Consultation Principles. The Cabinet Office Consultation Principles criteria can be found at www.gov.uk/government/publications/consultation-principles-guidance.

Data Protection and confidentiality

Any personal data that you supply will be processed by us in line with data protection legislation.¹ We will only retain and use your personal data for the purposes of our work (to ensure that we take your response into account) and we will then securely delete it. We will not share your personal data with any third party. For more information about how the CMA processes personal data, please see our [Privacy Notice](#).²

We will summarise all responses and publish a summary of responses received. The summary will include a list of organisations that responded, but not people's names, addresses, or other contact details. Before publishing information, we will have regard to any restrictions placed on us by the law (for example, regarding confidential information). If you consider that your response contains information which is commercially sensitive or confidential for some other reason, please identify it, mark it as commercially sensitive or confidential and explain why.³

¹ In responding to the consultation, you will be supplying us with personal data (your email contact details, for example). Personal data is information which relates to a living individual who may be identifiable from it.

² It includes information about your rights in relation to your personal data, including how to contact us and how to complain.

³ See Transparency and Disclosure: Statement of the CMA's policy and approach ([CMA6](#)).

Unless an exemption applies, we may disclose the fact that you have provided information to us, and the information you have provided, in accordance with our obligations under the Freedom of Information Act 2000 (FOIA).⁴

Feedback about this consultation

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please send an email to:
general.enquiries@cma.gov.uk.

⁴ In responding to such requests, we will take into account any comments you have made about confidentiality. See also [CMA6](#) (see footnote 3 above) about the CMA's approach to FOIA requests.

1. Foreword

At the start of 2023, shortly after we took up our roles as Chair and Chief Executive, we set out a new Purpose, Ambitions and strategy for the CMA. These unambiguously focused the CMA's work on the fundamental outcomes the UK's competition and consumer protection laws are intended to help achieve for:

- **People** to be confident they are getting great choices and fair deals;
- Competitive, fair-dealing **businesses** to be able to innovate and thrive; and
- The whole UK **economy** to grow productively and sustainably.

2025/26 will be the third year of this fresh strategic approach. With a renewed government focus on economic growth, we have an opportunity to drive these positive outcomes further and faster to achieve growth, opportunity and prosperity across the UK. This Annual Plan sets out how we intend to do so.

Achieving the kind of growth that fosters opportunity and prosperity for all means ensuring the benefits of that growth are broad-based, long-lasting, and tangibly felt by people and businesses across the UK. The formula for achieving this is well-known. The results of adopting that formula, and of failing to adopt it, have played out repeatedly and consistently in economies around the world.

Spurring and sustaining broad-based economic growth requires three things to work together:

- A step-up in innovation, with those innovations diffusing across the economy;
- A step-up in investment, with that investment flowing across sectors and regions; and
- A step-up in productivity, with the benefits of productivity gains accruing to consumers (through prices and quality), businesses and their investors (through returns), and employees (through wages).

This is where the UK's competition and consumer protection regimes, and the CMA, play a vital role. In the UK and internationally, evidence shows that the benefits from greater innovation, productivity growth, and investment are only achieved, diffused and sustained when the foundational conditions of effective competition and empowered consumers are in place. The CMA works to safeguard these conditions every day, and to restore them where they have been eroded.

How does the CMA do this in practice?

- First, we act to promote choice: ensuring that – except in a handful of natural monopoly markets – consumers and business customers always have alternatives and are free to make choices without being misled or manipulated.
- Second, we act to promote effective competition, so that all businesses (large or small, incumbent or challenger), are free to compete, innovate, offer the customer a different solution, and get a fair shot at success based on merit.
- Finally, we act to promote a level playing-field in markets, giving investors confidence that the businesses they back can bring their innovations, improvements, higher productivity and breakthrough solutions to the customer and into the economy, free from anti-competitive barriers or restrictions.

Two years ago, as a then-new leadership team, we recognised that these foundational conditions should not be taken for granted, particularly in an increasingly volatile macro-economic environment. They need to be fostered and safeguarded in an open and even-

handed way – for the benefit of all market participants, large and small, business and consumer. We therefore put the positive outcomes they bring for people, businesses and the economy explicitly at the centre of the CMA's Purpose and strategy. We also launched a programme of reforms to enable the CMA to bring them about more effectively – particularly in markets with the greatest potential to drive productive, sustainable growth across the whole UK economy.

Since then, the CMA has acted to open up and safeguard genuine choice and a fair deal in a wide range of markets that really matter to people's daily lives – from buying or renting a home, to groceries, road fuel, and veterinary services, to shopping online and medicines that the NHS buys on people's behalf. We have also acted to open up markets, unlock innovation and create a level playing-field for businesses seeking to compete – from open banking and online marketplaces to construction, electric vehicle charging, gaming, cloud and mobile services.

In parallel, we have made transparency and openness hallmarks of the CMA under our leadership, including engaging more directly and frequently with consumer groups and businesses – listening to their insights and feedback, and using it to improve how we work.

Looking ahead to 2025/26, the environment is characterised by uncertainty. Much attention is naturally focused on the major geopolitical shifts, macroeconomic volatility and political change unfolding around us. What remains constant in this uncertain landscape is the fundamentals of what works – and what doesn't work – to propel the growth, economic opportunity and long-term prosperity we all wish to see for the UK. That is: genuine choice, effective competition, and a level playing-field, delivered by an independent, impartial competition and consumer protection authority working for the benefit of people and businesses across the UK.

In our 2025/26 Annual Plan, we maintain those fundamental drivers of growth, opportunity, and prosperity at the heart of our prioritisation and decision-making. In the pages that follow, we lay out for consultation the areas we propose to focus on, over the medium-term and during the next 12 months.

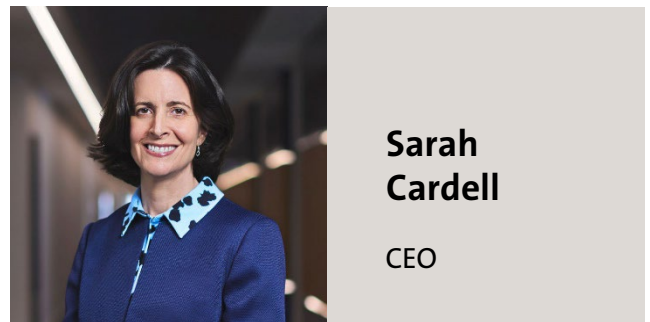
Next year, the CMA will:

- Continue to bring choice and effective competition in **areas of essential consumer spend** where people are under financial pressure;
- Broaden our work to protect consumers from **misleading or high-pressure online sales and pricing practices** – including using new consumer enforcement powers introduced by Parliament;
- **Enable innovating businesses** (both large incumbents and the UK's start-ups and scale-ups) **to invest and compete on a level playing-field**, particularly in markets with a material impact on innovation, productivity and growth across the wider economy;
- With the new digital markets competition regime now in force, **protect choice and promote effective competition in digital markets**, removing barriers to innovation and investment in a targeted, proportionate, and more effective way for the many businesses and consumers who rely on digital services;
- Work with government to **help priority sectors in the Industrial Strategy develop competitively** and to their full potential;
- **Deepen our work with the consumers and businesses we serve** to bring about solutions that drive long-term growth, opportunity and prosperity across the UK. This includes the recently launched **CMA Growth and Investment Council**, bringing

together representatives from a wide range of business groups, as well as from public and private capital. The Council will identify potential pro-competition, pro-innovation policies to support productive, sustainable growth, and bring insights and recommendations to support the CMA's effectiveness across all our work;

- We also look forward to continuing to strengthen our transparency and accountability to Parliament. This includes working with the re-formed **Business and Trade Select Committee** and encouraging more regular, strategic oversight of our work.

We look forward to your input and feedback on our draft Annual Plan.



2. About the CMA

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.

We derive our powers from the Enterprise and Regulatory Reform Act 2013.⁵

The CMA is overseen by a Board, to which a number of new appointments have recently been made. These have included several new non-executive directors with deep backgrounds in business, digital business models, innovation and investment. We are led by the Chief Executive and, as of this year, an almost entirely new senior executive team with a strong mix of competition, consumer and corporate expertise.

Decisions in some investigations, including phase 2 merger investigations, are made by members of the CMA's independent Panel.

The CMA has a UK-wide remit, with offices in Belfast, Cardiff, Edinburgh, London, and Manchester, in addition to the Microeconomics Unit (MU) based in Darlington. We adopt an evidence-based, integrated approach to our work, selecting the tools we believe will achieve maximum positive impact for people and businesses (wherever they live and operate in the four nations), as well as for the UK economy.

Functions

The CMA's statutory duty under the Enterprise and Regulatory Reform Act is to promote competition, both within and outside the UK, for the benefit of consumers.

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 accept remedies to address concerns or, in the absence of effective remedies, prohibit the transaction. The CMA performs this function in a targeted and proportionate way, enabling the vast majority of deals to go ahead, whilst looking more closely at the small number of cases which are truly problematic for UK consumers and businesses from a competition perspective.
- **Investigating businesses to determine whether they have breached UK competition law,** ending and deterring breaches by fining businesses and, where appropriate, seeking the disqualification of the company directors involved. Illegal anti-competitive conduct subverts the proper functioning of fair, open, and effective competition. Tackling it can bring down barriers to entry and scaling for fair-dealing businesses, as well as boosting productivity and incentives for investment.
- **Enforcing consumer protection legislation,** including through a new administrative enforcement model for consumer protection expected to commence later this year under the Digital Markets, Competition and Consumer Act 2024 (DMCCA). The CMA operates alongside several other bodies across the UK with consumer enforcement

⁵ The powers of the Office for the Internal Market are set out in the UK Internal Market Act 2020. The CMA has powers linked to the Subsidy Advice Unit which derive from the Subsidy Control Act 2022.

responsibilities. Strong consumer enforcement by the CMA helps put money back in people's pockets and ensures they are treated fairly, so they can engage actively and confidently in markets.

- **Conducting studies, investigations, or other pieces of work into why particular markets are not working well.** The CMA can take action – and recommend action be taken by others – to help markets work better. Interventions can be designed to (for example) improve price and quality for consumers, tackle barriers to success for small and scaling businesses, support economic growth, and build trust in markets for the benefit of all participants.
- **Operating a new regime to promote competition in digital markets** under the DMCCA. The new regime is targeted, proportionate and uniquely designed to unlock opportunities for growth, innovation, and investment in the UK tech sector (and more broadly across the economy).
- **Giving information or advice on matters related to any CMA functions to governments and public bodies across the UK.** This includes advice on how policy can be designed and implemented to promote the interests of consumers and harness the power of competition to deliver long-term growth and prosperity for the UK.
- **Providing information and advice to people and businesses** about their rights and obligations under competition and consumer law. This ensures consumers can make well-informed decisions and receive fair treatment, as well as encouraging and facilitating companies to stay the right side of the law.
- **Promoting stronger competition and consumer protection in the regulated industries** (gas, electricity, water, aviation, rail, communications, and financial services), working with the sector regulators to do so.
- **Conducting regulatory appeals and references** in relation to price controls, terms of licences or other regulatory arrangements under sector-specific legislation, being prepared to offer advice and support to government on any potential longer-term changes to the regulatory appeals system.
- **Through the Office for the Internal Market (OIM)**, providing advice, reporting, and monitoring in relation to intra-UK trade.
- **Through the Subsidy Advice Unit (SAU)**, providing advice, reporting, and monitoring in relation to government subsidies that support important policy objectives.
- **Through the Microeconomics Unit (MU)**, providing deep expert analysis and research on issues relevant to growth, innovation, productivity, and supply-side reforms.

