Civil Engineering Contractors Association
Citibase
7 Floor Suite 7.0B
Millbank Tower
21-24 Millbank
London
SW1P 4QP

28 January 2026

Competition & Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

Dear Sir/Madam,

Re. Competition & Markets Authority - Civil Engineering Market Study - Interim Report Consultation

The Civil Engineering Contractors Association (CECA) welcomes the opportunity to respond to the above-mentioned review.

CECA is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the country's infrastructure. With more than 300 members based across six English regions and the devolved nations of Scotland and Wales, CECA represents firms who together carry out an estimated 70-80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and water. Together, our members deliver work worth an estimated c. £30bn per annum to the UK economy.

We have commented below where we feel as an organisation we have something substantial to contribute to this review, and are keen to work with the Competition & Markets Authority in any capacity you deem might be useful in this important ongoing work.

Furthermore, should you or your colleagues like to discuss the market study with CECA members who represent the contracting organisations that deliver the UK's infrastructure, we would be delighted to facilitate this as appropriate.

Best wishes,



Ben Goodwin
Director of Policy & Public Affairs
Civil Engineering Contractors Association (CECA)

E: bengoodwin@ceca.co.uk
Tel.: 07398479306

www.ceca.co.uk

ceca
Working for Infrastructure

28 January 2026

Consultation Response

CECA Consultation Response:

Competition & Markets Authority - Civil Engineering Market Study - Interim Report

Introduction

The Civil Engineering Contractors Association (CECA) welcomes the opportunity to respond to the Competition and Market Authority's Civil Engineering Market Report.

CECA is the representative body for those businesses that deliver infrastructure across the UK. With more than 320 members based across six English regions and the devolved nations of Scotland and Wales, our members deliver projects across the roads, rail, power, and utilities sectors that are of fundamental importance to the economic and social wellbeing of businesses and communities across the country. Together CECA members deliver an estimated 80% of all civil engineering projects undertaken in the UK annually, work worth more than c.£30 billion to the economy every year.

CECA believes that the CMA's interim findings align closely with long-standing industry concerns. Our sector does not lack capable suppliers – CECA members are amongst the most dynamic and cutting-edge suppliers of infrastructure in the world.

Nonetheless the business environment in which they operate is one that does not fully incentivise investment, innovation, and productivity, and often operates on the basis of short-term priorities rather than whole-life value. In addition, exposure to unmanageable financial risk, including inflation volatility and delayed payment, constrains balance sheet capacity and further limits firms' ability to scale sustainably.

In order to implement the meaningful reforms our sector requires to allow it to drive economic growth, create jobs, and boost social wellbeing to its full potential, we believe clients, contractors, and the supply chain must working together to ensure a process of continuous improvement.

Specifically, we recommend:

- **Improved pipeline certainty, which would support healthier competition by allowing firms to plan participation, without excessive bid intensity, or market churn.**
- **That the UK civil engineering ecosystem would benefit from greater use of early contractor involvement, outcome-based specifications, and a move away from procurement that focuses on lowest-price weighting at the expense of whole-life value.**
- **That procurement frameworks should be based on clear, funded pipelines that deliver minimum workload commitments and limit unnecessary secondary competition and red-tape, and recognised SME specialisms.**
- **The improved assessment of quality, deliverability, safety cultures, carbon reduction, and social value. These criteria must be meaningfully weighted, objectively assessed, and consistently applied.**
- **The need for clearer accountability frameworks, stronger commercial leadership, and confidence in collaborative delivery models, which would help recalibrate risk appetite.**
- **Increased investment in commercial and engineering skills, the sharing of regional and devolved national expertise, the better use of delivery partners, and standardised performance data sharing.**

- **Streamlining regulatory approvals for new products and techniques - through clearer guidance, faster decision-making and consistent national standards – which would accelerate innovation adoption without compromising safety or quality.**

We have commented below where we feel as an organisation we have something substantial to contribute to this consultation. We look forward to working with you over the coming months.

Question 1 – Do you consider that we should be more concerned with barriers to firms expanding rather than barriers to firms entering the civil engineering market in the first place? Are there other forms of barrier not mentioned in our analysis so far which are significant?

CECA believes that the civil engineering market in the UK is impacted more by barriers to expansion than barriers to entry.

The UK does not suffer from a lack of contractors, but from a procurement landscape disincentivises firms from investing and innovating. This is particularly the case with SME businesses, who operate at margins that mean they must prioritise core business delivery to remain competitive.

