

# Competition and Markets Authority Annual Plan 2020/21



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CMA112



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## Contents

	<i>Page</i>
Foreword .....	1
1. About the CMA.....	5
2. Current context .....	7
3. Our priorities for 2020/21 .....	9
4. Resources.....	20



## Foreword

This year will be one of profound change for the United Kingdom and for the CMA.

The UK left the European Union (EU) on 31 January 2020 and the transition period is due to end on 31 December 2020. This means that, from January 2021, the CMA will take on those trans-national mergers and cartel cases over which the European Commission has previously had exclusive jurisdiction. Under plans announced by the previous Government, the CMA would also take on enforcement of a new UK national subsidy control regime. Our planning for this is in place and, although it may limit the number of major new projects we can launch in the coming months, we will be ready to take on our new responsibilities.

At the same time as we take a more active role dealing with trans-national cases that may affect UK consumers, we also remain firmly committed to promoting competition for the benefit of UK consumers in those cases that affect only the UK. We will act decisively to ensure that markets are competitive and that consumers are protected now that the UK has left the EU. Making sure that there is effective competition is essential to enabling consumers of goods and services to have the best value for money, quality and choice, and to benefit from innovation.

But competition in the UK appears to be getting weaker in several sectors of the economy, with some evidence of growing market concentration and rising profit margins, and profitability clearly increasing. Practices that harm consumers and damage trust in markets, which effective competition should drive out, persist.

There has also been significant growth of new and rapidly-emerging forms of consumer detriment, caused in part by the increasing digitalisation of the economy, which requires more rapid intervention, and probably new types of intervention.

These trends pose a crucial challenge for all regulators with a competition element to their duties, and in particular for the CMA. If we allow such trends to continue unabated, and if we fail to protect consumers effectively, we will be failing in our duties to the public, and public confidence in markets may be further undermined.

For competition authorities to address these challenges effectively, and to succeed in our mission to protect consumers, requires significant change. We do not operate in a vacuum; we need to evolve in response to these challenges.

We intend to shift the culture of the CMA to sharpen our focus on what matters to consumers. We need to engage more closely with consumers, and to deepen our understanding of how existing markets are changing, new markets are emerging, and of consumers' experiences and concerns. This is necessary so that our interventions deliver impact where it is most needed, and it is why we will engage more actively with consumers and businesses across the UK over the coming

year. One way we will be looking to do this will be through working with Citizens Advice and other bodies to put CMA staff more directly in touch with consumers.

Consumers should see a difference, and increasingly so over time. They should see us listening more carefully to their concerns, and they should see us creating opportunities for them to tell us what they think.

We have also started a project to assess the state of competition in markets across the UK, and consumers' experiences of those markets, and we will produce an initial report on this in the summer. Our review will also look at the experience of small to mid-size businesses, who are often not much better off than individuals in dealing with big, powerful companies.

We will be an increasingly visible and robust champion for competition and consumers. We will effect change through speaking up publicly as well as through enforcement, and where we can achieve more for consumers, or more quickly, through speaking up, we will do so; for example, by shining a light on undesirable behaviour. We will also build up our capability to inform, advise and challenge the impact of government policy on consumers, particularly vulnerable consumers. We will advocate strongly that government, whether central, local or devolved, delivers the changes that we have recommended over recent years.

We will also improve how we choose which problems to take on, and do more to explain these decisions, making our case selection more transparent. We will use all the information we gather from getting closer to consumers to further develop how we choose where to use the public resources for which we are responsible.

We must also be ready to intervene more actively, decisively and speedily than in the past. We have already taken steps to do this where we have the powers, tackling cartels such as the estate agents fixing commissions and driving forward a programme of activity to rectify the 'loyalty penalty' that too many consumers face when buying important services. We have also deployed our powers more effectively to protect the public and increase deterrence, for example through the increased use of our powers to secure the disqualification of company directors involved in breaches of competition law.

But there is only so much that we can do with our existing powers. The UK has an analogue system of competition and consumer law in a digital age. That is why we also need updated duties and powers to bolster competition and consumer protection, by making the regimes swifter, stronger and more flexible. In February 2019 we made proposals to Government for reform which are designed to help stop anti-competitive conduct and unfair trading sooner, restore competitive conditions faster and to reduce business uncertainty. We will continue to make the case for this reform.



