HM Treasury

FRAMEWORK DOCUMENT:

Between the Competition and Markets Authority and the Department for Business and Trade

July 2026

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DRAFT FRAMEWORK DOCUMENT: Between the Competition and Markets Authority and the Department for Business and Trade

Introduction and background

1. Purpose of document

1.1. This framework document (the "framework document") has been agreed between the Department for Business and Trade (DBT) and the Competition and Markets Authority (CMA), in accordance with HM Treasury's handbook Managing Public Money[1] (MPM) (as updated from time to time) and has been approved by HM Treasury.

1.2. The framework document sets out the broad governance framework within which the CMA and DBT operate. It sets out the CMA's core responsibilities; describes the governance and accountability framework that applies between the roles of DBT and the CMA and HMT; and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.

1.3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms and this supersedes the previous framework document agreed between the CMA and the Department for Business, Energy and Industrial Strategy, published on 19 August 2021. It is not intended to compromise the independence of the CMA. Nothing in this framework document overrides the CMA's responsibilities as a central government department.

1.4. References to the CMA include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If the CMA establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and CMA agreed with DBT.

1.5. Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the CMA website.

1.6. This framework document should be reviewed and updated at least every three years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is August 2029.

2. Objectives

2.1. DBT and the CMA share the common objective of promoting competition and protecting consumers to drive economic growth and household prosperity. To achieve this DBT and the CMA will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the CMA to achieve its objectives through the promotion of partnership and trust and ensuring that CMA also supports the strategic aims and objective of the sponsor

[1] https://www.gov.uk/government/publications/managing-public-money

department and wider government as a whole, as set out in the government's Strategic Steer to the CMA published on 15 May 2025[2].

3. Classification

3.1. The CMA has been classified as a central government organisation by the ONS/HM Treasury Classifications Team and is the UK's principal competition and consumer authority.

3.2. It has been administratively classified by the Cabinet Office as a non-ministerial department.

[2] https://www.gov.uk/government/publications/strategic-steer-to-the-competition-and-markets-authority/strategic-steer-to-the-competition-and-markets-authority

Purposes, aims and duties

4. Purposes

4.1. The CMA has been established under the Enterprise and Regulatory Reform Act 2013 (ERRA 2013). This document does not supersede or replace the strategic steers issued from time to time by DBT to the CMA.

5. Powers and duties

5.1. The CMA's powers and duties stem from ERRA 2013, the Enterprise Act 2002, the Competition Act 1998, the Digital Markets, Competition and Consumers Act 2024, the Consumer Protection from Unfair Trading Regulations 2008, the Subsidy Control Act 2023 and the United Kingdom Internal Market Act 2020.

5.2. The CMA has a statutory duty "to promote competition, both within and outside the United Kingdom, for the benefit of consumers."[3] At the date of this framework document, the CMA's statutory functions include (but are not limited to):

- investigating mergers that have the potential to lead to a substantial lessening of competition
- operating and enforcing the digital markets competition regime
- conducting studies and investigations into particular markets where there are suspected competition and consumer problems
- taking action against businesses and individuals that take part in cartels or anti-competitive behaviour
- enforcing a range of consumer protection legislation, tackling issues that suggest a systemic market problem or that affect consumers' ability to make choices
- promoting stronger competition within the regulated industries (gas, electricity, water, aviation, rail, communications and health), co-operating with sector regulators and encouraging them to use their competition powers
- conducting regulatory appeals and references in relation to price controls, terms of licences or other regulatory arrangements under sector-specific legislation
- giving information or advice in respect of matters relating to any of the CMA's functions to the public and to Ministers
- overseeing and supporting the Office for the Internal Market in relation to its independent advisory, monitoring and reporting functions, which it performs to support the development and effective operation of the UK internal market on an ongoing basis
- providing advice, reporting and monitoring in relation to government subsidies, through the Subsidy Advice Unit

6. Aims

6.1. The CMA's purpose is to promote competition and protect consumers, with a clear end goal of driving economic growth and improving household prosperity.

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[3] S.25(3), ERRA 2013.

Governance and accountability

7. Governance and accountability

7.1. As a non-ministerial department, the CMA has operational freedom in line with its statutory framework. The CMA is the UK's independent competition authority and is directly accountable to Parliament for the performance of its functions and duties.

7.2. Corporate governance and accountability arrangements should draw on best practice in the public sector so far as is appropriate given the CMA's non-ministerial department status.

