

Rt Hon Sir Keir Starmer MP
Prime Minister

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer

Rt Hon Jonathan Reynolds MP
Secretary of State for Business and Trade

From:
Marcus Bokkerink
Chair

Sarah Cardell
Chief Executive

13 January 2025

Dear Prime Minister, Chancellor and Secretary of State,

Many thanks for your letter of 24th December: *A new approach to ensure regulators and regulations support growth*. The CMA is fully supportive of the government's focus on driving economic growth and stands with you in this critical shared endeavour. The CMA has an important role to help deliver the growth mission. We welcome this opportunity to share what the CMA has been, is and will be doing to drive productive, sustainable economic growth across the UK.

Promoting competition and protecting consumers to drive growth, opportunity and prosperity across the UK

In your letter you asked that we set out five measurable commitments or changes that we intend to implement in the next year which will significantly boost business confidence, improve the investment climate, and foster sustainable economic growth. Your letter is timely as the CMA has today published for consultation our draft 2025/26 Annual Plan: *Promoting Competition and Protecting Consumers to Drive Growth, Opportunity and Prosperity for the UK*. A full copy of the draft Plan is provided alongside this response.

The draft Plan lays out in full our proposed priorities and actions for the coming year to drive economic growth, opportunity and prosperity across the UK as we exercise our statutory functions. This includes new responsibilities under the Digital Markets, Competition and Consumers Act 2024 to promote competition in digital market and to enforce consumer protection. As such, the draft Plan provides the most comprehensive response to your request for concrete proposals on how the CMA intends to prioritise growth and facilitate investment over the coming 12 months.

We have been pro-actively discussing and updating a wide range of Departments (including meetings with relevant Ministers) as the draft Plan has developed, to ensure we are offering value in areas of priority for the government. We would very much welcome the opportunity to meet directly to discuss the draft Plan at your earliest convenience.

An overview of our proposed priority areas of action for the medium term and for the next 12 months is provided below. These are set out against the long-term outcomes our work aims to achieve, for:

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

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

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

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
- Enforce competition law in 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

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 to enforce competition law in online advertising



In Annex 1 to this letter, we provide a fuller explanation of how the proposed actions set out in our draft 2025/26 Annual Plan will concretely and tangibly contribute to the UK's growth, building on the work we have already delivered over the past two years. More detail is available in the full draft Plan.

We also recognise the importance of regularly evaluating and reporting on the impact of our work (on growth and more broadly), and the way in which we carry it out. This year, our draft Annual Plan consultation invites comment 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.

Whilst the draft Annual Plan contains a comprehensive and mutually reinforcing package of proposed actions to help drive confidence, investment and growth for the coming year, we would like to highlight 5 specific actions within it that will particularly benefit the growth mission. These are:

- Action 1: Target markets work on 'enabling' sectors that drive growth across the whole UK economy.
- Action 2: Drive innovation, investment and growth in digital markets through the implementation of the new digital markets competition regime for the benefit of UK businesses and consumers.
- Action 3: Support public sector savings and productivity gains by rooting out illegal bid-rigging in public procurement, including through use of our AI and data science capability.
- Action 4: Provide direct advice to government to support the development and implementation of its Industrial Strategy.
- Action 5: Implement a package of cross-cutting actions to ensure the way we work supports the CMA's contribution to economic growth.

We have laid out further detail on these actions, and how we intend to measure and report against them, in Annex 2.

We are grateful for the support expressed in your letter to tackle obstacles that might prevent action to unlock growth and investment. The Digital Markets, Competition and Consumers Act closely reflected previous CMA advice to government on legislative reform to deliver pro-growth competition and consumer protection regimes, and we welcome the government's continued support now that the Act has commenced.

We will continue to engage closely with your officials, including in the context of a new Strategic Steer to the CMA, to consider whether there are obstacles that stand in the way of delivering on the actions set out in this letter, or contributing more broadly to the government's economic priorities.

We would welcome a meeting at your earliest convenience to discuss these proposals further and look forward to continuing our productive work together.

Yours sincerely

Marcus Bokkerink

Chair

Sarah Cardell

Chief Executive

Annex 1

The CMA's draft Annual Plan for 2025/26: promoting competition and protecting consumers to drive economic growth, opportunity and prosperity for the UK

2025/26 will be the third year of the CMA's fresh strategic approach as we continue to drive an explicit programme of change that began at the start of 2023, shortly after we took up our roles as Chair and Chief Executive, when we set out a new strategy for the CMA. That strategy 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.

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;
- 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.

Strong competition and consumer protection operate in a mutually reinforcing way 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.