The impact of our work

Delivering positive outcomes for people, businesses and the UK economy is integral to the CMA's work. We recognise the importance of evaluating and reporting on both the impact of our work, and the way in which we carry it out.

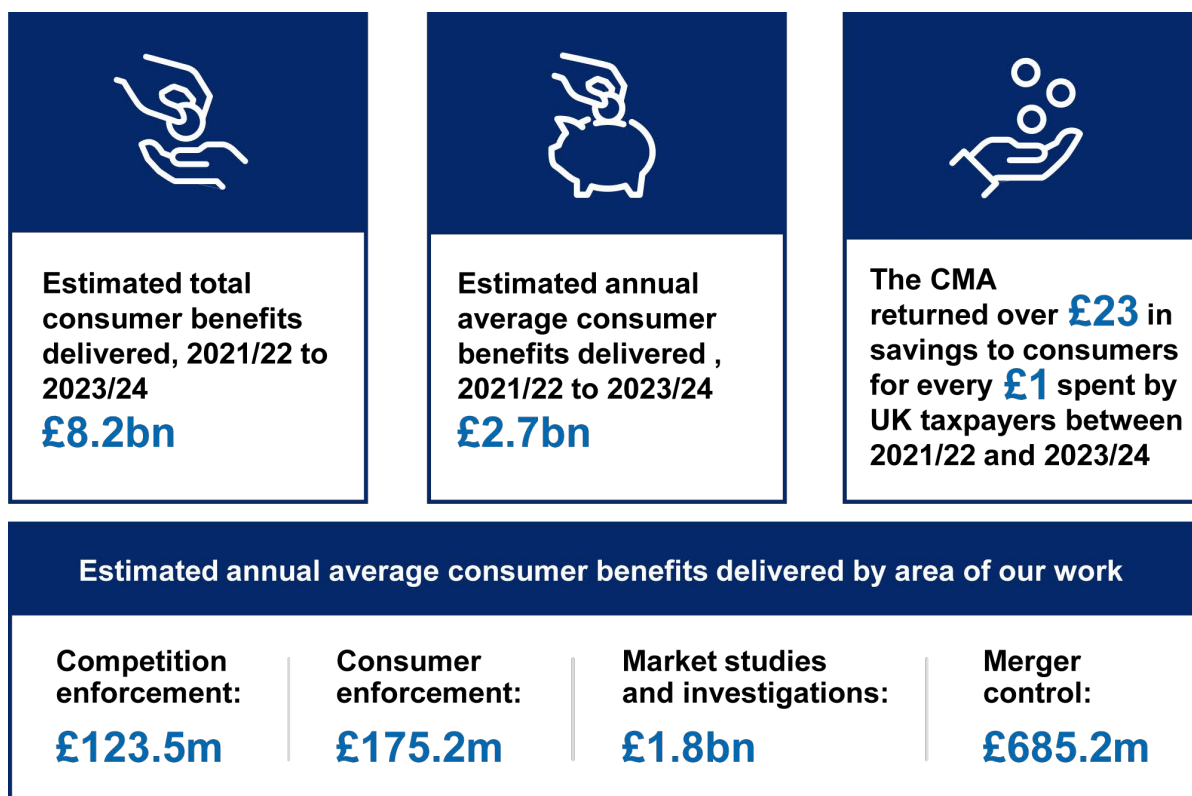
We do this regularly, including through our annual Impact Assessment, Annual Report and Accounts and broader communications throughout the year; Mid-Year and End of Year reviews with the Department for Business and Trade (our sponsor department) (DBT); and appearances in front of Parliamentary Select Committees (including the Business and Trade Committee, to whom we are accountable as our sponsoring Committee).

As signalled in our [Annual Plan 2024/25](#), over the course of the last year we have been working on a programme to enhance the evaluation and reporting of the CMA's work. We will also report annually on the impact of the CMA's work on economic growth, through our

future Annual Report and Accounts. This year's Annual Plan consultation seeks feedback on how we might best evolve our evaluation and reporting of our impact (see section 6).

Direct and indirect financial benefit

- Each year, the CMA estimates, based on conservative assumptions, the direct financial benefit of our work for consumers.
- Our [most recent Impact Assessment](#) demonstrated that we returned an average of over £23 in savings to UK consumers for every £1 of taxpayer money spent in the three years to 2023/24. This is against the target of £10:1 set by the UK government. Over the first 10 years of the CMA's operation, we delivered more than £20bn in direct consumer benefits.



This annual Impact Assessment excludes many important, wider indirect benefits from the CMA's activities – notably the deterrent effect of our work, which is likely to be substantial. For example, evidence indicates that between 5 and 28 cartels are deterred for every one that is caught, making a significant indirect contribution to the level playing-field that provides confidence to fair-dealing businesses and their investors.

Alongside this Annual Plan, we have published a new [CMA literature review](#) synthesising key insights from recent studies on the wider impacts of competition policy and enforcement. The body of evidence indicates strong competition enforcement has significant wider economic benefits, including on innovation, productivity and consumer welfare.

3. Competition and Consumer Protection to drive Economic Growth, Opportunity, and Prosperity for the UK

The CMA's Purpose is to help people, businesses, and the UK economy by promoting competitive markets and tackling unfair behaviour. We do this by harnessing the power of competition and consumer protection in the interests of UK consumers and businesses.

Strong competition and consumer protection:

- Spur **innovation, investment, and productive growth** across the whole UK economy;
- Create **opportunities** for UK **businesses** and their **investors** to innovate and thrive, with the confidence that they will be competing on a level playing-field;
- **Build confidence** for **people** to engage with the markets that matter to them most, free to make choices and free from exploitation;
- And through these, foster long-term **prosperity** for the benefit of everyone in the UK.

Competition and consumer protection drive growth

Effective competition is a proven route to a higher growth economy. Evidence and history show that where competition is stronger, innovation and – crucially for the UK – productivity and wage growth, will be higher.⁶ Business dynamism improves as more efficient firms increase their market share and low productivity firms exit the market.

The CMA has seen firsthand through our casework that competition and market contestability are catalysts to unlock opportunities for firms of all shapes and sizes. Time and again, benefits have flowed in the form of innovation, technological advancement, and the promotion of the entrepreneurial environment which sits at the heart of sustained growth for any modern economy. In an increasingly uncertain and volatile world, competition is also vital to shore up economic resilience and self-reliance, through greater diversity of supply and strengthened incentives for firms to build robust operations.

We know that investment is a key driver of growth, and that competition supports investment. A dynamic economy that rewards innovation and productivity is a magnet for entrepreneurs with a keen eye for opportunities to found and grow businesses, and for the investors and capital that back them.

Firms competing on a level playing-field are spurred to invest so they can out-perform rivals. Where markets are not contestable and incumbents are safe from challenge, everyone's incentives to invest are reduced. Nor will firms and entrepreneurs invest to enter markets with new products and services without being confident of a fair chance of success. Indeed, evidence suggests that the deterrent effect of strong competition enforcement not only

⁶ The CMA's recent [response](#) to the UK government's Green Paper on Industrial Strategy cites a range of empirical evidence. The CMA's literature review on the indirect effects of competition policy and enforcement summarises the most recent evidence on the positive relationship between competition, innovation, productivity, and welfare.

supports downward pressure on prices, but has a positive macroeconomic impact on innovation, productivity and growth across the economy.⁷

How and where investment flows through our economy also matters; particularly how it translates into value for money and real benefits experienced by people and businesses in this country, today and in the future. Investment may flow despite weak competition. But investment into competitive markets drives more equitable and longer-lasting benefits – not just economic growth, but opportunities and prosperity felt by all.

Effective consumer protection plays a critical reinforcing role. Every consumer in the UK deserves to feel that the CMA is actively and determinedly standing up for their interests – and that this benefits them in their daily lives. We see from estimates of the direct financial benefits of our consumer work (as set out in our annual Impact Assessment) that tackling exploitative or deceptive practices by a minority of businesses helps put millions of pounds a year back in people's pockets, shoring up household finances.

But consumer protection drives even more widespread benefits for growth, innovation, investment, and productivity. When consumers feel protected, they are more likely to take up opportunities to participate actively in the economy – making informed choices, taking up or switching between new products and services. Trust in fair treatment, along with better prices, higher quality, and greater choice, encourages spending. Demand is fuelled and economic activity surges.

Companies are incentivised to become more productive and innovative, rather than relying on unfair practices; and resources flow to reward these fair-dealing businesses. As with competition enforcement, business and investor confidence in the level playing-field is strengthened. Once again, competition and consumer protection play a vital, interlinked role in the relationship between growth, opportunity and prosperity for all.

Economic growth as a central pillar of the CMA's strategy

For all of these reasons, productive and sustainable growth was made a core pillar of the CMA's strategy, launched under new leadership in early 2023. Over the last two years, we have been laser-focused on delivering tangible, positive outcomes against this strategy for those we serve.

The CMA's work to support growth can have even greater impact in the context of the UK government's national growth mission, and its long-term vision for a more stable, prosperous future for the country. We know the benefits from our work are profound and far-reaching – not just lower prices, but more innovation, choice, quality, security of supply, productivity, investment, and economic dynamism.

This is reflected in our Annual Plan for 2025/26, including the Medium-Term Priorities and Areas of Focus set out in section 4 below.

⁷ The CMA's recent literature review on the indirect effects of competition policy and enforcement summarises this.

How the CMA uses its statutory functions to drive growth, opportunity, and prosperity for UK businesses and consumers

The functions entrusted to the CMA by Parliament enable us to promote open, competitive markets and to protect consumers from harm.

1 The CMA's markets work opens up opportunities for innovators, entrepreneurs, and inward investors, and in so doing generates considerable direct benefits for consumers.⁸ For example, our retail banking market investigation paved the way for the UK's Open Banking revolution, with startups and challenger firms powering a host of new fintech services worth over £4bn to the UK economy each year. Through our strategy, we consciously prioritise 'enabling' markets that are foundational to growth across the economy. We have made recommendations to government across a number of these, including [housebuilding](#) (which spurs investment and supports productivity through improved labour mobility and skills) and [electric vehicle charging infrastructure](#) (the backbone of sustainable transport). We are currently [investigating the market for cloud infrastructure services](#) (which are increasingly critical for UK businesses, from startups and scale-ups to long established firms, across all sectors in the economy).