In the immediate term, and in the context of preparing to take on our new responsibilities from January 2021, we propose in 2020/21 to exercise our functions with particular regard to these strategic objectives:

- **Protecting consumers, including in particular those in vulnerable circumstances:** This includes enforcement action where consumers are being ripped off, as well as behavioural insights work to gain a better understanding of consumer vulnerability (for example when having to purchase funeral services).
- **Improving trust in markets:** Our ongoing work to root out fake reviews, tackle abuses of subscription traps and address concerns about anti-competitive practices and excessive pricing in pharmaceutical markets are central to our work here, as well as making the case for tougher powers to stop anti-competitive behaviour and strengthen consumer redress when things go wrong.
- **Tackling concerns in digital markets:** We need to ensure that the many benefits of digitalisation for consumers are secured, while making sure that concerns are properly addressed. We will deliver on our Digital Markets Strategy, published in July 2019, including finishing our market study into online platforms and digital advertising, using our consumer protection and competition law powers to tackle abuses and continuing to assess mergers in this space.
- **Enhancing productivity and economic growth:** Effective competition is of direct benefit to consumers but brings wider economic benefits too. It is a spur to enhanced business efficiency and innovation, which in turn improves productivity and facilitates growth, job creation and better living standards in the economy as a whole. As well as our continuing action on mergers, anti-competitive practices, consumer protection and our markets work, we will step up our work to advise government in designing and implementing policy in a way that harnesses competition and protects the interests of consumers.
- **Climate change - supporting the transition to a low carbon economy:** We will develop our understanding of how climate change affects markets and consider how, when exercising our functions, we can act in a way that supports the transition to a low carbon economy. We will also consider using our enforcement powers to correct false or misleading statements that affect consumers, for example in the use of 'green' claims.
- **Taking on new responsibilities as a result of the UK leaving the EU:** We will build on the substantial progress we have made in ensuring that we have the necessary people, skills and infrastructure in place to take on our

expanded domestic role and to secure a greater global footprint from January 2021.

While focusing our efforts in these key areas, we will also strive to keep pace with fast-moving global events that are likely to impact markets and consumers in the UK and globally, not least the rapidly escalating concerns around the spread of Coronavirus (COVID-19).

Whatever the next year brings, we are determined to do even better in delivering significant benefits to consumers, businesses and the wider economy – and to do so providing excellent value for money for the taxpayers who fund us.



Andrew Tyrie  
Chairman



Andrea Coscelli  
Chief Executive

## 1. About the CMA

- 1.1. The CMA is an independent non-Ministerial government department and is the UK's lead competition and consumer authority. We work to ensure that consumers get a good deal when buying goods and services, and that businesses operate within the law. Our statutory duty is to promote competition, both within and outside the UK, for the benefit of consumers, and our mission is to make markets work well in the interests of consumers, businesses and the economy.
- 1.2. We derive our powers from the Enterprise and Regulatory Reform Act 2013 and our work is overseen by a Board and led by the Chief Executive and senior team. Decisions in some investigations are made by independent members of a CMA panel.
- 1.3. Our functions include:
  - Investigating mergers that have the potential to lead to a substantial lessening of competition;
  - Conducting studies, investigations or other pieces of work into particular markets where there are suspected competition and consumer problems;
  - Investigating businesses and individuals to determine whether they have breached UK or EU<sup>1</sup> competition law and, if so, to end and deter such breaches, and pursue individuals who commit the criminal cartel offence;
  - Enforcing a range of consumer protection legislation, tackling issues which suggest a systemic market problem, or which affect consumers' ability to make choices;
  - Promoting stronger competition in the regulated industries (gas, electricity, water, aviation, rail, communications and health), working with the sector regulators;
  - Conducting regulatory appeals and references in relation to price controls, terms of licences or other regulatory arrangements under sector-specific legislation;
  - Giving information or advice in respect of matters relating to any of the CMA's functions to the public, policy makers and to Ministers.