While market entry remains possible, our members have told us that scaling within the current market is constrained by:

- Fragmented and inconsistent infrastructure pipelines of investment, which undermines the ability of firms to invest in skills, plant, and innovation
- Procurement practices that prioritise price over quality, which discourages long-term capability building
- Razor-thin margins, which places excessive risk on to contracting organisations, and with attendant risks of insolvency for smaller organisations
- Short-term funding cycles, particularly at local authority level, which impedes the ability of our members to engage in sustainable delivery programmes according to on-the-ground priorities. Short-term funding cycles (of, for example, twelve months) not only impede the ability of businesses to plan for the long term, but can create uneven cycles of business activity within that period, leading to resource-intensive months followed by fallow periods.
- Firms that do secure places on frameworks can often receive less work than anticipated, which undermines the economic rationale for expansion.
- Inflation volatility and delayed payment cascades throughout the supply chain constrains businesses' balance sheet capacity and hence ability to invest to grow.

Question 2 – To what extent do you agree supply chain fragmentation contributes to poor outcomes? Besides pipeline uncertainty, what other factors drive civil engineering firms' preference to use contractors rather than building their in-house capacity?

CECA members consistently report that forward visibility of work enables firms to optimise delivery via the ability to plan for skills investment and resource allocation. The UK civil engineering supply chain already needs to recruit a minimum of 47,860 workers annually to deliver the planned pipeline of investment.[1] Skills shortages make flexible subcontracting unavoidable for large schemes but there are added benefits in terms of mobilising a wide range of expertise that cascades throughout the supply chain.

While supply chain fragmentation in some circumstances can contribute to sub-optimal outcomes, CECA believes this is a symptom rather than a root cause. Where fragmentation persists, it can be because procurement practices may incentivise it, prioritising transactional behaviour over collaboration, or risk-averse clients engage in contract disaggregation.

When properly coordinated, supply chain diversity can support innovation, resilience and specialism, provided procurement models enable collaboration rather than transactional behaviour.

The nature of the UK's civil engineering market – spread over a diffuse geographical environment, multiple nations and regions, and across multiple sectors and specialisms – is such that a buoyant market can and should support a wide

1. CITB, Construction Workforce Outlook - Labour Market Intelligence Report 2025-2029, https://www.citb.co.uk/cwo/index.html

variety of firms of different sizes and capabilities, promoting competition throughout the contracting supply chain. Fragmentation occurs when firms are overburdened with red-tape or locked into unsustainable margins through adverse business conditions, a volatility of work-flow, and under pressure to deliver work with insufficient access to the right skills in the right places.

Question 3 – Are there specific procurement, policy or regulatory barriers that reduce innovation and/or scaling opportunities in the civil engineering market? What would make the most difference to firms' incentives to innovate, and public authorities' incentive and ability to encourage innovation?

CECA has long argued that the UK civil engineering ecosystem would benefit from greater use of early contractor involvement, outcome-based specifications, and a move away from procurement that focuses on lowest-price weighting at the expense of whole-life value.

Lengthy and duplicative pre-qualification, inconsistent application of best practice guidance, and over-prescriptive client specifications all contribute to disincentivising innovation across the sector. Coupled with stop-start investment, the impact of external economic shocks in recent years, and an inconsistent forward pipeline, this means firms – particularly SMEs – are more focused on the bottom line in delivering work, often while coterminously bidding for work in adverse conditions, to invest in innovations that may bring a longer-term return, or require a smaller business to take on risk when competitors may not be doing so. Furthermore, the diversity of frameworks used, rather than creating choice, can disadvantage some businesses who lack the capacity to engage across such a wide range of funding and delivery mechanisms.

The single most effective intervention would be greater certainty of workload combined with procurement models that reward innovation through continuity of delivery, rather than repeated re-competition.

Question 4 – For what type of projects is there the greatest scope for the accuracy of upfront scoping and planning to be improved, to aid delivery on time and on budget? What would help to make upfront scoping and planning more accurate?

CECA believes that local authority funding must move away from short-termist windows in order to improve scoping and planning. We believe the greatest scope for improvement lies in local authority highways and utilities works, smaller but complex infrastructure schemes, and programmes that are currently delivered through poorly designed and defined frameworks. Once again, early client and stakeholder engagement with delivery specialists in the infrastructure supply chain would promote realistic programming, risk allocation, and allow for better on-the-ground investigation and data collection.