This year, we will continue to target work in enabling markets with a multiplier effect for sectors across the whole UK economy. For example, we will look to identify opportunities to unlock investment in critical infrastructure, support the use of key enabling technologies (like smart data), or improve workforce participation.

2 We deploy our competition enforcement powers to robustly tackle illegal practices, supporting the level playing-field that empowers fair-dealing businesses to compete and grow. Our enforcement action can reduce prices for consumers and helps relieve pressure on public finances.⁹ For example, our work to tackle excessive pricing for vital drugs by pharmaceutical firms has saved the NHS tens of millions of pounds. Our detection and prevention of illegal cartels in the construction sector helps support key public services and infrastructure, including schools, hospitals, housing, and roads. Over the course of 2023, [investigatory work](#) by the CMA in this sector led to almost £60m worth of fines for 10 firms involved in bid rigging for public and private sector contracts.

This year, we will apply a sharp focus on public procurement, particularly as government pursues essential programmes to improve public services and invest in economic infrastructure. We will use our extensive AI and data science capability to assist public sector organisations (both nationally and regionally) to identify anomalies in bidding data, rooting out potential illegal conduct which drives up the cost of procurement and diminishes taxpayer value.

3 Merger control acts as an engine of innovation and productivity, keeping markets open and contestable, while safeguarding consumer interests in lower prices, better quality goods

⁸ In financial terms, our market studies and investigations saved people in the UK £1.76 billion per year on average in the three financial years from 2021/22 to 2023/24.

⁹ In financial terms, competition enforcement saved people in the UK £123.5 million per year on average in the three financial years from 2021/22 to 2023/24

and services, and greater innovation.¹⁰ We have seen these benefits across any number of markets in recent years – from DNA-sequencing and software, to building supplies and rail transport. We have also seen how effective merger control can improve incentives for investment, following decisions in cases like [Experian/Clearscore](#) and [Footasylum/JD Sports](#).

The CMA is targeted and proportionate in exercising our merger control function, enabling the vast majority of mergers to go ahead – either unconditionally or with remedies to mitigate the harmful effects of a substantial lessening of competition on UK consumers and businesses. We recently raised de minimis thresholds from £15m to £30m, helping us concentrate on mergers that truly require our attention. In support of our goal to deliver a best-in-class experience for parties involved in a merger review, we are now implementing a major overhaul of our phase 2 investigation process. We believe this will deliver a more transparent, collaborative, less adversarial approach, with better opportunities for constructive engagement.

We will continue to evolve our approach in the year ahead. As our phase 2 reforms bed in, we will launch a more focused review of our approach to merger remedies to ensure the regime works as well as it can, while protecting UK consumers and businesses from the harms of anti-competitive mergers. Building on stakeholder feedback, we will continue to improve the experience we deliver for parties whose deals are subject to review, based on four key principles (proportionality, predictability, process and pace – see section 6).

4 The CMA enforces **consumer protection** law to safeguard people from harmful and unfair treatment, ensuring they can engage confidently in markets. Our new strategy has consciously prioritised areas of essential spend to help people struggling with pressure on household budgets, building on extensive work in this area.¹¹

Last year, we made recommendations to government to improve [unit pricing information](#) that helps people shop around for good deals and genuine savings. We tackled issues around mis-selling and problematic contract terms related to [leasehold homes](#); and we supported sustainable growth through our work on [misleading green claims](#). We have also been relentless in raising consumer awareness and taking enforcement action around pressure selling, fake reviews, and exploitative [online choice architecture](#) in retail markets.

This year represents a watershed moment for the CMA's ability to tackle rip-offs, misleading sales practices, and unfair terms, as we begin to leverage enhanced consumer enforcement powers under the DMCCA. For the first time, our enforcement of competition law and consumer protection law will stand on an equivalent footing, with a clear signal to businesses that they should treat them with equal importance. We are prepared to take even more direct and decisive action to protect UK consumers, with commensurate benefits in terms of growth and prosperity across the whole economy.

¹⁰ In financial terms, merger control saved people in the UK £685.2 million per year on average in the three financial years from 2021/22 to 2023/24.

¹¹ In financial terms, consumer enforcement saved people in the UK £175.2 million per year on average in the three financial years from 2021/22 to 2023/24.

To inform this work, we will incorporate insights from the 2024 Consumer Detriment Survey, to be published in the Spring, which the CMA has led on behalf of the Consumer Protection Partnership (see section 4).

5 We provide **independent and expert advice** to government and policymakers at UK, devolved and regional levels.

- **Through our statutory advocacy function**, we provide information and advice to help identify pro-competitive policy reforms, and to understand the impact that different policies will have on competition in particular markets.

The CMA undertakes much pro-active work in this space, aligning our efforts to our strategic priorities and working closely with government to ensure that our advice and recommendations can be acted on and balanced, as appropriate, with the broader range of policy objectives being pursued. We are also regularly called upon (including by Parliamentary select committees, individual parliamentarians, government, and other public authorities) to look into issues of interest or concern. For example, our extensive work in the road fuels market resulted in recommendations that the UK government confirmed, in October 2024, it would implement: a statutory monitoring body, with functions conferred on the CMA through the DMCCA, and a statutory open data scheme for fuel prices ('Fuel Finder').

- **The CMA's Microeconomics Unit (MU)** provides a critical source of expertise, analysis and primary research for our engagement and advice, working particularly closely with HM Treasury and DBT. The MU spearheaded the CMA's 2024 work on UK labour markets, launching valuable new research around the benefits of well-functioning labour markets, which are widely recognised as an important driver of economic growth and productivity. It also led development of the CMA's third State of Competition report, which reinforces the importance to the UK economy of continued action to keep markets open, competitive, and dynamic.

This year, we will continue to provide expert advice and fresh thinking to government on important policy areas – many with a strong focus on growth – including infrastructure, planning reform, transport, smart data and artificial intelligence (AI). We will build on foundational work, begun in 2024, harnessing the power of competition to support government industrial strategy (see Section 4 below). Our work with government over the next year will be supported by our [MU Growth Programme](#) which is focused on critical drivers and blockers of growth (see also Section 4).

6 The CMA houses specialist **subsidy advice (SAU) and UK internal market (OIM) functions**, which provide valuable reporting, monitoring and advice to all levels of government. The SAU's work supports UK, devolved, and local government in delivering important activity to achieve growth and other public policy objectives through subsidy mechanisms. The OIM's work supports national governments seeking to provide regulatory stability for businesses to invest, grow and innovate.

This year, the SAU will conduct research and information-gathering to support its periodic report on the operation and impact of the subsidy control regime. The OIM will carry out its statutory functions, including publishing its data strategy roadmap update (in the context of a UK government review of the UK Internal Market Act).

7 Over recent years the CMA has taken forward a range of actions to promote competition in **digital markets**, helping ensure that the enormous benefits these can deliver are realised for UK consumers and businesses across the economy.

The CMA recognises the important part the largest technology firms play in the UK economy, supporting innovation, investment, and talent development. At the same time, key to our role is fostering a level playing-field for all UK businesses to succeed, including opportunities for millions of small businesses, scaleups and challengers. Commitments we secured in relation to [online marketplaces](#) have helped UK businesses access the customers and inputs they need to grow on fair terms, reducing the scope for large firms to give themselves an unfair advantage over rivals. We have also looked extensively at core markets like search, mobile ecosystems, digital advertising and cloud services, where anti-competitive practices and barriers to entry have the potential to stunt innovation, investment and growth.

We have challenged ourselves on how the CMA can support a vibrant UK AI ecosystem – one with opportunities for diverse businesses of all shapes and sizes to thrive. We know that heavy-handed, sweeping regulation can stymie innovation and growth. This is the opposite of what the UK needs and the CMA seeks to achieve through our promotion of competition. We have published a set of principles for powerful AI foundation models, helping to guide these markets toward the potentially profound benefits they could generate for UK consumers and businesses.

This year, a landmark new digital markets competition regime has come into force, offering a unique opportunity to harness the benefits of investment and innovation from the largest digital firms, whilst ensuring a fair shot at success for businesses across the UK tech sector. At the same time, the multitude of UK businesses and consumers who depend on the largest tech firms for critical products and services will benefit from more innovation, more choice and more competitive prices. The regime is carefully designed to ensure that the UK keeps pace with the future, and to maximise its international attractiveness as a home for innovation and investment in these dynamic markets. The CMA is committed to implementing the new regime in an open, transparent, proportionate and predictable way – moving at pace whilst ensuring a fair process.

In relation to AI, we will seek continued opportunities to leverage the power of competition to unlock barriers to investment and innovation across the AI value chain – from infrastructure development and deployment, to the diffusion of talent and new AI-powered products and services across the economy.

Supporting the UK government's Industrial Strategy in the year ahead

Just as skills, trade, tax, or energy policy are key levers to support sectoral growth, so too is competition policy. The CMA has welcomed the UK government's vision for a modern industrial strategy as a central pillar of the national growth mission. Our published response to the Industrial Strategy Green Paper (summarised in the Annex to this Annual Plan), lays out the critical role competition can play in the success of this strategy.

Effective competition not only supports economic growth and investment – it helps to ensure the benefits of these are more widely and equitably diffused to people and businesses across the UK economy, now and in the future. An industrial strategy which creates and captures maximum long-term value for the UK will have competition as a core component.

The CMA will support the Industrial Strategy by:

- Providing advice to government when it acts to drive growth in particular sectors, including around how pro-competitive principles can maximise the long-term impact of those interventions across the economy, whilst minimising the risk of unintended consequences;

- Using our powers directly to promote growth in strategically important sectors, removing barriers to the flow of capital, innovation, and the scaling of businesses. This may include undertaking market studies and investigations, enforcement action against illegal anticompetitive conduct and breaches of consumer protection law, and through our approach to mergers.

As noted in the Green Paper, and as the CMA has also heard directly through our engagement with businesses and investors, a broad set of conditions drive the investment required for a successful industrial strategy. Competition and a level playing-field are critical, but not sufficient. Political and policy stability, access to quality infrastructure and workers with the right skills, deep capital markets, and an appropriate risk appetite from institutional investors; all of these play a role. Competitive rivalry alone cannot overcome barriers such as skills shortages or planning delays. But when coupled with the wider set of conditions, competition works to ensure that higher investment leads not only to short-term growth but to long-term prosperity.

Competition should be a core component of government industrial strategy; but in pursuing growth, competition can be balanced with other policy objectives. This applies to considerations around any area of government policy, though it is important to emphasise in relation to industrial strategy, where a tension has sometimes been suggested between the goals of competition policy and the potential to scale businesses able to compete in global markets. The CMA's view is that a strategy of building UK champions is not inherently anti-competitive, provided this strength does not result in harms to UK consumers from weak competition at home.