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<sup>1</sup> Until the end of the Transition Period established by the UK/EU Withdrawal Agreement.

- 1.4. We adopt an integrated approach to our work, selecting those tools we believe will achieve maximum positive impact for consumers and the UK economy.
- 1.5. We have a UK-wide remit: as well as our London office, where most of our staff are based, we now have a significant presence in Scotland as well as offices in Northern Ireland and Wales.

## 2. Current context

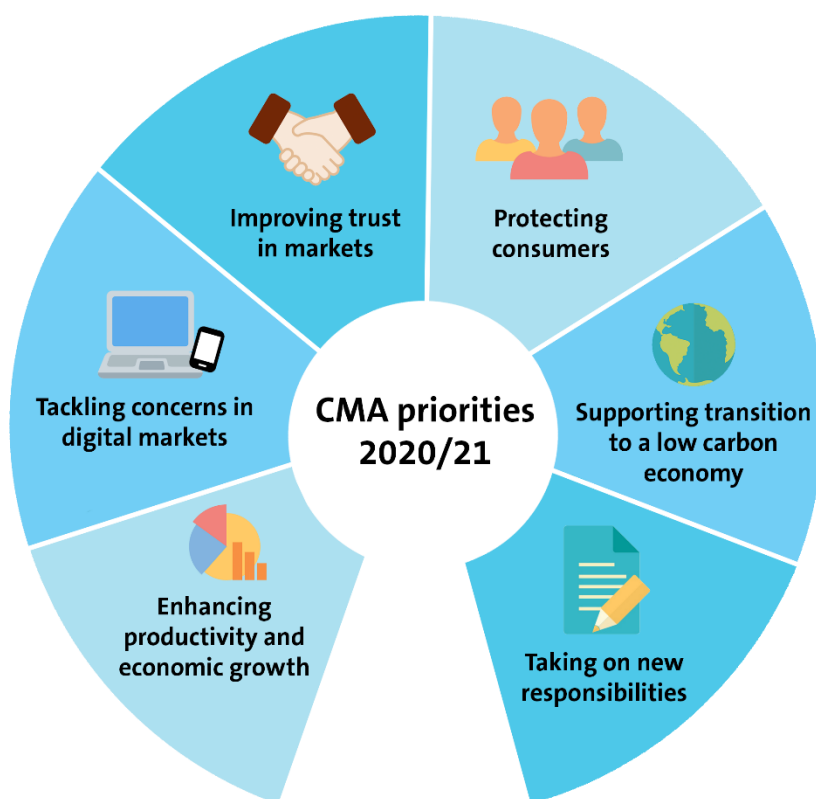
- 2.1. This document sets out the CMA's plans and priorities for 2020/21. In doing so, it is important to give some context and explain where we are currently.
- 2.2. In the past year, we have carried out a high number of major merger investigations to prevent or remedy anti-competitive mergers that would otherwise result in consumers facing higher prices or lower quality products and services. We have used our competition law powers to halt and deter harmful anti-competitive practices – including imposing total fines of over £48m, securing disqualifications of nine company directors involved in competition law breaches, and, in one case involving medicine supplies, securing a compensatory payment of £8.1m to the National Health Service (NHS) (including payments to the devolved health services). Exercising our consumer protection powers, we have secured commitments to tackle problems in online hotel bookings, online reviews and online sales of tickets for sporting, musical and theatrical events, as well as in the mobile phone and higher education sectors. We also concluded our market study into the audit market, which recommended the separation of audit from consulting services, mandatory joint audit and the introduction of statutory regulatory powers to increase accountability.
- 2.3. We enter 2020-21 carrying a high volume of ongoing casework, with an unprecedented number of “Phase 2” merger investigations.
- 2.4. Our competition law enforcement caseload is also at a record level for the CMA, as we seek to send out a clear message that anti-competitive practices will not be tolerated, and this has led to an unprecedented level of litigation and procedural challenges by the companies we have investigated. We are continuing our market study into online platforms and digital advertising, and our market investigation into the funerals market, and are pursuing some important consumer protection law enforcement cases. Under our powers to hear appeals against the decisions of sector regulators, we are already engaged in one appeal and it is likely that we will receive several more in early 2020.
- 2.5. Following the UK's departure from the EU, we also know that we need to be ready for new and significant work from January 2021 as we acquire jurisdiction over categories of cases previously reserved to the European Commission. This will include around a 50% increase in the number of merger cases, UK elements of international competition enforcement cases and (under previously announced plans) a role in subsidy control. To be ready, we will need to work on cases well before January 2021, for

example engaging in pre-notification discussions in mergers, from early autumn 2020.