Question 5 – To what extent do you agree that early contractor involvement could be used more effectively, and how can this be facilitated?

CECA believes that early contractor involvement (ECI) reduces whole-life cost, improves delivery and safety outcomes, and enables innovation through the leverage of industry expertise. We support ECI models that support continuity of ECI from the planning to delivery completion phases, which lead to better outcomes. CECA recognises that some clients remain cautious about ECI due to perceived competition risks; however, evidence shows that properly structured ECI enhances, rather than diminishes, value for money and accountability.[2]

In addition, firms that are subject to onerous or competitive re-tendering, priced on the basis of lowest cost rather than long-term value, will be disincentivised to engage.

Question 6 – To what extent do you agree that the design and use of procurement frameworks could be improved?

In 2018 CECA published extensive evidence showing that frameworks only deliver value when properly design and managed.[3] Our conclusions have not changed. Common failings encountered include unrealistic/non-guaranteed work banks, excessive numbers of frameworks participants, and poor performance management or communication.

CECA believes that frameworks based on best practice, and that deliver the optimal outcomes for client, end-users, and industry, are based on clear, funded pipelines, deliver minimum workload commitments, limit unnecessary secondary competition and red-tape, and recognised SME specialisms.

---

2. For cost savings & ECI see Eadie, Robert & Matthew, Graham, (2014), 'Analysing the advantages of early contractor involvement', *International Journal of Procurement Management*, *7*. 661-676. 10.1504/IJPM.2014.064971.
3. *CECA Frameworks Report: Directions in Policy for the UK's Infrastructure Sector* (London, 2018), https://www.ceca.co.uk/wp-content/uploads/2018/11/CECA-Frameworks-Report-November-2018-2.pdf

In addition, 'best value' requirements in tendering can require extensive written submissions, carbon modelling, and social value quantification, imposing a high bid-cost burden for contractors, consolidating market power amongst firms with sufficient resource to risk bid failure, and hence discourages SME participation.

The number of companies on a framework should be proportionate to its value, and all frameworks should provide sufficient work to allow participants to recoup bid costs.

Question 7 – How could open competition be made less resource intensive as a method of procurement?

CECA supports the use of standardised pre-qualification questionnaires and accreditations, proportionate information requirements, proportionate competition models - including limited requests for tender from a select number of suitably qualified suppliers - and a minimising of red-tape and unnecessary duplication. Procurement should test capability and delivery rather than bid-writing capacity.

More use should be made of limited requests for tenders from a select number of suppliers, contractors or service providers to reduce the time and cost of the selection process.

Question 8 – Where is the greatest scope to improve the evaluation of non-price aspects of bids, such as quality?

CECA strongly supports the improved assessment of quality, deliverability, safety cultures, carbon reduction, and social value. These criteria must be meaningfully weighted, objectively assessed, and consistently applied.

Question 9 – What factors are most likely to cause significant risks to be misallocated between the procuring body and supply chain, and within the supply chain? How could this be addressed?

Risk misallocation is structural problem in UK infrastructure. Excessive transfer of risk onto contractors increases cost, reduces resilience, and drives adversarial behaviours. CECA supports balanced risk allocation and collaborative contracting models that align incentives and improve value for money. Risk should be allocated to the party best able to manage it, with shared mechanisms used where uncertainty cannot reasonably be priced at tender stage.

Questions 10 & 11 – What are the areas of regulation which are preventing opportunities for innovation and effective competition?

What are the areas of regulation which are preventing smaller suppliers from competing effectively (or from scaling up to be able to compete effectively)?

CECA SME members report that disproportionate qualification and assurance requirements, inconsistent interpretation of procurement regulations, and unnecessary duplication of audits and accreditations all impose greater complexity and cost. SME businesses are impacted due to limited personnel capacity. Smaller suppliers are more directly impacted by red-tape and unnecessary duplication, which impedes their ability to deliver core-business activities.

Question 12: To what extent do you agree there is excessive risk aversion in public authority decision making? Where risk aversion is too high, what would help move it to more appropriate levels?

CECA agrees that there is excessive risk-aversion in public authority decision-making. This manifests as over-specification, an over-reliance on lowest price as the overriding criteria to the detriment of whole-life considerations, and excessively burdensome contractual requirements.

Clearer accountability frameworks, stronger commercial leadership, and confidence in collaborative delivery models would help recalibrate risk appetite.

Question 15: What would be the feasibility and impact of extending multi-year capital funding to public authorities currently operating on year-ahead budgets only?