More broadly, within the competition regime itself, the statutory framework gives the CMA several levers to take account of wider factors. The Competition Act prohibits anti-competitive agreements but allows cooperation to drive innovation or other economic benefits in certain circumstances. The CMA has been pro-active in supporting businesses to make their own assessments, for example through our [Green Agreements Guidance](#) on lawful collaboration to achieve environmental sustainability goals. In other cases, the CMA has taken a public position not to prioritise enforcement action against particular agreements, such as those related to [cutting-edge cancer therapies](#). We have heard feedback from businesses and investors that the CMA's support and facilitation of legal cooperation between firms can help drive significant benefits for all concerned. In the year ahead, we will carefully consider where further initiatives to support lawful collaboration could be targeted, particularly in critical areas of need for the UK economy, such as skills.

Flexibility also exists in the merger regime. There, the statutory question is whether a merger is likely to substantially lessen competition. As part of our assessment, we can evaluate whether the merger is likely to result in competition-enhancing efficiencies (for the ultimate benefit of consumers) that might offset immediate concerns. Examples include efficiencies flowing from long-term infrastructure or technology investments (such as those identified in relation to the recent merger decision in [Vodafone/3](#)).

Whether in relation to competition enforcement or mergers, the CMA's actions are based on evidence about where such flexibilities are justified and are taken in strict accordance with the relevant legal frameworks and our statutory functions.

Consultation questions relevant to this section

- In which sectors or markets are pro-competitive interventions most needed to unlock long-term growth and prosperity?
- How could the CMA use our statutory functions most effectively to help realise these opportunities?
- How can the power of competition, and the work of the CMA, be most effectively applied in support of the UK government's Industrial Strategy?



4. Updating our Strategic and Annual Plan

Clarity and stability of approach

In 2023/24, under new leadership, we set out a new strategy for the next three years, with a clear **Purpose, Ambitions, Medium-Term Priorities**, and annual **Areas of Focus**.

This approach was designed to ensure that the CMA delivers the best outcomes for those we serve, while providing important transparency and stability for all our stakeholders.

The CMA's **Purpose** is to help people, businesses, and the UK economy by promoting competitive markets and tacking unfair behaviour. Our **Ambitions** describe the tangible longer-term outcomes we seek to achieve for those we serve. These are that:

- **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.

Our **Medium-Term Priorities** identify where the CMA will act over the medium-term to achieve these outcomes. They inform our annual **Areas of Focus** which underpin our work for the year, as set out in our Annual Plan.

Our strategy also includes our **Core Enablers**, which help ensure we are on a path of continuous improvement in how we work. These are:

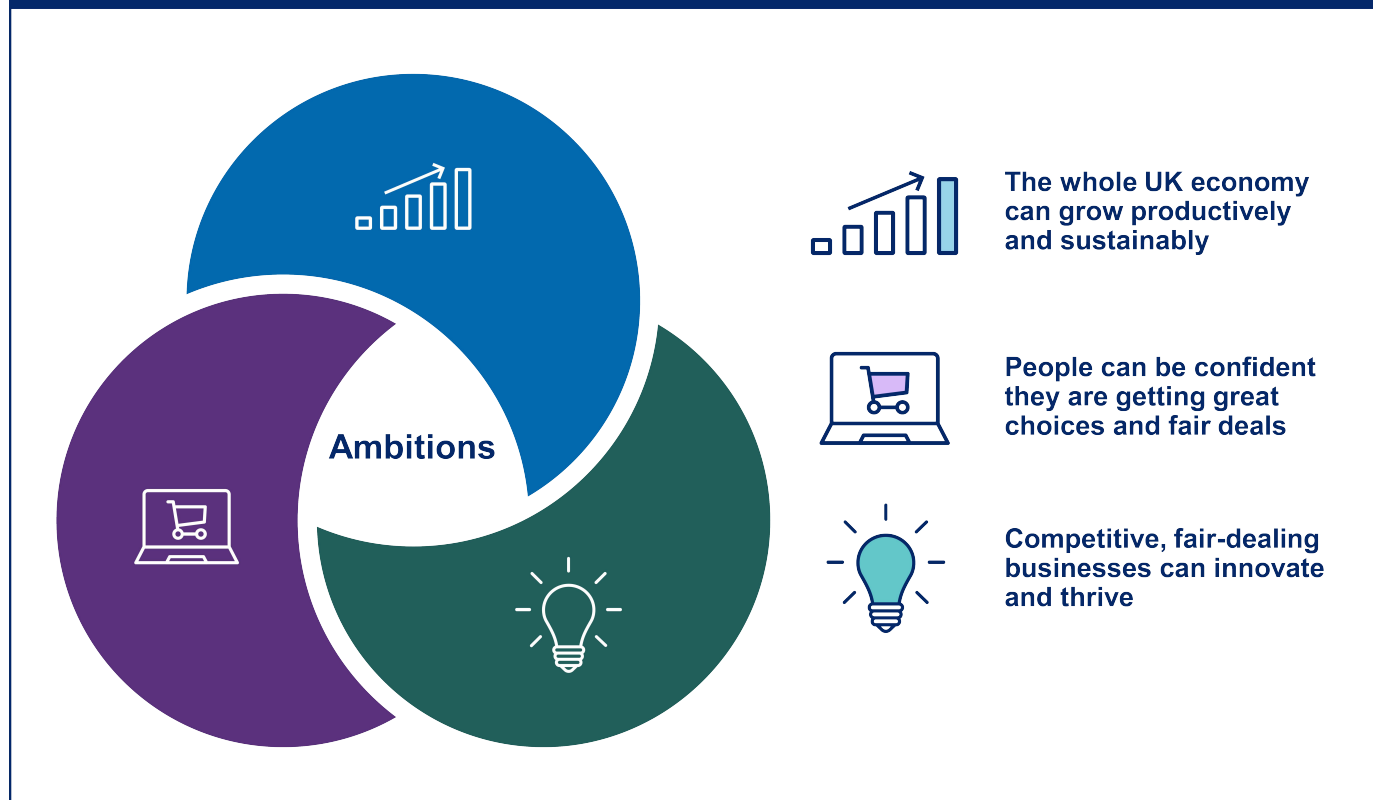
- To adapt our businesses model;
- To build and reinforce critical capabilities; and
- To upgrade our employee value proposition.

Through our **Foundational Requirements**, we constantly challenge ourselves to ensure that our work:

- Delivers tangible, demonstrable benefits;
- Is executed as rapidly as possible, consistent with rigour and procedural fairness; and
- Uses the full range of our toolkit.

Annual Plan 2025/26

Purpose: help people, businesses, and the UK economy by promoting competitive markets and tackling unfair behaviour



This year's Strategic and Annual Plan updates our Medium-Term Priorities (for the next three years) and our near-term Areas of Focus (for the coming 12 months). This reflects changes both in our external operating environment and in our assessment of where the CMA can add most value – particularly as we begin to discharge new responsibilities under the DMCCA. We will continue to develop our near-term Areas of Focus over the coming months as we finalise our Annual Plan and launch further projects and investigations. The areas outlined below are therefore indicative at this stage.

We are committed to using our statutory functions to drive growth, opportunity, and prosperity for all and this will continue to be a central focus of our work over the medium to long-term.

Broadly speaking, our 2025/26 Annual Plan reflects the power of competition and robust consumer protection to:

- Spur **innovation, investment, and productive growth** across the whole UK economy;
- Create **opportunities** for UK **businesses** and their **investors** to innovate and thrive, with the confidence that they will be competing on a level playing-field;
- **Build confidence** for **people** to engage with the markets that matter to them most, free to make choices and free from exploitation;
- And through these, foster long-term **prosperity** for the benefit of everyone in the UK.

Medium-Term Priorities

The whole UK economy can grow productively and sustainably

- Help sectors that offer the greatest potential impact on the UK's innovation, productivity and growth to develop competitively, and to their full potential
- Protect economic resilience through effective competition
- Support the flow of pro-competitive investment into the UK, for the benefit of consumers and businesses across the economy
- Help accelerate the UK's clean energy transition
- Resolutely deter restrictive, exclusionary and exploitative anti-competitive practices



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

- Consistently focus action on the areas where consumers spend the most money and time, particularly for people who need help the most or who are otherwise vulnerable
- Enable people to make their own choices, without being misled or put under pressure
- Resolutely deter restrictive, exclusionary and exploitative anti-competitive practices



Competitive, fair-dealing businesses can innovate and thrive

- Enable fair and open access to markets for innovating businesses
- Help emergent sectors to develop into high growth, innovative and competitive markets
- Support market conditions that enable businesses to scale without using restrictive, exclusionary or exploitative practices that undermine open and effective competition
- Resolutely deter restrictive, exclusionary and exploitative anti-competitive practices



Indicative Areas of Focus for 2025/25

The whole UK economy can grow productively and sustainably

Medium-Term Priorities

- Help sectors that offer the greatest potential impact on the UK's innovation, productivity and growth to develop competitively, and to their full potential
- Protect economic resilience through effective competition
- Support the flow of pro-competitive investment into the UK, for the benefit of consumers and businesses across the economy
- Help accelerate the UK's clean energy transition
- Resolutely deter restrictive, exclusionary and exploitative anti-competitive practices

Indicative Areas of Focus for 2025/26

- Implement the new digital markets competition regime to drive opportunities for sustained innovation, investment, and growth
- Target markets work on 'enabling' sectors that drive growth across the economy, for example where there are barriers to infrastructure investment or opportunities to raise workforce participation
- Support UK government Industrial Strategy by applying our statutory functions in prioritised sectors and providing expert advice
- Encourage competitive markets for green technology, for example, through our Green Agreements Guidance and potential work on green heating and energy efficiency
- Continue to support the harnessing of competition for more effective public procurement



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

Medium-Term Priorities

- Consistently focus action on the areas where consumers spend the most money and time, particularly for people who need help the most or who are otherwise vulnerable
- Enable people to make their own choices, without being misled or put under pressure
- Resolutely deter restrictive, exclusionary and exploitative anti-competitive practices

Indicative Areas of Focus for 2025/26

- Act in areas such as drip and dynamic pricing, travel, housing, online entertainment; and where the CMA has previously set expectations for responsible businesses, such as unregulated legal services and trader recommendation sites
- Continue competition investigations in relation to public procurement (including businesses serving the education sector)
- Complete our market investigation into veterinary services



Competitive, fair-dealing businesses can innovate and thrive

Medium-Term Priorities

- Enable fair and open access to markets for innovating businesses
- Help emergent sectors to develop into high growth, innovative and competitive markets
- Support market conditions that enable businesses to scale without using restrictive, exclusionary or exploitative practices that undermine open and effective competition
- Resolutely deter restrictive, exclusionary and exploitative anti-competitive practices

Indicative Areas of Focus for 2025/26

- Conduct first investigations under the new digital markets competition regime potentially leading to Strategic Market Status designations, to expand opportunities for innovation, investment and scaling for businesses across the UK
- Complete our market investigation into cloud infrastructure services
- Encourage customer choice, investment, and sustained innovation through fair, open, effective competition in emergent markets, for example throughout the AI value chain
- Continue competition investigation in relation to online advertising



Businesses

Spotlight on the digital markets competition regime



The new digital markets competition regime under the DMCCA commenced on 1 January 2025. We expect it to facilitate a step change in the CMA's ability to tackle harms and create opportunities for growth in the UK tech sector – and across the UK economy more broadly – in a way that benefits all companies, large and small, as well as their investors and customers.