Over the last 2 years, we have been laser-focussed on delivering tangible, positive outcomes against this strategy for the people and businesses we serve. For example, 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. Notably, much of our work to drive effective competition involves identifying, removing or improving poorly functioning regulation – for example our recent recommendations to government to help improve the housebuilding market. Where competition works well, regulation can be kept to a minimum. Our most recent [Annual Report and Accounts](#) lays out how we have performed against this strategy over 2023/24.

Looking forward, our plan for 2025/26 signals a further step-change in this activity, with economic growth, opportunity and prosperity at the heart of all we do.

Full details are contained in the draft Annual Plan but, in short, 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.
- Helping taxpayers by supporting **pro-competitive public procurement practices**, including the use of new AI tools to aid detection of illegal bid rigging.
- Continuing to **improve the way the CMA works** including through its merger remedies review, enhancing the public reporting of work, integrating principles of best practice across all its work, as well as developing engagement with business and investors.
- **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 launch of the **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.

Annex 2

Spotlight on five areas of action contained within the CMA's draft 2025/26 Annual Plan that are particularly pertinent to the growth mission

Action 1: target markets work on 'enabling' sectors that drive growth across the whole UK economy

The CMA's markets work can unlock opportunities for innovators, entrepreneurs, and inward investors. In recent years, we have made recommendations to government across several 'enabling' markets that are foundational to long-term growth across the whole economy. These have included 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, including startups and scale-ups.

In 2025/26, we will continue to target work in enabling sectors, for example where there are barriers to infrastructure investment, to support the use of key technologies (like smart data and artificial intelligence), or to improve workforce participation. We have held multiple constructive discussions with your officials regarding prospective areas of focus for this work and would welcome the opportunity to discuss with you directly.

Measurement and transparency

As with all our work, the CMA is properly held to account for delivery against our prioritisation choices, which we report on openly and transparently (see 'Measurement and Reporting' below, including our proposed reporting on contribution to economic growth).

Action 2: drive innovation, investment and growth in digital markets through the implementation of the new digital markets competition regime for the benefit of UK businesses and consumers

A landmark new digital markets competition regime commenced on 1 January 2025. We expect this to facilitate a step-change in the CMA's ability to tackle harms and create

opportunities for growth, investment and innovation in the UK tech sector – and more broadly across the UK economy.

The regime offers 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 across the broader UK economy, who depend on digital markets for critical products and services, will benefit from more innovation, more choice and more competitive prices – all critical components of enhanced productivity, growth and long-term prosperity for the UK.

The regime is carefully designed to ensure that the UK keeps pace with the future, while maximising its international attractiveness as a home for innovation and investment in these dynamic markets. The CMA is committed to implementing the regime in an open, transparent, proportionate and predictable way – moving at pace, whilst ensuring a fair process. It is grounded in the ethos of a “participative” process which will ensure ongoing engagement with key stakeholders, operating on a “no surprises” basis to instil businesses and investors with confidence in the new regime.

Measurement and transparency

The CMA will regularly report on, and should be held publicly accountable for, the implementation of the new regime in a way that delivers enhanced growth and investment opportunities across the UK tech sector and more broadly for the UK economy.

Action 3: support public sector savings and productivity gains by rooting out illegal bid-rigging in public procurement, including through use of our AI and data science capability

Public procurement represents roughly a third of UK public expenditure (over £300bn per year). However, anti-competitive behaviour, such as illegal bid rigging, can inflate prices and severely compromise the value of public investments.

The CMA has a strong track record of work in public procurement, including direct enforcement action and advice to government (national and regional) on the design of competitive procurement processes. We will apply a sharp focus here this year, as the government pursues essential programmes to improve public services and invest in economic infrastructure.

However, there is an opportunity to scale up the impact of this work. By combining our deep bid rigging identification expertise with extensive AI and data science capability, the CMA can help public sector organisations identify anomalies in bidding data, rooting out illegal conduct and potentially unlocking considerable productivity gains and public sector savings for the benefit of UK taxpayers. Deploying this capability strategically as part of a

targeted industrial strategy (for example in critical enabling markets like construction) could be a powerful tool to support growth. This requires collaboration between the CMA, government and other public bodies to ensure the relevant bidding data is collected and retained. We have initiated several discussions on this topic with officials and Ministers but would welcome your support to drive this forward and deliver considerable productivity gains across the public sector.

Measurement and transparency

Our Annual Impact Assessment will report on the direct financial benefits of our competition enforcement activity, including action to tackle illegal bid rigging. We will report as appropriate on progress with public sector organisations in developing data-driven capabilities to identify bid rigging.

Action 4: provide direct advice to government to support the development and implementation of its Industrial Strategy

The CMA has a statutory function to advise government on designing and implementing policies which promote consumer interests and harness the power of competition to deliver long-term growth and prosperity for the UK. In November 2024 we published our response to the government's Industrial Strategy Green Paper. We set out how the CMA can support the Industrial Strategy through our advocacy function, as well as through targeting specific growth sectors. More broadly, we explained the role of competition in driving investment and discussed measures to create a pro-business environment. We stand ready to support the government as the Industrial Strategy is developed and implemented.