7.3. In particular (but without limitation), the CMA should:

- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice[4] (as amended and updated from time to time) to the extent appropriate and in line with its statutory duties or specify and explain any non-compliance in its annual report
- comply with HMT's Managing Public Money (MPM)
- in line with MPM have regard to the relevant Functional Standards[5] as appropriate and in particular those concerning Finance, Commercial and Counter Fraud
- take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to non-ministerial departments

7.4. In line with MPM Annex 3.1 the CMA shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the CMA does intend to materially depart from the Code, the sponsor should be notified in advance.

[4] https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017

[5] https://www.gov.uk/government/collections/functional-standards

Role of the department

8. The responsible Minister

8.1. DBT keeps Parliament informed about the CMA's performance in accordance with paragraph 7.9 of MPM and in discharging its obligations in terms of the CMA's statutory functions.

8.2. The Secretary of State has statutory powers in respect of the CMA as set out in Schedule 4 of ERRA 2013 in paragraph 1(1), paragraph 2 and paragraphs 9(1) and (4).

8.3. These include the power to appoint the Chair and CEO of the CMA, as well as members of the CMA Board, the CMA Panel and the OIM Panel.

8.4. Alongside this, the CMA is ultimately accountable to Parliament.

Appointments to the Board

8.5. The Chief Executive of the CMA is appointed by the Secretary of State under Schedule 4 of ERRA 2013. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.

8.6. The Secretary of State shall have the following appointment and approval rights in relation to the CMA Board:

- the Chair is appointed by the Secretary of State under section 1(1)(a) of Schedule 4 ERRA 2013. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments
- in accordance with sections 1(1) and (3) of Schedule 4 ERRA 2013, the CMA Board must have at least five members, not including the Chair. At least one Board member must also be appointed to the CMA Panel. Non-executive members are appointed by the Secretary of State under section 1(1)(b) of Schedule 4 ERRA 2013. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments
- the Chair and non-executive members of the CMA Board are appointed for a period of not more than five years. CMA Panel and OIM Panel members are appointed for a period of not more than eight years. In accordance with Schedule 4 to the ERRA 2013, the Secretary of State must consult with the Chair of the CMA before making an appointment to the CMA Board, the CMA Panel, the OIM Panel or appointing the Chief Executive
- All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds

Other Ministerial powers and responsibilities

8.7. The Secretary of State is also responsible for the policy framework within which the CMA operates.

9. The Principal Accounting Officer

9.1. The Principal Accounting Officer (PAO) in the CMA is the Chief Executive of the CMA.

PAO's specific accountabilities and responsibilities

9.2. The PAO of HM Treasury designates the Chief Executive as the CMA's PAO and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the PAO, setting out their responsibilities.

9.3. The Chief Executive may, at their discretion, designate an Additional Accounting Officer (AAO). The responsibilities of the PAO and AAO are set out in Chapter 3 of HMT's MPM, which is sent separately to both the PAO and AAO on appointment.

10. The role of the sponsorship team

10.1. The Sponsorship Team in the Consumer and Competition Policy Directorate in DBT is the primary contact for the CMA. The responsible senior civil servant for this relationship is the Director General overseeing this team. They are the main source of advice to the responsible Minister on the discharge of their responsibilities in respect of the CMA. For financial issues the Competition Spending team in HMT is the primary contact for the CMA.

10.2. DBT, HMT and the CMA will have an open and honest relationship, supported by the principles set out in the Sponsorship Code of Good Practice[6]. All parties will ensure that they clearly understand each other's strategic aims and objectives and commit to developing constructive working relationships at all levels.

10.3. In addition to routine contact between DBT, HMT and the CMA meetings will take place between:

- the Secretary of State for DBT and the CMA Chair, at least annually
- the responsible DBT, HMT Directors General and the CMA Chair, CEO and members of the CMA's Senior Executive team at mid and end of year review
- the responsible DBT Director General and the CMA Chair and Chief Executive quarterly
- the Director for Consumer and Competition Policy (Director level sponsor) and the CMA Chief Executive monthly or otherwise regularly by agreement

10.4. Both DBT and the CMA commit to sharing information on upcoming announcements or publications of mutual interest to be treated in confidence ahead of release.