These include:

- Opportunities to harness the benefits of continued investment and innovation by the very largest firms;
- Expanded opportunities for investment and innovation by creating a level playing-field for start-ups and scale-ups (many UK-based) to succeed. For example, by ensuring they can access key inputs, infrastructure and ecosystems on fair and reasonable terms, maximising their ability to bring forward innovative challenge to existing products and services; and
- Strengthened opportunities for UK consumers and business customers, who rely on these digital ecosystems, to get great products and services on fair terms. The benefits, including greater choice, more innovation, and lower prices, will generate valuable savings and productivity gains diffused across the whole economy.

We know that the way we design and implement any interventions in digital markets is critical if the UK is to keep pace with future developments and maximise its international attractiveness for innovation and investment in these dynamic markets. The new digital markets competition regime has been uniquely and consciously created with this in mind, representing a combination of 'best-in-class' regulatory design features.

The heart of the new regime is **proportionality**. It has been carefully calibrated to apply only to the very largest companies, those with the most power in digital markets. These firms may be designated as having Strategic Market Status (SMS), depending on an assessment of whether they have substantial and entrenched market power in a particular digital activity. Only once a firm is designated as having SMS in respect of a particular digital activity can the CMA intervene.

Once a designation has been made, rather than imposing blanket rules, the CMA will take a highly tailored, bespoke approach to identifying and addressing specific harms. The **process** for designing any intervention will be collaborative and transparent, aimed at keeping innovation-led markets open and bringing firms on the journey with us. To achieve this, we will work with the designated companies – and broader stakeholders from the digital ecosystem – in an iterative, participative process.

The new regime is also uniquely tailored to fast-moving digital markets, with interventions developed through consultation and engagement on a forward-looking basis to provide the **predictability** that is critically important in these dynamic sectors. Designations are time-limited to five years, unless the CMA decides to revoke the designation during that time, enabling us to take account of technological and broader market evolution.

Pace has also been consciously considered and the CMA is committed to taking a solutions-first approach wherever possible, whilst respecting due process. Each designation investigation has a timeline of nine months, with the CMA able to consult on conduct requirements in parallel to the investigation, minimising the time taken to achieve positive outcomes. The DMCCA also provides for a new general duty of expedition for the CMA.

These principles – proportionality, process, predictability and pace – are equally applicable to the way the CMA carries out all our work. We look forward to bringing the benefits of learnings from our operation of the new digital markets competition regime to the rest of our work.

The CMA has prepared intensively to ensure that we are in a strong position to operate the new digital markets competition regime effectively from the point of commencement at the start of this year. We have recently published our finalised guidance on the digital markets competition regime and have set out our initial plans to launch SMS designation investigations in respect of three areas of digital activity in the first six months of the new regime.

People

Spotlight on DMCCA consumer protection powers



As the UK's principal consumer protection authority, it is the CMA's job to protect the interests of people in this country as they buy goods and services – keeping them safe from unfair and misleading practices and taking action where we believe companies have broken the rules.

Effective consumer protection gives people the trust and confidence to be active participants in markets. It puts money back in their pockets, supporting resilient household finances and the diffusion of capital across the economy. Taking action against the minority of firms which the CMA believes have broken the law also supports a level playing-field for the millions of businesses who do play by the rules. Our most recent Impact Assessment estimated that consumer enforcement activity by the CMA delivered an annual average of £175.2m in direct financial benefits to consumers.

The DMCCA will equip the CMA with new tools to take more direct and decisive action, marking a step change in our ability to safeguard people from unscrupulous and illegal

practices as quickly as possible. For the first time, the CMA will be able to decide whether certain key consumer protection 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 quickly and directly, and to issue meaningful penalties, the reforms will enable the CMA to issue precedent-setting decisions with an important deterrent effect. These decisions should incentivise and guide businesses to comply with consumer protection law, driving better outcomes for consumers and fair-dealing businesses. New fining and enforcement powers sit alongside more established tools (such as guidance and campaigns). We will 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.

The DMCCA also allows other enforcers of consumer protection law, such as Trading Standards Services and sector regulators, to apply to civil courts for the same monetary penalties issuable by the CMA. 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. We are working with consumer protection partners to ensure a joined-up approach which helps them maximise use of their own powers alongside the CMA's enhanced toolkit.

In preparation for our new responsibilities, the CMA has been widening our intelligence gathering to help identify areas where we, and others across the consumer protection landscape, can make the greatest impact. Our action in the year ahead will be informed by this year's Consumer Detriment Survey (CDS), which we have led on behalf of the Consumer Protection Partnership. We expect this to be published in the coming months, alongside more in-depth analysis by our MU, and we will update the final version of our Annual Plan accordingly.

The CDS is a comprehensive investigation into the prevalence and impact of consumer detriment across the UK. 'Detriment' here means a problem people have faced with a product they bought or used which caused them stress, cost them money, or took up their time. The survey looks at the total cost of consumer detriment, as well as how this is distributed across markets, nations, and different groups of consumers. Results of the last CDS were published in 2022 and showed a total consumer detriment of £54.2bn, with many people feeling not just the financial costs but consequences on their mental and physical wellbeing too.¹²

The CMA is resolutely committed to using our new powers to tackle this drain on consumer confidence and household finances, helping to put money back where it belongs – in the pockets of empowered consumers, to use across the economy. As always, we will work closely with partners across the consumer protection landscape who may be responsible for addressing some of these areas of detriment, either solely or concurrently with the CMA.

¹² Dept for Business, Energy and Industrial Strategy (2022), [Consumer protection study 2022](#)

Cross-cutting

Spotlight on public procurement



Public procurement represents around a third of UK public expenditure, equating to approximately £300m per year. However, the value of public investments can be severely compromised by anti-competitive behaviour, such as bid rigging. Procurement is highly vulnerable to this illegal practice in which competing parties collude to determine the winner of a bidding process. Evidence suggests that the presence of bid rigging may inflate prices by 20% or more.¹³

The CMA has carried out enforcement in a number of procurement cases. In 2023 alone, we issued fines totalling almost £60m to firms involved in rigging bids for both public and private sector projects in the construction sector and secured the disqualification of four directors for a combined total of 25 years. In December 2024, we launched an [investigation](#) into suspected bid rigging in relation to a key government fund for improving the condition of school buildings.

In addition to the direct action we have taken, the CMA works closely with public procurers to help potential 'victims' of cartel activity spot and report suspicious behaviour. So far, this enforcement communications and engagement activity has reached approximately 80,000 public sector officials, resulting in a growing number of approaches to the CMA regarding suspicious activity. We also provide advice to government and public authorities across the UK on the design of competitive procurement processes, including publishing a [policy paper](#) in 2021 proposing that 'effective competition' be included as a legal principle of public procurement, to drive better value for money and reduce the risk of illegal bid rigging.

When the Procurement Act comes into force (expected later in 2025), those found to have infringed competition law will face the prospect of being added to the new central debarment register and excluded from all public procurement for up to five years. As the stakes for those involved in illegal bid rigging activity increases, the CMA will build on our strong track record of work in this area.

In particular, the CMA is uniquely positioned to combine deep bid rigging identification expertise with extensive AI and data science capability. Bringing together these strengths, we will assist public sector organisations (both nationally and regionally) to identify anomalies in bidding data and indicators of potential illegal conduct. Using the right tools, and with access to the right data, we can increase the prospect of detecting unlawful

¹³ Government Counter Fraud Profession (2024), [Bid-Rigging Risk in all Procurement: Practice Note](#).

conduct, potentially unlocking considerable productivity gains and public sector savings for the benefit of UK taxpayers. As laid out in our response to the UK government's Industrial Strategy Green Paper, deploying this capability strategically in targeted parts of the economy could be a powerful tool to support growth, particularly in critical markets like construction that enable our economy to function.



The CMA has a statutory responsibility to provide advice to government. Our advisory capabilities draw on substantial economic expertise, including within our specialised MU. Established in 2022, the MU provides research, analysis and expertise on competition, consumer outcomes, innovation, productivity, and supply-side reforms. The MU helps the CMA keep pace with emerging issues and the latest methods in industrial economics, supporting the analysis conducted in our core casework. Importantly, the MU also functions as an 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.

Last year, the MU produced a flagship report on ‘Competition and Market Power in UK Labour Markets’. The research 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. This work has informed ongoing competition enforcement by the CMA in potential cases of anti-competitive behaviour in UK labour markets. It is also of practical use as government seeks to deliver a successful Industrial Strategy. For example, as highlighted in the CMA’s response to the UK government’s Industrial Strategy Green Paper, policymakers may wish to consider how the use of non-competes affects UK labour markets, as well as how other issues (such as transport infrastructure or skills policies) may contribute to labour market frictions.

In the year ahead, the CMA will progress the MU’s Growth Programme announced in October 2024, designed to support the UK government’s growth mission and Industrial Strategy. The Programme is broadly focused on critical drivers and blockers of growth, including:

- A review of the evidence on the role of competition in driving and directing investment towards productive uses, and subsequent empirical analysis to address any evidence gaps identified;
- Barriers to the spread of new technology and knowledge across the economy. As set out in the UK government’s Industrial Strategy Green Paper, increasing the adoption and

diffusion of ideas, technologies, and processes is an essential step for growing the productivity of the UK's growth-driving sectors. This research will support targeting policies to promote faster adoption and diffusion;

- The strength of competition along supply chains, and the impact of 'upstream' market power on downstream sectors – reflecting the importance of competitive markets for key inputs to UK economic performance and resilience;
- Evidence on pro-growth industrial policy interventions, and lessons from past experience and other countries, to help inform the UK's strategy.

The Programme is directly informed by the CMA's third State of Competition Report, which is the most comprehensive assessment to date of how competition is working in the UK. The Report found that levels of effective competition in the UK have weakened slightly over time, although by less than in other economies. It also found that levels of business dynamism have fallen, reinforcing the important role of effective competition enforcement to drive greater business dynamism and sustained innovation, productivity, and growth across the whole economy.

Process

We are seeking feedback on our proposed Medium-Term Priorities and Areas of Focus for 2025/26 through our Annual Plan consultation.

We are publishing this draft Annual Plan three months before the start of the 2025/26 year on 1 April 2025. As such, whilst we have laid out our indicative Areas of Focus for the year, these will (where possible) be expanded on in the final Annual Plan that will be published in March 2025. Some of the work we will do over 2025/26 cannot be announced in advance, in order to ensure maximum effectiveness in the exercise of our enforcement powers and retain flexibility to act where we can have the greatest impact. We would equally welcome any feedback on additional areas that stakeholders consider we should prioritise as we implement our Annual Plan.