CECA believes that workforce stability, the improved ability of businesses to recruit and retain talent, improved productivity, reduced inflationary pressures, and better value-for-money outcomes would all result from multi-year capital funding.

Short-term funding is fundamentally incompatible with successful long-term delivery of infrastructure.

Question 16: What information not currently available in published infrastructure pipelines would be most helpful for firms? How would this information change business decisions based on resource allocation and/or investment?

Pipeline uncertainty is one of the single greatest constraints in investment. While much progress has been made – and CECA is strongly supportive of the NISTA infrastructure pipeline published in Summer 2025 – we continue to work with our members, NISTA, other industry bodies, and external stakeholders to ensure the UK's infrastructure pipeline is subject to continuous improvement and meets the needs of our members.

CECA members have reported that aspects of the infrastructure pipeline that provides the greatest benefit to businesses are greater certainty of delivery time-frames, visibility of regional pipelines, confidence in funding approvals, clear prioritisation, and long-term commitment of clients, government at all levels, and wider stakeholders to ensuring schemes move forward to market without delay.

Businesses will make decisions on resource allocation and investment provided they have confidence in the accuracy of the pipeline, continued commitment to its delivery, and the certainty that decisions based on the forward pipeline are grounded in data that promotes market confidence and accurately reflects real-world conditions and priorities.

Furthermore, improved pipeline certainty would support healthier competition by allowing firms to plan participation, without excessive bid intensity, or market churn.

Questions 17 & 18 – How could the commercial and engineering capabilities within procuring authorities be better utilised? What could be done to better support procuring authorities to develop, recruit and retain these specialist skills, expertise and leadership capacity? To what extent do you agree that it would be beneficial for public authorities, such as groups of nearby local authorities, to: (i) jointly develop or share engineering expertise and commercial capabilities; (ii) to coordinate or jointly conduct procurement; and (iii) enact comprehensive, standardised sharing of cost and performance data? How could this best be achieved?

CECA strongly supports increased investment in commercial and engineering skills, the sharing of regional and devolved national expertise, the better use of delivery partners, and standardised performance data sharing. The sharing of expertise and commercial expertise between clients will improve performance, as clients with strong internal capability consistently deliver better outcomes.

At the same time, it should be recognised that sharing of expertise and capability must be undertaken in a manner that prioritises optimal outcome but is not seen as a route for cost-cutting by the back door; the focus of industry, clients, and all stakeholders must be on enhancing the expertise and capabilities of the sector as a whole, rather than spreading these resources thinly across multiple procuring bodies.

Questions 19-21 - What is preventing widespread adoption of procurement best practice? How could these barriers to adoption be overcome?

To what extent, and in what ways, is there scope for procurement processes to be made i) less complex and ii) more standardised across public authorities?

How and where can the regulatory approvals process for new products / techniques / technologies in civil engineering be made more streamlined?

CECA believes that barriers to the adoption of procurement best practice include cultural resistance to change, lack of incentives for improvement beyond what is consistent with core business objectives, and inconsistent messaging and uncertainty in terms of the business environment encountered in recent years.

Streamlining regulatory approvals for new products and techniques - through clearer guidance, faster decision-making and consistent national standards - would accelerate innovation adoption without compromising safety or quality.

We believe best practice must be mandated and enforced on the basis of empirical evidence to effect cultural change, rather than tepid or inconsistent encouragement from Government and procuring bodies that can be inconsistent in messaging and erratic in application.

Conclusion

The UK Government is right to identify infrastructure as a driver of economic growth and of fundamental importance to the social and economic wellbeing of communities and businesses in all parts of the country. We agree with the

CMA's diagnosis that structural and behavioural issues within the market are undermining optimal outcomes in terms of productivity, resilience, value for money, and innovation.

Nonetheless the challenges facing the sector are not primarily resultant from insufficient competition or a lack of capable suppliers, but from systemic barriers that disincentivise and constrain businesses' ability to scale, invest, and operate on a long-term basis that prioritises whole-life value over short-term profitability.

CECA would therefore encourage the CMA, in its final report, to focus on measures that improve pipeline certainty, incentivise better procurement behaviour, and support proportionate competition, rather than interventions aimed at increasing competition in isolation.

CECA believes that optimal outcomes for the sector will be secured by establishing a genuine partnership approach to infrastructure delivery based on stable, secure pipelines, better procurement, a fairer approach to risk allocation, and building stronger public sector capability.