[6] https://www.gov.uk/government/publications/arms-length-body-sponsorship-code-of-good-practice

11. Resolution of disputes between the CMA and sponsor department

11.1. Any disputes between DBT and the CMA will be resolved in as timely a manner as possible. The department and the CMA will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the DG level senior sponsor, will be used to resolve the issue. Failing this, the DG senior sponsor may then choose to ask the Permanent Secretary to nominate a non-executive member of the department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

12. The role of HMT

12.1. The competition spending team in HMT is the primary contact for the CMA on financial issues and allocates the CMA's funding through Spending Reviews and Fiscal Events. The HMT spending team will liaise with the DBT CMA sponsorship team on a regular basis.

13. The role of the Department for Science, Innovation and Technology

13.1. The Department for Science, Innovation and Technology (DSIT) has a specific role in areas of governance related to the Digital Markets Unit (DMU) and the digital markets regime established by the Digital Markets, Competition and Consumers Act 2024. This role is set out in a Memorandum of Understanding between DSIT and DBT.

14. Freedom of Information requests

14.1. Where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection Act 1998, and the request captures information provided by the other party, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

15. Reporting on legal risk and litigation

15.1. The CMA shall provide at its Mid-Year and End of Year Review an update to DBT on the existence of any active litigation that may be of interest to government.

16. The Chief Executive

Responsibilities of the non-ministerial department's Chief Executive as Principal Accounting Officer

16.1. The Chief Executive, as PAO, is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the CMA. In addition, they should ensure that the CMA as a whole is run on the basis of the standards, in terms of governance, decision-making (including taking a balanced view of the organisation's approach to managing opportunity and risk) and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the PAO appointment letter issued by the PAO of the HM Treasury.

Responsibilities for accounting to Parliament and the public

16.2. Responsibilities to Parliament and the public include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about the CMA in accordance with the Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within the CMA and published on https://www.gov.uk/government/organisations/competition-and-markets-authority
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the sponsor department, the Treasury and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
    - any governing legislation
    - this framework document
    - any delegation letter issued to the body as set out in paragraph 20.1
    - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the CMA
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence when summoned before the PAC on the CMA's stewardship of public funds

Responsibilities to the board

16.3. The Chief Executive is responsible for:

- advising the Board on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on the CMA's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

Managing conflicts

16.4. The Chief Executive should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.

16.5. The CMA's PAO must take care that their personal PAO responsibilities do not conflict with their duties as a board member. In particular, the PAO should vote against any proposal which appears to cause such a conflict; it is not sufficient to abstain.

16.6. If the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the chief executive in their role as PAO should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.

16.7. Such conflicts should be brought to the attention of the responsible Minister as soon as possible.

16.8. Furthermore, and if agreed with the responsible Minister, the PAO must write a letter of justification to the chair of the Board setting out the rationale for not following the advice and recommendation of the Board and copy that letter to the Treasury Officer of Accounts.

16.9. If the responsible Minister agrees with the proposed course of action of the Board, it may be appropriate for the Minister to direct the PAO in the manner as set out in MPM paragraph 3.6.1 onwards.

16.10.If the Chair or Board of the CMA is minded to instruct its PAO to carry out a course inconsistent with their duties as PAO, then the PAO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, the CMA should then:

- seek the board's written direction to carry it out, and inform HM Treasury and DBT
- proceed to implement without delay
- follow the routine in paragraph 3.6.6 of MPM

17. The Board

Composition of the Board

17.1. The CMA will have a board in line with good standards of corporate governance and as set out in in its establishing statute and in guidance as set out in Annex A. The role of the Board shall be to run the CMA, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common law duties and their responsibilities under this framework document. Detailed responsibilities of the board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM)[7].

17.2. The Board will consist of a Chair, together with the Chief Executive and at least five non-executive members that have a balance of skills and experience appropriate to directing the CMA's business. The CMA non-executive directors

[7] https://www.gov.uk/government/collections/government-financial-reporting-manual-frem

should collectively have the following experience: senior level competition law expertise, and possibly consumer law experience; senior level economics (with academic or policy background); business or investment experience, consumer protection or advocacy, public policy (possibly with parliamentary or legislative experience) and experience of international regulatory or commercial engagements. The Board will include as an executive and voting board member an appropriately qualified finance director as described in Annex 4.1 of MPM. The Board should include a majority of independent non-executive members to ensure that executive members are supported and constructively challenged in their role.