- 2.6. We may therefore have limited opportunities to launch many major new discretionary projects over the coming year, but we are nevertheless committed to ensuring that we maximise the use of the resources available to us to deliver significant outcomes for consumers, businesses and the economy using the full range of our existing toolkit. We have prepared well to ensure that we are ready to take on new responsibilities from January 2021, while maintaining other functions, through a continual assessment of how to deploy resources. We have also been recruiting many new staff to help us take on our expanded role and will continue to do so in the period ahead. This includes recruiting expertise to our Edinburgh, Cardiff and Belfast offices that will help equip us with greater knowledge of priorities in the different nations of the UK. Over the next 12 months we are therefore confident that we will be able to see through what we have already started, be ready for our increased case load from January 2021, but also launch some selected new 'domestic' work.

### 3. Our priorities for 2020/21

- 3.1. We will continue to focus on issues that really matter to UK consumers, ensuring that our work is directly relevant to people's everyday life, and that we further cement the CMA's place at the heart of UK economic life.
- 3.2. Within this context, in the coming year, we will exercise our functions with particular regard to these strategic objectives:
- Protecting consumers, including in particular those in vulnerable circumstances;
  - Improving trust in markets;
  - Tackling concerns in digital markets;
  - Enhancing productivity and economic growth;
  - Climate change - supporting the transition to a low carbon economy;
  - Taking on new responsibilities as a result of the UK leaving the EU.





### ***Protecting consumers, including in particular those in vulnerable circumstances***

- 3.3. Consumer harm can be substantial when markets do not work well, with people in a vulnerable situation at particular risk of losing out.
- 3.4. In line with the Government's latest Strategic Steer, the CMA will play a prominent role in promoting the interests of consumers, particularly the most vulnerable, by championing good outcomes for consumers and by addressing new and emerging forms of detriment.
- 3.5. Where the consumer interest can be secured through the promotion of competition, we will use our competition tools accordingly. But, where that is not the case, we will not hesitate to use other means to promote the consumer interest.
- 3.6. We recognise that there are some corners that the competition broom cannot sweep, or cannot sweep cleanly or quickly enough, to adequately protect consumers, especially the most vulnerable, from detriment. Given this, we will promote the consumer interest in a holistic way, through the use of all of our tools, and by taking timely action to protect consumers and to prevent harm accruing.
- 3.7. In 2019 we set out the key findings of our programme of work on vulnerable consumers,<sup>2</sup> and built on our response to the super-complaint made to us by Citizens Advice about the loyalty penalty in a number of regulated sectors. We intend to build on both these pieces of work. Notably, we are part way through a market investigation into the funerals market in light of serious concerns we identified in our earlier market study.
- 3.8. We also intend to see through action to stop care home residents from being treated unfairly, building on our successful work last year which included securing changes from three care home providers on the fees they charge after a resident has died. Proceedings against a provider to secure refunds for residents who have been charged a compulsory upfront administration fee will be heard in the High Court in July 2020.
- 3.9. We will also be consulting publicly on guidance on consumer protection law for fertility clinics, in response to concerns about possible cases of mis-

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<sup>2</sup> See: <https://www.gov.uk/government/publications/consumer-vulnerability-challenges-and-potential-solutions>



selling of services such as IVF ‘add-on’ treatments, and possible misrepresentation of clinics’ success rates. The CMA will be working closely with the sector regulator, the Human Fertilisation and Embryology Authority, to understand patients’ experiences and learn more about how clinics operate.