As indicated above, we are already thinking ahead to our next strategy cycle and expect to update the CMA's medium-term strategy over the course of 2025 (in advance of our 2026/27 Annual Plan). To help inform development of this strategy, we also welcome input from stakeholders on trends and forces that might be particularly relevant to the CMA in the coming years. This might include any anticipated future developments that would affect the UK consumers and businesses, including political, economic, social, technological, legal, and environmental developments.

Consultation questions relevant to this section

- Do you agree with the CMA's proposed Medium-Term Priorities and Areas of Focus for 2025/26?
- Are there any other areas that we should prioritise during 2025/26?
- What medium to long-term trends or forces should we consider as we review our strategy?

5. How the CMA decides when and where to act

In any given year, the CMA undertakes a considerable amount of work to deliver our core statutory functions. Across all of these, we make rigorous prioritisation decisions to ensure we can achieve positive outcomes for people, businesses, and the UK economy, as outlined in our strategy.

Some of our functions – for example, our markets, consumer and competition enforcement work – provide more flexibility for the CMA to make considered choices about how to prioritise our resources. In other areas, such as the mergers we review in any given year, the CMA has less discretion.

We apply published [prioritisation principles](#) to carefully direct our attention and resource:

- Strategic significance: does action in this area fit with the CMA's objectives and strategy?
- Impact: how substantial is the likely positive impact of CMA action?
- Is the CMA best placed to act: is there an appropriate alternative to CMA action?
- Resources: does the CMA have the right capacity in place to act effectively?
- Risk: what types of risks are associated with CMA action, and how significant are they?

The CMA will apply these same principles to inform decisions in relation to the new digital markets competition regime, as set out in recently published guidance. Separate prioritisation principles inform decisions made in relation to some work undertaken by the [OIM](#) and [SAU](#). These are set out in specific guidance on the CMA's approach to these functions.

The UK government issues a Strategic Steer setting out its priorities for the CMA and expectations for how we should approach our work. We have regard to this steer when we set our strategy and when we prioritise our work, although the final decisions on individual cases are taken by the CMA, in accordance with the applicable statutory framework. We welcome the UK government's expressed intention to consult on a new Strategic Steer for the CMA this year.

6. Evolving the way we work

As an independent competition and consumer protection authority, the CMA is set up to provide long-term stability for those we serve. To that end, we will continue to ensure that our work to promote competition and tackle unfair behaviour drives the innovation, growth and prosperity we all wish to see, with the benefits (both short and long-term) felt by UK consumers and businesses.

Playing our part in delivering these outcomes, including ensuring the UK is a globally attractive place to invest and do business, is not only about the work we do. It must also encompass the way we go about it. That is why, since we launched our new strategy in early 2023, the CMA has and will continue to evolve the way that we work.

This has included a renewed focus on how we prioritise our activities, in line with our strategy, to ensure we deliver tangible, demonstrable benefits where they are most needed. More than ever, we deploy the full range of our toolkit; engage openly and constructively with stakeholders; and leverage our advocacy function to advise and support governments and policymakers across all four nations of the UK. We have taken strides to become more open and transparent to those we serve, including enhancing our accountability to Parliament, with a four-fold increase in CMA appearances at Parliamentary committees between 2019 and last year.

There has been a surge in our digital and technology capability: implementing cloud enterprise architecture and services, advancing digital transformation, and investing heavily in digital, data science, and AI expertise to keep pace with complex, fast-moving markets. The technical skillsets and assets of our interdisciplinary Data, Technology and Insights (DTI) directorate are leveraged strategically across the CMA's full portfolio – not least by the CMA's Digital Markets Unit (DMU), now fully operational and discharging its responsibilities under the DMCCA. Also sitting within DTI is a new strategic, business, and financial analysis team to ground our work in commercial realities.

The CMA has an almost entirely refreshed executive team, representing a broad range of competition, consumer and corporate expertise. The breadth of experience and perspectives on our Board has never been stronger, with the appointment last year of five new non-executive directors with deep backgrounds in business, innovation and investment. Reforms to our phase 2 merger process are now being implemented, marking a significant milestone on the path to the best-in-class experience we want to offer businesses and others who engage with the CMA.

Much has been achieved in a short space of time. But we continue to develop. At this critical moment for the UK's economic growth and long-term prosperity, the CMA must deliver a regime that is swift yet rigorous; robust but pragmatic; agile yet predictable; collaborative yet independent. We must determinedly focus on the best outcomes for UK consumers, UK businesses and the UK economy; and always be open and transparent.

We must do all this whilst remaining true to CMA's statutory duty and Parliament's intent: to help realise for the UK all the benefits that flow from effective competition and robust consumer protection.

The remainder of this section highlights some key elements of our plans to enhance key aspects of how we work – although these continue to evolve. We know that the benefits of many of the positive changes from our actions over the last 18 months will take time to be felt by all stakeholders. Equally, we are conscious that perceptions of how the CMA operates matter today. We are therefore particularly appreciative of feedback from businesses who

have, or who may, engage with the CMA. We are committed to taking this feedback on board through both our Annual Plan consultation and continued constructive engagement.

External engagement

Stepping up our efforts to meaningfully listen, learn, explain, and incorporate insights has been one of the hallmarks of the CMA under new leadership over the past two years. More than ever before, we engage pro-actively with our stakeholders and we are determined that this openness becomes increasingly part of our organisational DNA.

This includes regular engagement with diverse industry bodies across the UK economy, as well as critical dialogue with consumer groups, civil society, academia, and the third sector. We have consciously ramped up our direct engagement with businesses of all shapes and sizes – from the largest global firms to challengers, new entrants, entrepreneurs, and investors.

We know that listening and responding to feedback on how we work is important to business confidence, and to the relative attractiveness of the UK as a destination for investment. The value of this direct engagement with firms themselves (distinct from engagement through advisory firms), has been notable. Many businesses we met with expressed a shared goal between themselves and the CMA to strengthen the UK economy and drive success for UK companies. We have been told clearly and consistently by businesses that they welcome the opportunity to be heard and are keen for further constructive conversations, including to better understand and gauge for themselves relevant aspects of our approach and processes.

This engagement has helped the CMA gather useful feedback on aspects of our approach and processes, including the '4Ps' below. It has also provided an opportunity to reassure businesses directly in areas where a gap between perception and reality has caused concern or uncertainty (for example around intervention rates on mergers).

We will continue these efforts this year, including considering what more we can do to ensure that the reality of evolving CMA practice is communicated clearly, and directly, to stakeholders. In particular:

- Taking forward our new **CMA outreach series for investors and startups**, with a particular focus on mergers. Given the critical role of investment in spurring growth, and the enormous potential of the UK's vibrant start-up community, we have been steadily ramping up our engagement with these stakeholders. We welcome and share their appetite for more regular, structured, direct engagement and will be designing a tailored programme in collaboration with businesses and representative groups (like Founders Forum and the StartUp Coalition). We hope this will help us continue to learn from these communities, whilst further strengthening their understanding and confidence in the CMA and our work. We intend for outputs from this series to be available to the broader business community.
- Embedding a truly **participative approach in the new digital markets competition regime** which is grounded in direct, ongoing and open engagement both with prospective SMS firms and the full set of interested stakeholders from the outset. We expect to draw lessons from this regime that can be applied across other areas of the CMA's work.

- Establishing a new **CMA Growth and Investment Council**, which will bring together senior representatives from the UK's leading business and investor bodies in service of a common goal: to ensure effective competition and consumer protection drive innovation, investment, and growth, with long-term benefits across the UK economy. Including the CMA, the Council is formed of 12 members representing a broad cross-section of business and financial interests. Senior stakeholders will meet on a regular basis to discuss, agree, and track concrete recommendations (outside of individual cases) to support this objective.

Evolving the way we work: the '4Ps'

Stakeholders have told us that four aspects of how the competition regime operates really matter. Although the feedback relates particularly to merger control, it speaks more generally to best practice principles that are equally applicable to other areas of our work, such as the new digital markets competition regime, and market studies and market investigations.

Proportionality. For example, how interventionist the CMA is, including compared to other authorities. We know this matters to business and investor confidence, and we are aware there is sometimes a perception that the CMA is overly interventionist in mergers, even if this is not borne out by the facts.

Published statistics indicate the UK regime, as implemented by the CMA, is functioning as intended. For example, of the 50,000 M&A deals announced annually, over 2024, the CMA considered 1,037 transactions and conducted 38 phase 1 investigations. Of the six we took to phase 2, two were cleared unconditionally and a further two with remedies. One merger was subject to a prohibition decision at the end of phase 2. The numbers of digital mergers subject to remedies, prohibition or abandonment show these to have been no more likely to face intervention than any other type of case.

	2024	2023	2022
Total cases considered by the CMA (including cases reviewed by the CMA's Mergers Intelligence Committee and cases voluntarily notified)	1037	848	718
Phase 1 investigations carried out (all phase 1 outcomes for relevant calendar year)	38	56	48
Unconditional clearances (at phase 1)	20 (inc. 2 'de minimis')	17	15 (inc. 1 'de minimis')
Clearances with remedies (at phase 1)	5	28	14
Phase 2 investigations carried out (all phase 2 outcomes for relevant calendar year)	6	10	15
Unconditional clearances (at phase 2)	2	4	3
Clearances with remedies (at phase 2)	2	2	6
Prohibition decisions	1	2	3
Abandoned/cancelled (at phase 2)	1	2	3

Because proportionality is always front of mind in our approach, we have also recently raised our de minimis thresholds from £15m to £30m, helping us concentrate our efforts on the mergers that truly require our attention. Similarly, our briefing paper approach ahead of notification helps both the CMA and merging parties filter out deals that do not need to be reviewed by the CMA.

To assist stakeholders keep track of accurate, up-to-date CMA investigation and intervention rates for mergers, we have refreshed the way in which we report this information. In doing so, we have considered how we can make it simple for businesses and their investors (in particular) to access clear annual and monthly statistics. We welcome feedback on this during the course of our normal engagement.

Proportionality is also at the heart of the new digital markets competition regime. SMS designations are likely only to apply for a handful of firms and only to specific digital activities. Conduct requirements will be bespoke, tailored to the firm and activity in question with proportionality operating as a guiding principle for the regime as a whole.

Predictability. For every merger control jurisdiction globally, some uncertainty of outcome is inevitable as a feature of an independent, evidence-based review process. For the UK regime, we have heard from stakeholders that this can be overlaid with concerns about whether the CMA will investigate at all – in other words, our jurisdiction.

The UK merger regime, unlike many other countries, operates on a voluntary basis. Companies choose whether to file and the CMA may ‘call in’ unnotified deals if they meet the legal tests. Extensive guidance and precedent (including much recently updated material) is available to help businesses and their advisors with their assessments. The CMA has also stepped-up efforts to provide extra explanatory content around cases of particular interest, for example through additional exposition around several recent clearances of AI partnership cases. We intend to continue this approach in the year ahead.