As part of our wider advisory function, the CMA's Microeconomics Unit (MU) provides critical expertise, analysis and primary research for our engagement and advice to government. In 2024, the MU launched valuable new research around the benefits of well-functioning labour markets, 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.

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 focuses on critical drivers and blockers of growth, including how easily (or not) new technology spreads across the economy; the impact of upstream market power on economic performance and supply chain resilience; and how competition impacts investment. The Programme will also produce evidence on pro-growth industrial policy interventions, as part of the CMA's broader support for the government's Industrial Strategy.

Measurement and transparency

We will report to government on this work as it develops, publishing outputs from the Microeconomics Unit growth programme, and where appropriate, specific advice to government.

Action 5: Implement a package of cross-cutting actions to ensure the way we work supports our contribution to economic growth

Playing our part in delivering positive outcomes for the UK, including ensuring this is a globally attractive place to invest and do business, is not only about the work the CMA does. 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 we work. This has included (for example) a focus on rigorous prioritisation in line with our strategy; a more open, constructive approach to stakeholder engagement; a refreshed Executive team and Board, representing a broad range of competition, consumer and deep corporate expertise; a surge in our digital and technology capability; and a landmark overhaul of our phase 2 mergers process, just now coming into effect.

Much has been achieved in a short space of time. We know that the benefits of many of positive changes from our actions over the last two years will take time to be felt by all stakeholders. Equally, we are conscious that perceptions of how the CMA operates matter today. We therefore highlight below three cross-cutting actions related to the way in which we work, which we believe will further strengthen our ability to contribute to growth.

(i) Evolving how we work

We are committed to delivering a best-in-class competition and consumer protection regime. This includes incorporating best practice into everything we do, as well as ensuring that every business dealing with the CMA feels they have been treated fairly and consistently, regardless of the outcome.

For example, in support of our goal to deliver a best-in-class experience for parties 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 also recently raised de minimis thresholds from £15m to £30m, helping us concentrate on mergers that truly require our attention. We will continue to evolve our approach in the year ahead, launching a more focused review of 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. We will also continue to explore ways to further enhance direct engagement between the CMA and parties to a merger, to set clear expectations for the process and receive direct feedback.

More broadly, stakeholders tell us that four aspects of how the competition regime operates really matter. Although the feedback relates particularly to merger control, these best practice principles are applicable to other areas of our work, such as the new digital markets competition regime, as well as market studies and market investigations.

The principles are: **proportionality** (for example, how interventionist the CMA is, including compared to other authorities); **predictability** (particularly around our jurisdiction but more broadly in terms of operating on a 'no surprises' basis); **process** (how transparent, streamlined, open, and consistent we are); and **pace** (executing our work as rapidly as possible, consistent with rigour and procedural fairness).

The CMA is committed to integrating these principles of best practice across everything we do, including seeking and acting upon direct stakeholder feedback. Further detail on this is included in our draft Annual Plan.

(ii) Stakeholder engagement

Stepping up our efforts to pro-actively listen, learn, explain, and incorporate insights has been one of the hallmarks of the CMA under our joint leadership. We are determined to continue listening and responding to feedback on how we work, particularly where this shores up business and investor confidence and enhances the UK's attractiveness as a destination for investment.

We will redouble these efforts this year, including continuing to deepen relationships with the UK's vibrant start-up and investment community through a new, tailored CMA outreach series, with a particular focus on mergers. 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.

In a similar vein, we are today announcing a new CMA Growth and Investment Council. The Council brings together senior representatives from the UK's leading business and investor bodies in service of a common goal: to help identify opportunities for competition to unlock growth and investment. In addition to the CMA, the Council is formed of 11 members representing a broad cross-section of business and financial interests. The Council will bring insights and recommendations to support the CMA's effectiveness across all our work. The first meeting is set to take place later this month, where members will provide feedback on the CMA's draft Annual Plan.

(iii) Measurement and reporting

We recognise the importance of regularly evaluating and reporting on the impact of our work (on growth and more broadly), and the way in which we carry it out. We do this through our annual Impact Assessment, Annual Report and Accounts and broader communications throughout the year; Mid-Year and End-of-Year reviews with our sponsor department; and appearances before parliamentary Select Committees.

This year, our draft Annual Plan consultation invites comment 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. We have also said we will use our regular stakeholder engagement to seek clear feedback on how we work (including in relation to the '4Ps' outlined above), reporting on this annually. This will enable us to play back in a more consistent, transparent way what we have heard and how we have acted on it.