- 3.10. Within our portfolio of competition enforcement cases we will continue to have a strong focus on the UK pharmaceutical sector, to ensure that the NHS does not pay significantly more than it should for essential medicines and treatments, and that consumers who depend upon these drugs and treatments do not lose out.
- 3.11. Our mergers work also touches markets that impact vulnerable consumers. For example, we recently required a merger of two suppliers of augmentative and assistive communication solutions to people with complex speech and language needs to be unwound because of the very serious effects – less choice, less product development and higher prices – the deal would have had.
- 3.12. In the year ahead we will build a new Behavioural Hub to provide support for our consumer protection and competition cases. This will bring additional behavioural insight skills into the organisation and coordinate the existing capabilities among our legal, economic, communications and other staff.



### ***Improving trust in markets***

- 3.13. There is a gap between public expectations of fair markets and the reality of how markets are working. Many markets are not working as well as they should for ordinary consumers, or for small businesses that play by the rules. Consumer detriment and anti-competitive behaviour can persist for longer than they should.
- 3.14. We will use the full range of our powers to seek to right these wrongs, seeing through existing cases and launching new ones. We will also continue to look for non-legislative ways to strengthen and streamline our methods and to help restore consumer trust.
- 3.15. But we believe that legislative reform is necessary to bring about stronger, swifter and more flexible competition and consumer regimes and we will continue to advocate that new laws be introduced. We have proposed reform of the CMA’s duties which would give clear legislative authority to the CMA to promote the interests of consumers, and to conduct its work as

swiftly as possible. These new or improved powers would help ensure that concerns about consumer detriment, including that falling on the most vulnerable consumers, are uppermost in our mind when deciding whether, when and how to intervene in markets.

- 3.16. We remain committed to making sure that the issues identified in the Citizens Advice super-complaint on loyalty penalty charges are effectively tackled both in the five markets identified, and across the whole economy. We will publish a further update in summer 2020, allowing us to make a fuller assessment of the extent to which the actions underway by sector regulators can effectively tackle the problems identified. More broadly, we will continue to engage with consumer bodies, including the Consumer Council for Northern Ireland, Citizens Advice Scotland and the new Consumer Scotland once it is established later in 2020, to ensure we are informed of the issues relevant to consumers across the nations of the UK.
- 3.17. More widely we will continue to work alongside the sector regulators, supporting them to use their concurrent competition powers to protect consumers and make markets in their sector work in their favour.
- 3.18. In the regulated industries, it is important that the public, as well as businesses and investors, have trust in the regulation of their sectors and that it is delivering the right balance of outcomes, both now and for the future. The CMA can be called on to review some of the regulators' decisions and in 2020/2021 we will publish our redetermination of Ofwat's Price Control for 2020-2025 in respect of four water companies that asked Ofwat to refer the determination to the CMA. Our redetermination will look to strike the right balance between ensuring that customers' bills are not set too high, and that the water companies have enough money to deliver an efficient and high-quality service. Our review will consider whether any changes are necessary to the price controls proposed by Ofwat.
- 3.19. We will also conclude our report on the Civil Aviation Authority's decision on the Price Control for 2020-2024 in respect of air traffic control services. This was rejected by NATS En-route Ltd and was therefore referred to the CMA.
- 3.20. In the final report of our legal services market study in England and Wales in 2016, we committed to assess the extent to which the recommendations of the market study had been taken forward and the impact of those changes on competition, in order to consider whether further action should be taken. We are planning to launch a review in the second half of this year. We will be engaging with relevant stakeholders, including the legal services regulators and professional bodies, as well as relying on various

research and evaluation undertaken by those bodies. Our aim is to test the impact of our package of measures to help customers better navigate the market and get value for money, including the requirements for legal service providers to increase standards of transparency of price, service and quality. We also want to revisit the broader recommendations around consumer protection and regulatory reform.