Board Committees

17.3. The Board may set up such committees as necessary for it to fulfil its functions and as required by legislation. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board.

17.4. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration[8] it retains responsibility for, and endorses, final decisions in all of these areas (with the exception of the Digital Markets Board Committee, see note below). The Chair should ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.

17.5. However, the Digital Markets Board Committee (DMBC) retains the ability to oversee and take delegated decisions on the non-reserved digital market functions under the ERRA13.[9]

17.6. The Chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The Chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

Duties of the Board

17.7. The Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of the CMA, consistent with its overall strategic direction and within its policy and resources framework
- taking decisions reserved to it under Schedule 4, para 29(2) of ERRA13 providing effective leadership of the CMA within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for the CMA to meet its objectives
- reviewing management performance
- maintaining the independence of the CMA

[8] Specifically, CMA's Audit and Risk Committee, Nominations Committee and Remuneration Committee

[9] Annex I: Digital Markets Board Committee terms of reference - GOV.UK

- ensuring that the Board receives and reviews regular financial and management information concerning the management of the CMA
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the CMA Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister via the executive team, sponsorship team or directly
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds
- ensuring that as part of the above compliance they are familiar with:
    - this framework document
    - any delegation letter issued to body
    - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the CMA
    - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the chief executive and the CMA as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the board to address key financial and other risks
- in consultation with the department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilization of public resources
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chairperson by the independent non-executives, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the responsible Minister
- determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the CMA of its objectives

17.8. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

17.9. The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)[10]. The Board must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the

[10] https://www.gov.uk/government/publications/orange-book

department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

18. The Chair's role and responsibilities

18.1. The Chair is responsible for leading the board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their contract of employment/appointment letter, the priorities in the chair's letter issued to them by the sponsor team, the statutory authority governing the CMA, this document and the documents and guidance referred to within this document.

18.2. Communications between the CMA Board and the responsible Minister should normally be through the Chair.

18.3. The Chair Is bound by the Code of Conduct for Board Members of Public Bodies[11], which covers conduct in the role and includes the Nolan Principles of Public Life[12].

18.4. In addition, the Chair is responsible for:

- ensuring, including by monitoring and engaging with appropriate governance arrangements, that the CMA's affairs are conducted with probity
- ensuring that the Government's Strategic Steer to the CMA is clearly communicated and disseminated throughout the CMA. The Strategic Steer sets out the Government's expectation that in discharging its functions, and in the way in which it goes about its work, the CMA supports growth and investment. The Government expects the CMA's actions to be swift, predictable, independent and proportionate

18.5. The Chair has the following leadership responsibilities:

- formulating the Board's strategy
- ensuring that the Board, in reaching decisions, takes proper account of the Strategic Steer and any guidance provided by the responsible Minister
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety
- representing the views of the board to the general public

18.6. The Chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment

[11] https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies

[12] https://www.gov.uk/government/publications/the-7-principles-of-public-life

- that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered and the confidence of those stakeholders is maintained
- that the Board has a balance of skills appropriate to directing the CMA's business, and that all directors including the Chair and Chief Executive continually update their skills, knowledge and familiarity with the CMA to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector
- board members are fully briefed on terms of appointment, duties, rights and responsibilities
- they, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the responsible Minister is advised of DBT needs when board vacancies arise
- there is a Board Operating Framework in place setting out the role and responsibilities of the board consistent with the Government Code of Good Practice for Corporate Governance
- there is a code of practice for Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies

19. Individual board/panel members' responsibilities

19.1. Individual board members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate[13]
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of the CMA
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government

19.2. The CMA Panel members may perform a variety of duties on the CMA's behalf, including acting as a member of: the Digital Markets Board Committee (DMBC) or DMBC subcommittees in relation to the CMA's digital markets functions, a

[13] https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds

mergers reference group, a markets reference group, a remedies review group, a regulatory appeal group and a Case Decision Group (or comparable function) in relation to competition law enforcement cases. At least one Panel member must also be appointed to membership of the CMA Board.

19.3. When appointed to a group, the Panel members are the statutory decision-makers for that particular matter and they make their decision independently of the CMA Board.

19.4. The Panel includes a small number of "Inquiry Chairs" who chair Phase 2 merger inquiries, market investigations and regulatory appeals, and may also chair Case Decision Groups (or comparable function). Inquiry Chairs must ensure that groups are able to make effective decisions, based on evidence and fact.