Further comfort can often be achieved through the informal briefing paper route, which allows companies to inform us of their deal and make early, concise representations as to why it is un-concerning from a competition perspective. This process has been very popular post-Brexit, with a tripling of briefing papers received by the CMA, as well as consistent feedback from businesses and advisors that this is a simple way to achieve some certainty over whether or not the CMA will review a transaction.

The CMA considers the voluntary regime to offer advantages in terms of reducing burdens on business, particularly smaller firms. The nature of the regime means the CMA typically investigates far fewer cases annually than economies of a similar size, including far fewer phase 1 investigations in a typical year compared to several hundred investigations opened, respectively, in France and Germany (as well as investigations by the European Commission). Nonetheless, under the voluntary system there necessarily remains a degree of jurisdictional uncertainty that businesses and investors can find challenging and we would welcome further input from these stakeholders on the key areas of difficulty they experience.

Predictability is also a guiding principle for the new digital markets competition regime. That regime should operate on a “no surprises” basis. Firms will only be designated as having SMS after a thorough investigation and conduct requirements will be developed through a process of extensive stakeholder engagement. Whilst the regime is forward-looking by design, requiring the CMA to make judgements based on our assessment of likely market developments, these assessments will be supported by extensive stakeholder engagement and grounded in a careful consideration of all available evidence.

Process. We know businesses need to have confidence in the CMA’s processes – that we are transparent, streamlined, open, and consistent in the way we operate. This applies across all of the CMA’s work. However, particularly in relation to mergers, the major overhaul of our phase 2 investigation process represents one of the actions taken under our new strategy with the greatest potential impact for businesses.

These landmark reforms are just now coming into effect. We are confident they can deliver a step change in transparency, collaboration and a less adversarial approach, with better opportunities for constructive engagement between the independent CMA Inquiry Group and the parties. The success of the reforms will depend partly on the extent to which businesses engage (and are advised to engage) in good faith, for example through early direct dialogue and 'best offers' on remedies, as well as remembering that transparency is a two-way street. We are considering the best way to directly engage with businesses at the outset of our investigations to set clear expectations of the process and, after our investigations have completed, to gather feedback on how the process is working.

As we roll out the new digital markets competition regime, we are equally committed to fair and open processes that enable us to move at pace. Again, constructive engagement from parties is a key ingredient to success. Across all areas of our work, we strongly encourage direct engagement of businesses with the CMA, rather than reliance simply on professional advisors to operate as the main point of contact.

Pace. It is one of the CMA's Foundational Requirements that all our work is executed as rapidly as possible, consistent with rigour and procedural fairness. Much of our work, including merger investigations at both phase 1 and phase 2, is subject to statutory timescales. The DMCCA also introduces a general duty of expedition across all of our work. We are actively considering routes to expediting casework across our portfolio and will update on this during the course of the year.

Notably, we are aware that protracted uncertainty around a lengthy merger investigation can be challenging, especially for startups and smaller companies. We will continue to explore ways to meet our duty of expedition in merger inquiries and to minimise uncertainty for businesses by bringing our inquiries to as rapid a conclusion as is reasonably practicable, whilst respecting due process and a need to investigate potential areas of concern thoroughly.

That commitment includes not only meeting our statutory deadlines, but also tailoring our approach to the issues at hand. For example, moving as quickly as possible to remedies in appropriate cases, informed by a clear understanding of potential competition concerns and a sound appreciation of the commercial realities.

However, this commitment to deliver outcomes at pace is only achievable if we see commensurate commitment from parties to engage swiftly and constructively with the CMA.

Further action we will take this year

We are committed to delivering a best-in-class competition and consumer protection regime, making continuous progress as we reflect and respond to stakeholder feedback and lessons learned, adapting and innovating to maintain a first-class approach. This includes incorporating best practice into everything we do, as well as ensuring that every business which deals with the CMA feels they have been treated fairly and consistently, regardless of the outcome.

As part of this commitment, we will take the following further actions this year:

- We will implement a digital markets competition regime which, from the get-go, will be proportionate, participative, and solutions focused – designed to operate at pace and with proportionality at its heart. We will seek feedback on the operation of this new regime and look for opportunities to apply our learning in other areas of the CMA's work.

- We will undertake a review of our approach to merger remedies, which will consider (amongst other issues):
 - When behavioural remedies may be appropriate (including any distinction for regulated sectors);
 - The scope for remedies that lock in genuine rivalry-enhancing efficiencies;
 - The role for remedies to preserve relevant customer benefits which may offset anti-competitive effects;
 - Building on the phase 2 reforms, how to move to effective remedy discussions as quickly as possible, informed by a clear understanding of our potential competition concerns and a sound appreciation of the commercial reality of the parties' business operations.
- We will be relentless in our pursuit of the quickest possible outcomes to minimise uncertainty for business while protecting the rigour of the system, supported by a duty of expedition (conferred through the DMCCA) across all our functions.
- We will hold ourselves to account for the way we operate by proactively seeking feedback – and we will make that feedback transparent in our Annual Report and Accounts.
- We will set clear expectations for businesses in terms of the engagement they should expect from us across our different activities, and what we expect in return.

Reporting

Our Annual Plan makes clear our commitment to promote competition and tackle unfair behaviour, supporting people, businesses, and the UK economy. Fundamental to this is ensuring the CMA helps to deliver growth, opportunity, and prosperity across the UK. We will be transparent about the impact of our interventions by:

- Continuing to report on our performance against the delivery of a government target of expected direct financial benefits to consumers of at least ten times its relevant costs to the taxpayer (measured over a rolling three-year period), including breaking this down by our principal tools;
- Continuing to assess the wider benefits of our work, and delivery against our Annual Plan, through the mechanisms detailed in Section 2 (including through published governance documents and broader communications, as well as regular reporting to our sponsor department and sponsor Parliamentary committee);
- Inviting comment in this Annual Plan consultation on our intention to specifically review and report on how our work has contributed to economic growth in our Annual Report and Accounts going forward; and
- Using our regular engagement with a wide range of stakeholders to seek clear feedback on how we work (including in relation to the '4Ps' outlined above), reporting on this on an annual basis. This will enable us to play back in a more consistent, transparent way what we have heard and how we have acted on it.

The CMA is currently engaging with DBT on a refreshed performance management framework agreement. We also look forward to an updated Strategic Steer from the UK government in the coming months. We therefore anticipate being in a position to include further detail on our evaluation and reporting going forward in the final version of our Annual Plan to be published in March 2025.

Consultation questions relevant to this section

We are particularly interested in hearing from businesses and investors with experience of engaging with the CMA's processes:

- What aspects of the CMA's processes do you believe work well? What areas do you believe need improving, and how?
- Do you see opportunities for the CMA to further strengthen the proportionality, predictability, procedural effectiveness, and pace of our work, consistent with meeting our statutory obligations?
- What relevant examples of international best practice in merger control, competition enforcement or other areas could we learn from (bearing in mind legal and operational differences in regimes around the world)?
- What options should we consider as we monitor, evidence, and report on our positive impact on economic growth, including in our Annual Report and Accounts?

7. How the CMA works with partners

The CMA shares important responsibilities across both the competition and consumer protection aspects of our role. Our decisions about when and where to act are often informed by these shared responsibilities. We work proactively and collaboratively with partners across the regulatory landscape, advising, guiding, and collaborating, to help ensure the best outcomes for UK consumers and businesses.

Some examples include:

Regulated sectors

The regulated sectors are critical for people, businesses, and the UK economy. From energy to insurance, broadband to trains, we all rely on essential services in these sectors in day-to-day life, and they form around 20% of household spending.

The CMA plays two clearly defined roles in relation to these sectors. Firstly, we share concurrent competition and consumer powers with sector regulators. Secondly, we oversee regulatory appeals for certain sectors.

Effective competition in regulated sectors can drive firms to meet their customers' needs, charge lower prices, operate more efficiently, invest and innovate.¹⁴ There is also a critical interdependence between effective competition and effective consumer protection. We know that for retail markets to work well, rivalry between firms needs to be complemented by consumers empowered to choose between offers. More than that, support for the investments needed in these sectors will depend on both businesses and consumers having confidence and being treated fairly in these markets.

The CMA exercises our statutory functions to the best of our ability. At the same time, we recognise that in some sectors there are legitimate questions about how regulation operates and the outcomes it has delivered for consumers and the wider economy. Whether in relation to service quality, network resilience or customer satisfaction, in many instances there is a feeling that the UK could, and should, be doing better. Doing better will also be vital to delivering on the UK government's growth mission; the provision of high-quality, efficient infrastructure underpins the performance of businesses in every part of the economy, reducing costs and increasing productivity. Getting regulation right will be essential to achieving this.

Our recently published review of concurrency – 10 years on from government's reforms – recommends that the CMA dial-up our co-operation with sector regulators when looking at competition and consumer issues which are broader than illegal anticompetitive conduct. We welcome the opportunity to work with sector regulators to take forward this recommendation, alongside several others in our report.

¹⁴ In many sectors, whether due to natural monopoly or market failure, normal competitive pressures do not apply. Regulators are key to filling the gap: setting and enforcing standards on services, enabling access to infrastructure, and mandating investments for the future. Competition policy nonetheless has a role to play in the regulated sectors. Even where it is not the most significant factor, it needs to work alongside, and be supported by, regulation to deliver the best outcomes.

Together, we can further strengthen the operation of the competition concurrency arrangements and develop new approaches to our shared consumer law powers under the reformed regime. This will be particularly important in the coming year, where the DMCCA will also strengthen sector regulators' hand in discharging their responsibility to promote consumer protection in their sectors, including by enabling them to apply to court to impose penalties.

More broadly, at a moment when government is considering wider reforms to sector regulation (for example, the ongoing Cunliffe Review of the water sector and its regulation), the CMA stands ready to provide advice and support, including on potential longer-term changes to the system of regulatory appeals and our role within it.

Digital regulation

Designing and implementing digital regulation to address the unique challenges and opportunities of this complex, cross-economy ecosystem requires a coherent, collaborative approach. This is the core purpose of the Digital Regulation Cooperation Forum (DRCF), of which the CMA is a member, alongside the Financial Conduct Authority, the Information Commissioner's Office and Ofcom.

Clarity and alignment of digital regulation, as well as streamlined access to regulatory advice and support, are key to fostering business confidence, innovation and growth in the UK tech sector. The DRCF's coordinated approach has much to contribute in this regard and the CMA has played an active role in the DRCF's efforts. Over the last year, for example, we have contributed to joint publications, including on algorithms, quantum computing, and immersive technologies; these topics are of strategic relevance to the UK's leadership in digital markets. 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.

The CMA will continue to champion the DRCF's mission objectives in the year ahead, including assuming the role of DRCF rotational Chair. Alongside our DRCF partners, we will continue to strive for regulatory cohesion and cooperation, while ensuring UK consumers and businesses gain maximum benefit from innovation and growth in digital markets.

International cooperation

In a world of interconnected, increasingly borderless markets and uncertainty over shifting trade dynamics, the CMA recognises the importance of working collaboratively with international partners on both competition and consumer protection issues.