- 3.21. We believe that strong and independent merger control, which prevents mergers that could harm consumers' interests, can further build trust in markets, and this work will be core to our activities in 2020/21. We will not hesitate to intervene robustly where we find problems. For example, our decision to block the Sainsbury's / Asda merger in 2019 followed an in-depth consideration of the likely impact of the merger in essential markets where consumers rely on competition to ensure that groceries and petrol are affordable. We concluded that the merger would have led to increased prices, reduced quality and choice of products, or a poorer shopping experience for all of their UK shoppers.
- 3.22. The CMA intends to play a more visible role in promoting fairness and improving consumer outcomes by building a greater evidence base on consumer trust and doing more, in partnership with others, to signal expectations of good business behaviour and to reassure consumers that we are on their side.
- 3.23. We will continue to strive to create a culture of business compliance through our programme of communications campaigns. Our campaigns play a key role in raising awareness of legislative requirements, educating and encouraging businesses to review their behaviours and report wrongdoing. We will seek increased visibility and engagement with campaigns on priority compliance issues including the prevention of business cartels and use of fair contract terms. We will continue to make our digital platforms (including GOV.UK and social media) easier to use, and the information on them easier to find.



### ***Tackling concerns in digital markets***

- 3.24. While digital markets are often assumed to be a discrete sector in themselves, in reality most markets are increasingly digital. Consumers and businesses are increasingly shifting their trading online. There are fewer and fewer purely 'bricks and mortar' industries.

- 3.25. It is therefore essential that we understand and are able to respond effectively to the way in which business models, technologies and consumer behaviour are evolving in this area. While such developments are offering huge new opportunities for businesses and benefits for consumers, they can also lead to new problems. We will therefore continue to prioritise activity in online areas.
- 3.26. We published our Digital Markets Strategy last year to bring together the full range of our work related to digital markets. The themes from that Strategy will continue to guide our work this year. These include using our full range of powers to tackle problems in digital markets; developing our data science and engineering capability; reviewing how we approach mergers in digital markets; undertaking policy work to advise government on the possible regulation of digital platforms; as well as working with colleagues internationally in light of the global nature of many digital platforms.
- 3.27. We have already used our consumer protection powers successfully to tackle harmful practices relating to hotel online booking, social media endorsements, online gambling and online dating services, and intend to continue our work to ensure that consumers are not misled by fake reviews or exploitative online choice architecture, or fall victim to subscription traps.
- 3.28. We support many of the recommendations of the Digital Competition Expert Panel, led by Professor Jason Furman, which carried out a wide-ranging review of digital markets last year, and agree that there is a strong argument for the development of a new pro-competition regulatory regime for digital platforms. The Government has commissioned the CMA, with input from the Information Commissioner's Office and Ofcom, to form a Digital Markets Taskforce to provide advice later in 2020 on what a new regime could look like.
- 3.29. A key part of our Digital Markets Strategy was the launch of a market study into online platforms and digital advertising. It is looking at the market power of digital platforms in consumer-facing markets, the lack of consumer control over data, and competition in the supply of digital advertising. We published our interim report in December 2019 and will publish our final report this year.
- 3.30. We are determined to protect UK consumers from the harmful effects of mergers in fast-moving tech markets and are investigating an increasing number of mergers of companies with an entirely digital business model. As recommended in the Furman report, in 2020/21 we will update our Merger Assessment Guidelines to better reflect how digital markets function and

recent practice in our assessment of mergers. We are also continuing to adopt learnings identified in the report we commissioned from economic consultancy, Lear, on digital mergers. In addition, we are actively considering whether there is a need for changes to our existing merger control tools to tackle digital mergers.

- 3.31. We need to keep up with technological advances, both to understand the markets we oversee and to use the latest technologies ourselves. We will develop our Data, Technology and Analytics (DaTA) Unit to improve how we gather and manipulate data at scale, build bespoke software to improve the efficiency of our investigations, and deepen our understanding of technologies, in particular firms' use of algorithms, relevant to our cases. The work of our DaTA Unit has already enhanced our ability to achieve swift and impactful outcomes for consumers. For example, we have already used the Unit's knowledge to ensure that businesses make changes to online systems quickly to comply with consumer law, and to develop new techniques and tools to help identify likely indicators of fake reviews and unlabelled endorsements.
- 3.32. Across the range of our digital work, we will continue to maintain our global leadership role, working closely with our international partners on this and much else besides.