19.5. Additionally, Panel members may be asked to participate in other areas of the CMA's work including contributing to governance and the overall strategic direction of the CMA, sitting on CMA Committees and advising/contributing to policy development.

19.6. In performing their functions, Panel Members must maintain the highest standards of integrity, impartiality and objectivity.

Management and financial responsibilities and controls

20. Delegated authorities

20.1. The CMA's delegated authorities are set out in the delegation letter. This delegation letter may be updated and superseded by later versions which may be issued by HM Treasury.

20.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.

20.3. The CMA shall seek HM Treasury's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the CMA's annual budget
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by HM Treasury
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
- carrying out policies that go against the principles, rules, guidance and advice in MPM

21. Banking and managing cash

21.1. The CMA must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).

21.2. The CMA should only hold money outside Government Banking Service accounts where a good business case can made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.

21.3. Commercial accounts where approved should be operated in line with the principles as set out in MPM.

21.4. The PAO is responsible for ensuring that the CMA has a banking policy as set out in MPM and ensuring that policy is complied with.

22. Procurement

22.1. The CMA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Procurement Act 2023.

22.2. The CMA shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.

22.3. When directly requested by the CMA the DBT sponsorship team will assist the CMA in obtaining appropriate advice regarding specific ambiguities or queries relating to procurement.

22.4. In procurement cases where the CMA is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from HM Treasury.

22.5. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional.

22.6. Procurement by the CMA of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).

22.7. The CMA shall:

- engage fully with government wide procurement initiatives that seek to achieve VfM from collaborative projects
- comply with all relevant Procurement Policy Notes issued by Cabinet Office
- co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM

22.8. The CMA shall comply with the commercial[14] and grants standards[15]. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and non-ministerial departments, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

23. Risk management

23.1. The CMA shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts[16].

24. Counter fraud and theft

24.1. The CMA should adopt and implement policies and practices to safeguard itself against fraud and theft.

24.2. The CMA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in

[14] https://www.gov.uk/government/publications/commercial-operating-standards-for-government

[15] https://www.gov.uk/government/publications/grants-standards

[16] http://www.hm-treasury.gov.uk/orange_book.htm

Managing Public Money Annex 4.9 and the Counter Fraud Functional Standard[17]. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

24.3. The CMA should report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

25. Staff

Broad responsibilities for staff

25.1. Within the arrangements approved by the Treasury the CMA will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
- the performance of its staff at all levels is satisfactorily appraised and the CMA's performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the CMA's objectives
- proper consultation with staff takes place on key issues affecting them
- adequate grievance and disciplinary procedures are in place
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies[18]

Staff costs

25.2. Subject to its delegated authorities, the CMA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

25.3. The CMA's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the Treasury. The CMA has no delegated power to amend these terms and conditions.

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[17] https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud

[18] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1107259/Public_Bodies_-_a_guide_for_departments_-_chapter_5.pdf (see Annex A)

25.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code[19] and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.

25.5. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.

25.6. The CMA shall abide by public sector pay controls, including the relevant approvals process as detailed in the Senior Pay Guidance[20] and the Public Sector Pay and Terms Guidance[21].

25.7. The CMA may operate a performance-related pay scheme where relevant with due regard to the Public Sector Pay and Terms Guidance.

25.8. The travel expenses of board members shall be tied to the rates allowed to senior staff of the CMA. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation

25.9. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

25.10. The CMA staff shall normally be eligible for a pension provided by the CMA through Civil Service Pensions (PCSPS), or a partnership pension through Legal & General. Staff may opt out of the occupational pension scheme provided by the CMA, but in doing so, forfeit any employers' contribution.

25.11. Any proposal by the CMA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of MPM.

19 https://www.gov.uk/government/publications/civil-servants-terms-and-conditions

20 https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward

21 https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note

Financial reporting and audit

26. Annual report and accounts

26.1. The CMA Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as HM Treasury's Financial Reporting Manual (FReM)[22].

26.2. The annual report must:

- cover any corporate, subsidiary or joint ventures under its control
- comply with the FreM
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

26.3. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on the CMA website, in accordance with the guidance in HM Treasury's FreM and their Public Expenditure System (PES) paper.

26.4. The CMA Board will share the draft report and accounts with DBT for awareness at least five working days ahead of publication, noting that the draft may still be subject to change.