Our ability to deliver value for UK consumers and businesses is enhanced by effective international cooperation where markets have cross-country or global dynamics; or where anti-competitive conduct or unfair treatment of consumers extends across borders. For businesses navigating complex international frameworks, this cooperation can support greater certainty, clarity, and expediency of process. Particularly in relation to merger control, there are often procedural benefits in aligning (as far as possible) on process and timing in the small number of cases subject to parallel review by different competition agencies. For agencies, shared learning and cooperation on casework continue to yield strong outcomes across jurisdictions, as well as advancing knowledge and best practice.

The CMA therefore seeks to maximise opportunities presented by active participation in major international networks, such as the Organisation for Economic Co-operation and Development (OECD), the International Consumer Protection and Enforcement Network (ICPEN), the G7, the United Nations Conference on Trade and Development (UNCTAD) and the International Competition Network (ICN).

The CMA also supports government in the negotiation of cooperation and trade agreements, in relation to sections relevant to competition and consumer policy. In October 2024, the UK and EU formally concluded negotiations on a UK-EU Competition Cooperation Agreement. Barring unforeseen circumstances, the proposed agreement is expected to enter into force in 2025.

Authorities around the world continue to implement new regimes, and undertake significant investigations and casework, across digital markets and AI. While varying approaches are being taken by different jurisdictions, global alignment around principles applicable to these borderless markets is particularly important, given their potential to drive economic growth and long-term societal value. In 2024, the CMA undertook sustained engagement with international counterparts in relation to AI. In July we published a [joint statement on AI](#), together with the US Department of Justice, Federal Trade Commission, and European Commission. The statement affirmed our shared view of opportunities for innovation and growth presented by AI, as well as establishing principles to protect consumers and competition in the AI ecosystem. In October, we co-signed a [G7 Joint Communiqué](#) outlining a shared commitment to safeguarding open, fair, and contestable AI markets.

The CMA will continue to engage closely in international dialogue this year. In particular, we look forward to hosting the ICN Annual Conference in Edinburgh in May 2025, alongside a meeting of the ICN Technologists Forum. We will use these events to share and understand the latest developments in competition law globally, with a particular focus on the role of competition in driving growth and unlocking technology innovation.

8. Operating model and resources

Building on recent internal change programmes, and the implementation of the Core Enablers in our strategy, we are putting in place a targeted three-year organisational transformation plan to support delivery of the CMA's ambitious programme of work within our funding envelope.

This plan will ensure the CMA continues to work as effectively and efficiently as possible across all our functions, harnessing digital transformation, developing our people and capability, and optimising our business operations.

We expect to provide fuller details of this 2025-2028 transformation plan in the final published version of our Annual Plan.

Annex: Summary of CMA response to Industrial Strategy Green Paper

Introduction

Our response to the Industrial Strategy Green Paper is under-scored by our commitment to working with government on an industrial strategy that achieves the most productive and sustainable growth across the UK economy. We will support the industrial strategy by:

- Providing advice to government on how it can harness the power of competitive rivalry to maximise the long-term impact and value of its industrial strategy across the whole UK economy.
- Using our powers directly to promote growth, including through market studies and investigations, enforcement against illegal anticompetitive conduct and breaches of consumer protection law, and our approach to mergers.

Effective competition is a proven route to a higher growth economy. Evidence and history show us that where competition is stronger, innovation productivity and wage growth will be higher. We have also seen firsthand through our case work that competition and contestability are catalysts for innovation and promoting an entrepreneurial environment – which is at the heart of growth for any modern economy.

Successful long-term industrial strategy should have competition policy at its core. Just as skills, trade, tax or energy policy are key levers to support sectoral growth, so too is competition policy.

This document summarises the CMA's views on industrial strategy, as set out in our full response to the government's Green Paper. It focusses on driving investment, the role of the CMA, the sectoral focus of the industrial strategy and creating a pro-business environment.

Driving Investment

A dynamic economy, which rewards innovation and productivity, is a magnet for entrepreneurs with a keen eye for opportunities to found and grow businesses, and for the investors and capital which back them. When competing on a level playing-field, firms are spurred on to invest so that they can out-perform their rivals. Where markets are not contestable, incumbents are safe from challenge, and everyone's incentives are reduced. Incumbents worry less about losing their position, so invest less to improve their offer. Firms and entrepreneurs will not invest to enter new markets with innovative new products, if they don't have a fair chance of success.

The government's focus on increasing investment to drive economic growth is well founded. Evidence shows that the most important contributor to the UK's recent low productivity growth relative to other countries is weaker investment.

Competition is a critical requirement, but not sufficient on its own; investment ultimately depends upon a broad set of conditions. This is reinforced through our engagement with business and investors, who describe cross-economy and sector specific barriers to investment. To make investments, businesses need not only a level playing-field, but access to workers with the right skills and quality infrastructure. They need a degree of policy certainty, so they can plan ahead. They also need clear and proportionate regulation. Competitive rivalry alone cannot overcome barriers such as skills shortages or planning

delays. But when coupled with the wider set of conditions, competition works to ensure that higher investment leads to long-term growth.

In some markets, weak competition is the major barrier to investment and needs to be addressed. Levelling the playing-field for all firms can make a major contribution. We have seen in practice the transformative effect of competition, including in the fintech sector following the introduction of Open Banking, or through actions to promote competition in the airport sector, which resulted in a more dynamic and innovative market.

The CMA plays a key proactive role in providing an environment which encourages investment. We work to promote investor confidence in the UK, including as the UK's merger review body, through proportionate, evidence-based decision making, and through engagement and dialogue so we can understand, and address, concerns where they arise.

The CMA's role in the industrial strategy

The CMA contributes to the industrial strategy in two broad ways:

- We will provide advice to government and public authorities, to help ensure that policies, investment support, and procurement harness the power of competition.
- We will use our powers directly to promote open, competitive markets, to drive innovation, productivity and investment and therefore long-term economic growth.

As an adviser to government, we support the integration of pro-competitive principles into the industrial strategy. Through a pro-competitive industrial strategy government can:

- Design policies to maximise the ability and incentives for firms to compete.
- Use competitive processes to drive efficiency and value in the use of public resources, including through procurement.
- Better target interventions to promote competition to unlock productivity and growth, such as through measures focused on smaller and younger firms.

We can also play a direct role in supporting the industrial strategy through targeted action to address barriers to competition using our competition and consumer protection powers:

- We carry out in-depth reviews when particular markets are not working well, to open up opportunities for innovation and growth.
- We tackle illegal practices that undermine competition, empowering fair-dealing businesses to compete and grow.
- We enforce consumer protection law, so that consumers can engage confidently in markets, spurring innovation and growth.
- We perform the UK's merger control function in a highly targeted way, enabling the vast majority of M&A to go ahead, whilst looking more closely at the small number of cases which present a risk for competition and growth.

We recognise that competition is part of a wider policy landscape. Our approach, including through our advice to government and our casework, is shaped by seeing competition in context. We are strong advocates for the benefits competition can bring, but also recognise that competition is a means to an end. In pursuing long-term growth, it needs to be considered alongside other policy considerations. Parliament has designed the competition regime around exactly that principle. The legislative framework provides levers for the CMA to balance competition objectives alongside other considerations.

Targeting growth driving sectors

The CMA welcomes the government's strategic focus on eight key sectors. We agree with the proposal in the Green Paper for the industrial strategy to take a targeted approach, focussing on the specific subsectors where the evidence is strongest that policy can address barriers to long-term growth.

The CMA can support government in assessing competition in specific sectors and markets. Our State of Competition report analyses trends in competition across the economy, at broad industry levels. The CMA's Microeconomics Unit will be building on the analysis in this report through its programme of work focused on growth and industrial strategy, which will support and inform the government as it looks to address long-standing challenges holding back the UK's economic performance.

We welcome the government's focus on supply chain dependencies for the key sectors. Addressing supply chain dependencies are key to building resilience. The CMA will be carrying out further work to examine the impact of upstream market power on downstream markets, as part of our wider programme of research on growth and industrial strategy.

Creating a pro-business environment

Competition policy is one of many important levers that will have a bearing on the policy areas identified by the Green Paper as important for growth. Our views on some of these areas are set out below.

Innovation policies

Different market structures will incentivise different levels and types of innovation. Support which is focused only on larger incumbents may have a lower propensity to bring about more disruptive innovations or sustain innovation over a longer period of time.

The adoption and diffusion of ideas across the economy is key to innovation, growth and productivity. Our State of Competition report identified evidence that productivity improvements may not be spreading as quickly through the economy. We are therefore taking forward research on the factors affecting the diffusion and adoption of technologies across different industries, as part of our programme of our work on growth and industrial strategy.

People and skills

Well-functioning labour markets are key to a dynamic economy. Well-functioning labour markets support workers to realise the full value of their work and ensure that they can easily move to more productive firms, speeding up the process of productivity growth across the economy. As highlighted in our work on labour markets, the government may wish to consider how the use of non-competes affects labour markets in the UK, as well as how other issues such as transport infrastructure or skills policies may contribute to labour market frictions.

Data in the industrial strategy

Access to data is crucial to enable businesses to innovate and grow into new and adjacent markets. This is particularly important in the growth of AI. Our work on foundation models

identified key market conditions required for business in the AI space to prosper, including access, diversity, choice, transparency and accountability.

Smart data schemes can harness data to promote competition, support consumers and create new markets. We are well placed to continue providing the government with practical advice on how to design effective smart data schemes, based on our experience with Open Banking.

Energy and infrastructure

We welcome the government's focus on planning as part of the industrial strategy. Our housebuilding market study observed issues in the planning process as barrier to the delivery of new housing and better economic outcomes, placing a disproportionate burden on SME housebuilders.

Infrastructure investments require a long-term commitment of very significant capital. This can result in sole providers, rather than a normal competitive market. However, there are opportunities to ensure that public investments in infrastructure use competition to get the best value from investments, and that the terms of investment help drive competitive market structures in the long-term, including in upstream or downstream markets.

Pro-competitive public procurement offers major opportunities for efficiency and resilience. We will continue to support the harnessing of competition for more effective public procurement. This includes through the use of new AI tools to aid detection of illegal bid rigging, which drives the cost of procurement up and diminishes value for the taxpayer.

Next steps

The clarity of government's wider growth mission aligns squarely with the purpose of the CMA. We promote competition, innovation and an entrepreneurial environment which are engines for growth; and we protect consumers and businesses alike, which helps to ensure fairness and opportunity for everyone.

Our response to the Green Paper is under-scored by our commitment to working with government on an industrial strategy that achieves the most productive and sustainable growth across the UK economy. We will support the industrial strategy by:

- Providing advice to government on how it can harness the power of competitive rivalry to maximise the long-term impact and value of its industrial strategy across the whole UK economy.
- Using our powers directly to promote growth, including through market studies and investigations, enforcement against illegal anticompetitive conduct and breaches of consumer protection law, and our approach to mergers.

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