### ***Enhancing productivity and economic growth***

- 3.33. A strong economy is underpinned by markets that work effectively, where competition is driving innovation, efficiency and growth. In well-functioning, competitive markets, businesses innovate and compete vigorously and fairly to attract customers' business. Customers can make informed choices between suppliers on price, quality, innovation and service. This drives further competition and innovation in a "virtuous circle". All of our competition interventions contribute to this vital agenda. We will therefore continue to use all of our tools to prioritise cases that support enterprise, and that help new entrants with promising ideas to break into markets. For example, where regulatory entry barriers do exist, we can use our market studies and market investigations to target such instances and make recommendations to government to remove or amend legislation that creates entry barriers that can stifle competition. This is all the more important in uncertain economic times.
- 3.34. Markets don't exist in a vacuum. Government intervenes in pursuit of its obligations and policy objectives. Whether through supplying, buying,

regulating, taxing or subsidising, these interventions alter the conditions of competition and how markets work. The effects of government action on competition and consumers are, however, often overlooked during the policy process.

- 3.35. We intend to step up our work to advise and assist government in meeting its objectives in a way that works with the grain of markets. We plan to promote new practical guidance on how best to design and implement policy in a way that harnesses the benefits of competition and protects and promotes the interests of consumers.
- 3.36. To help embed competition and consumers into the policy-making cycle, we will update and expand our programme of outreach and training on competition impact assessments for civil servants across the UK. This will incorporate new guidance into our existing materials and include how to consider the impact of policy on consumers.
- 3.37. We will continue to work with governments in Scotland, Wales and Northern Ireland to assist and advise on their policy proposals, being more visibly an advocate for the importance of effective competition and protections for consumers that are in their interest. We will build on the research that we have conducted into legal services in Scotland to advise the Scottish Government on how to ensure that regulation supports competition and positive consumer outcomes.
- 3.38. We will also use our power to comment on draft legislation where appropriate.
- 3.39. As well as ensuring competition and consumers are embedded in future policy making, the CMA has been reviewing the outcomes from our own and our predecessor bodies' recommendations to government over the last ten years. The emerging picture is that action by government has too frequently been delayed or partial. We therefore intend to pursue recommendations that remain relevant but where more needs to be done. We will also advocate strongly that future recommendations need to be acted upon by government in a full and timely manner.
- 3.40. The statutory audit market should help underpin strong investment in the UK economy, but in 2019 our market study concluded that weak competition meant that the market was not working well. Three other recent reports to government have also recommended reform of the laws that frame the sector. In 2020/21 we will continue to press for urgent legislation.



## ***Climate change - supporting the transition to a low carbon economy***

- 3.41. Concerns about climate change are having a significant and wide-ranging impact on the UK economy, changing market dynamics and consumer behaviours. The UK is working towards being climate-neutral by 2050<sup>3</sup> and clean growth is crucial to achieving this goal. It is essential that in delivering our statutory functions, we act in a way which supports the transition to a low carbon economy.
- 3.42. This year we will invest in furthering our knowledge of the interaction between competition and consumer protection law and achieving the transition to a low carbon economy. We will also develop this knowledge in relation to subsidy control. We will be engaging actively with a wide range of stakeholders, including government departments, regulators, international counterparts, business and consumer groups, academia, experts and think tanks. We will contribute to the nascent international discussions on the role of competition and consumer law in supporting the low carbon economy.
- 3.43. We will increasingly devote and prioritise our resources to providing advice and support to central, local and devolved government on the impact of policies on competition and consumers in relation to climate change and sustainability. We will build on our engagement with government to date on recycling, emission zones and public transport, and electric vehicle infrastructure.
- 3.44. We will aim to support businesses in adapting to climate change while ensuring that markets remain competitive and open to disruptive innovation, for example through launching markets work if appropriate. We will consider how our existing tools can help businesses, and we will communicate better to ensure that businesses engaged in sustainability initiatives know how to comply with competition law and do not unnecessarily shy away from those initiatives on the basis of unfounded fears of being in breach of competition law. In exercising our consumer protection functions, we will improve our understanding of 'green' claims made by sellers to consumers and, where appropriate, we will make use of our powers to correct false or misleading statements that affect consumers.