27. Internal audit

27.1. The CMA shall:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury[23].
- set up an audit committee of its board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook

28. External audit

28.1. The Comptroller & Auditor General (C&AG) at the National Audit Office audits the CMA's financial statements under the Government Resources and Accounts Act 2000 (GRAA 2000).

28.2. In the event that the CMA has set up and controls subsidiary companies, the CMA will, in the light of the provisions in the Companies Act 2006, ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts.

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[22] https://www.gov.uk/government/collections/government-financial-reporting-manual-frem

[23] https://www.gov.uk/government/publications/public-sector-internal-audit-standards

28.3. The C&AG:

- will consult the CMA on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the GRAA 2000, held by another party in receipt of payments or grants from the CMA.
- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion

28.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the CMA has used its resources in discharging its functions. For the purpose of these examinations, the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the CMA shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

29. Performance Management

29.1. The CMA shall operate management information and accounting systems which enable it to review, in a timely and effective way, its financial and non-financial progress against its budget, Annual Plan and the Strategic Steer.

29.2. The CMA shall report annually to DBT and HMT on:

- The ratio of direct financial benefit and costs for its principal tools
- Its assessment of wider benefits of its work, for example on growth, business and consumer confidence in markets, compliance with competition law and deterrence of anticompetitive behaviour
- The allocation of the CMA's resources, setting out how CMA staff time has been split across different types of activity
- Timescales for competing investigations and enforcement activity.
- And any other KPI mutually agreed for publication agreed between DBT, HMT and the CMA

29.3. In carrying out this reporting, the CMA shall, at regular intervals, seek and report on the views of stakeholders.

29.4. The ratio of direct financial benefit stands at 10:1.

Annex A: Guidance

The CMA shall comply with the following guidance, documents and instructions:

Corporate governance

- This framework document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance: https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017
- Code of conduct for Board members of Public Bodies: https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies
- Code of practice for partnerships between Departments and Arm's Length Bodies: https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice#:~:text=This%20code%20of%20good%20practice,partnership%20approach%20to%20shaping%20relationships.

Financial management and reporting

- Managing Public Money (MPM): https://www.gov.uk/government/publications/managing-public-money
- Government Financial Reporting Manual (FReM): www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters: www.gov.uk/government/collections/dao-letters
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts: https://www.gov.uk/government/collections/whole-of-government-accounts
- The most recent letter setting out the delegated authorities, issued by the parent department.

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and https://www.gov.uk/government/publications/management-of-risk-in-government-framework
- Public Sector Internal Audit Standards: www.gov.uk/government/publications/public-sector-internal-audit-standards
- HM Treasury approval processes for Major Projects above delegated limits: https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects
- The Government cyber-security strategy and cyber security guidance: https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022 and https://www.gov.uk/government/collections/cyber-security-guidance-for-business

Commercial management

- Procurement Policy Notes: https://www.gov.uk/government/collections/procurement-policy-notes
- Cabinet Office spending controls: https://www.gov.uk/government/collections/cabinet-office-controls
- Transparency in supply chains - a practical guide: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf

Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments: https://publicappointmentscommissioner.independent.gov.uk/
- Governance Code on Public Appointments: www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees: https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees

Staff and remuneration

- HM Treasury guidance on senior pay and reward: www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Civil Service pay guidance (updated annually): www.gov.uk/government/collections/civil-service-pay-guidance
- Public sector pay and terms: https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note
- Whistleblowing Guidance and Code of Practice: https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers
- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions: www.legislation.gov.uk/ukpga/2000/36/contents and https://ico.org.uk/for-organisations/guide-to-freedom-of-information/
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: https://www.ombudsman.org.uk/about-us/our-principles
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to [the ALB].
- Guidance from the Public Bodies team in Cabinet Office: www.gov.uk/government/publications/public-bodies-information-and-guidance

- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute): https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects: www.gov.uk/government/organisations/infrastructure-and-projects-authority
- The Government Digital Service: www.gov.uk/government/organisations/government-digital-service
- The Government Fraud, Error, Debt and Grant Efficiency function; www.gov.uk/government/collections/fraud-error-debt-and-grants-function and www.gov.uk/government/publications/grants-standards
- Code of Practice for Official Statistics: https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy.
- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs): www.gov.uk/government/publications/accounting-officer-system-statements