

## Reforming the UK Regime: Theory and Practice

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## Theory on why initiate reforms

- Of any competition regime
- Of the UK regime 2011-2014

## Practice on how reforms implemented

- Building the CMA
- Structure and Strategy
- Early priorities
- Evaluation

## Why competition matters

- Stimulates business efficiency and innovation
- Promotes choice and value for consumers
- Ensures value for money in public procurement
- Contributes to sustainable economic growth
  - Direct measures eg prices fall when cartels end
  - Indirect measures eg confidence to invest

## Why agency design matters

“The question we ask today is not whether our government is too big or too small, but whether it works”

*President Barack Obama, Inaugural Address 2009*

- Autonomy and accountability
- Clarity of purpose aids prioritisation
- Efficiency of case handling
- Legitimacy in process and transparency
- External review process and standard
- Measures of outcomes as well as outputs

## Opportunities for improvement in UK

- Streamline processes and improve robustness of decision-making
- Enhance predictability and consistency
- Less burdensome processes for business
- More competition in regulated sectors
- Reform of cartel offence so more credible
- Single, powerful advocate for competition

## Enterprise & Regulatory Reform Act 2013

- Power to investigate practices across markets
- Tighter timetables for markets and mergers
- Information-gathering powers strengthened
- Merger refinements (UIL process, integration)
- Dishonesty no longer part of cartel offence
- Enhanced concurrency regime
- Strategic Steer & performance framework

## Building the new agency

- Board, Panel and Senior Executive Team
- Mission, Strategy and Plan – the Café sessions
- Restructuring and redundancies – 10% reduction
- Recruitment and budgeting – 30% increase in frontline
- Accommodation, systems, processes – ‘Even Better’ programme
- External communications – 9 speeches and 89 external meetings by CEO and Chairman pre-go live on 1 April

# From Theory to Action (II)

## Strategic Goal

supported by

## Structural Innovation

Deliver Effective Enforcement



Enforcement Directorate

Extend Competition Frontiers



Sectoral Regulation Unit

Refocus Consumer Protection



Research, Intelligence & Advocacy Unit

Achieve Professional Excellence



Organisational Transformation Unit

Develop Integrated Performance



Project Management Office



## CMA Priorities - Organisation

- Pace – tighter timetables
- Reach – regulated sectors, ‘hybrid’ markets
- Voice – competition advocacy
- Efficiency – Phase I/II, project framework
- Independence – evidence-based
- Impact – ‘multiplier’ markets, deterrence

## CMA Priorities - Sectors

- Energy – Market Investigation Reference (MIR) June 2014
- Retail Banking – MIR proposed 6/14, Board decision 11/14
- Transport – rail franchising, buses
- Healthcare – 6 mergers, 3 enforcement cases, 1 MIR
- Education – Higher Ed study
- Digital – 2 enforcement cases, ecommerce study

## Evaluating Impact

- W Kovacic in ‘Competition Agency Design’ advocates “gradual cumulative improvement”
- BIS Performance Framework – outputs & outcomes
- £10 consumer welfare benefit for every £1 spent
- Business confidence in merger control & enforcement
- Consumer confidence in choice, value, service
- Cross-party political support for CMA role
- We look back in c. 3 years’ time and feel “All worth it”

# References, Questions?

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