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<sup>3</sup> Scottish Government has committed to be climate-neutral by 2040

We will also work with central and devolved government to ensure that climate change policy is capitalising on the benefits of competition.



### ***Taking on new responsibilities as a result of the UK leaving the EU***

- 3.45. In 2019/20 we have made substantial progress in ensuring that we have the necessary people, skills and infrastructure in place to take on our expanded role outside of the EU from January 2021. We will be ready to launch or take over major international cartel and antitrust cases, merger investigations and (under previously announced Government proposals) potentially enforcement of national subsidy control rules. We will continue to recruit staff in the year ahead.
- 3.46. The UK's exit from the EU presents both challenges and opportunities for us. We remain committed to capitalising on these opportunities to secure better outcomes for UK consumers, and to play a bigger role in working internationally to promote competition and protect consumers - including working alongside competition and consumer agencies and policymakers across the globe to tackle challenges that transcend borders.
- 3.47. We will continue to develop our preparations as negotiations with the EU on our future relationship progress. We have already and will continue to publish and update detailed guidance on the implications of exit from the EU on competition and consumer protection law, procedure and policies, including if we are formally conferred powers of subsidy control. We remain open and ready to speak to businesses, consumers and consumer groups and other interested parties who may have more specific queries or concerns.
- 3.48. Over the next year, we will be working closely with government to implement the Withdrawal Agreement and seek to ensure that our future relationship with the EU best complements the UK competition and consumer protection regimes, ensuring wherever possible that we can continue to cooperate closely with our EU neighbours. This includes continuing to advocate that reforms be introduced that will help us to deliver the best outcomes for UK businesses and consumers from January 2021.
- 3.49. We must also deepen and make more extensive use of our existing close relations with other competition and consumer authorities, and networks, internationally. Markets are increasingly global, and the growth of digital ways of doing business means that different jurisdictions face many of the same challenges. Moreover, many issues cannot be fully addressed in isolation, but benefit from concerted action.



- 3.50. The UK's exit from the EU will not reduce our international engagement and presence – quite the opposite. We need to do more to work with our international partners to share information and expertise and to identify solutions to the challenges we face. We have stepped up our international engagement to ensure that we can continue to cooperate effectively with our counterparts in the EU and globally, through strong and mutually beneficial bilateral relationships. We will remain active and committed participants in important forums like the Organisation for Economic Co-operation and Development, the International Competition Network and the International Consumer Protection and Enforcement Network.
- 3.51. Strong, independent competition and consumer protection law enforcement also has an important part to play in international trade agreements that the UK may enter into, ensuring that businesses from both parties can compete fairly to the benefit of consumers. We will continue to work closely with government to support ambitions to put new strong trade relationships in place with key partners.

## 4. Resources

- 4.1 The 2019 Spending Round (SR19) allocated the CMA's budget for 2020/21 only as a Resource Departmental Expenditure Limit budget excluding depreciation of £91.78 million and a Capital budget of £1.0 million.
- 4.2 This settlement is based on a rollover of the CMA's 2019/20 budget with an additional 2% inflationary uplift. The CMA's 2019/20 budget comprised the Spending Review 2015 baseline, the additional enforcement funding from Autumn Budget 2017, funding for employer pension contributions from the SCAPE Budget 2018 changes and funding for EU Exit / subsidy control preparations.
- 4.3 Other than the EU Exit funding amounting to £19.89 million in 2020/21, which is ringfenced for use on EU Exit-related spending only, the remaining £71.89 million of the CMA's resource budget has been consolidated into a single budget allowing the department to align spend with strategic priorities.
- 4.4 The Resource Departmental Expenditure Limit settlement places a limit of £22.17 million on administration expenditure (excluding depreciation). Personnel costs represent approximately three-quarters of the CMA's budget.
- 4.5 As Principal Accounting Officer, the CMA's Chief Executive is personally responsible for safeguarding the public funds for which he has charge, for ensuring propriety and regularity in the handling of public funds, and the day-to-day operations and management of the CMA. The Principal Accounting Officer is supported in discharging these duties by an additional Accounting Officer, the Executive Director for Corporate Services.



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