



## CMA: CIVIL ENGINEERING IN RAIL AND ROAD MARKET STUDY - RESPONSE TO INVITATION TO COMMENT

M Group delivers infrastructure services across water, energy, highways, rail & aviation and telecoms to private and public sector organisations across the UK and Ireland. M Group employs more than 11,000 people across 200 locations, with revenue for financial year ending 31 March 2025 exceeding £2.5bn.

Our perspective is based on delivering capital programmes of work (typically comprising programmes of medium-sized projects), with the occasional major project. Our capability reaches across road and rail sectors through:

- M Group Highways: Delivery of capital programmes of work to local authority clients and National Highways.
- M Group Rail & Aviation: Delivery of capital programmes of work to Network Rail and Transport for London.
- M Group Telecoms: M Group will soon have digital and technology delivery capability across road and rail networks following the acquisition of Telent, delivering for National Highways, local authority roads, Network Rail and Transport for London.

We understand the CMA intends to focus on “strategic and substantial” national civil engineering projects in its market study, however M Group’s perspective is focused on smaller capital programmes of road and rail projects, which we consider should not be overlooked and which appear to be covered in the Statement of Scope. Following review of the Statement of Scope and invitation to comment, we therefore set out below our responses to questions 1 and 2.

***Question 1: Do you agree with our articulation of the characteristics of a well-functioning market as set out in paragraph 1.11? If not, what could be changed and why?***

As an introductory comment, M Group considers there are aspects of the civil engineering market that are already functioning well. This has been facilitated by new guidance and legislation in recent years that has the capacity to bring positive and lasting change if used more consistently across the market. In particular:

- The guidance and recommendations in the Construction Playbook. This was widely welcomed by the industry when initially published in 2020 and M Group considers it to be a valuable resource. In particular, M Group considers the recommendations regarding joint developing, sharing and managing risk to be key for a well-functioning market and would encourage the CMA to have regard to these recommendations in its market study.
- The Procurement Act 2023 similarly brought welcome changes, including the transition from Most Economically Advantageous Tenders to Most Advantageous Tender, which shifts the focus to value for money delivery. It also extended the maximum number of years for framework agreements from four to six, which has contributed to a positive move to longer term framework agreements (see further below). In addition, the introduction of additional notices, including pipeline notices and transparency notices has already had and will continue to have a positive impact on the functioning of the market.

In response to the CMA's question 1 specifically, M Group agrees with the characteristics of a well-functioning market as identified by the CMA at paragraph 1.11 of the Statement of scope. However, M Group considers that the following additional factors are also relevant to a well-functioning market:

**a. Net zero / low carbon and social value**

Net zero carbon and social value appear to be overlooked from “best value projects” in the CMA's Statement of scope. We consider that “best value” in a well-functioning market should be the balance of achieving budget and delivering a predictable programme as well as delivering local social value benefits and maximising net zero carbon strategy.

We consider the role of tier 1 contractors to be essential in this regard, as they bring value in co-ordinating programmes and disciplines, engaging a broader supply chain and ensuring that social value and net zero is embedded within project delivery.

**b. Digital and technological transition**

M Group considers that the digital and technological transition being delivered at pace is another important element of a well-functioning market. We suggest the CMA has regard to digital transition in its market study, including the role of artificial intelligence and how market participants can embrace digital tools and how digital tools can unlock efficiencies in the market.

For instance, a well-functioning market has the ability to bring together multiple disciplines in an efficient and collaborative way in order to deliver innovative programmes such as EV roll-out programmes, digital smart highways and telecom across the rail and road network. . Integration of technical engineering should also be considered, for example integrating disciplines across civil engineering, mechanical, electrical and telecommunication design for effective interface management that delivers predictable programmes and budgets.

**c. Longer framework agreements**

For smaller capital programmes of work, framework duration is another key consideration for a well-functioning market. The recent move away from short 3-year frameworks towards longer term frameworks (facilitated by the Procurement Act 2023) has the following positive impacts:

- Embedded, collaborative, long-term relationships with framework suppliers.
- Long-term commitment to framework delivery bringing expertise, resource and investment in innovation and training.
- Predictable, reliable and level pipelines, ensuring contractors have required capability and capacity to deliver the pipelines, avoiding periods of costly downtime or layoffs.
- Lessons learnt are shared and maintained across the framework.
- Mature decisions are made for work allocation, considering direct award for works that clearly favour the capabilities and skillsets of framework partners, combined with a mindset of equal allocation of works across contractors where possible.

Barriers to innovation can be caused through shorter frameworks due to:

- Lack of pipeline visibility and consistent work causing peaks and troughs of work. This could be addressed by longer term budget settlements and a move towards longer framework agreements.
- Lack of flexibility on specification. This could be addressed by early contractor involvement providing input to specification and potential value engineering opportunities.
- Commercial agreements often disincentive innovation. This could be addressed by a move towards fair and equitable payment mechanisms which incentivise risk sharing, thereby encouraging innovation.

**Question 2: Do you agree with our proposed scope (both the product and geographic scope) and themes for this market study, as set out in Section 3? If not, what areas would you suggest we include, exclude or prioritise, and why?**

M Group agrees with the CMA's proposed focus on capital projects as well as on the whole project lifecycle from initial project budgeting and design, through to effective procurement and delivering best value projects. In addition, M Group welcomes the focus on public procurement and contracting and how these contribute to, or undermine, the characteristics of a well-functioning market. The themes of planning, regulatory barriers and innovation barriers are also welcomed.

We agree with the geographical scope of the market study being UK wide.

In addition, we set out below some suggested focus areas based on our experience and the types of projects we typically deliver.

**a. Focus on importance of early contractor involvement**

M Group considers that the CMA should investigate the benefits in project efficiency brought about through early contractor involvement and integrated client-design-delivery teams, to develop more robust cost estimates and programmes. Currently, budgets are often produced on limited outline design, with detailed design completed in a piecemeal fashion alongside construction, which has a negative impact on the budget and delivery of the programme. This is largely due to funding uncertainty.

Design certainty is an essential component of successful delivery, and we therefore consider that providing the opportunity for a contractor to input to design specification before committing to budget and programme will (i) facilitate predictable and shorter timescales for the delivery of infrastructure projects and (ii) maximise opportunity for innovation and low carbon technologies, thereby contributing to a well-functioning market. At present, the approaches taken in the market vary. From M Group's perspective, the Construction Playbook sets out useful guidance. Should this be adopted more consistently, M Group considers delivery efficiency would be improved.

**b. Ensuring localised decisions**

Following publication of the English Devolution White Paper in December 2024, Local Government Reorganisation (LGR) and Devolution will have a significant impact on the regulatory budget approvals and will shift decision making to local authorities. This has the potential to improve the performance of the market by ensuring localised decisions are made that have the largest impact for the local communities affected.

The scale and impact of any recommendations made by the CMA is likely to differ as between smaller local infrastructure delivery and larger national significant investment projects. We suggest the CMA has regard to this when developing its market study recommendations, to ensure that those recommendations can be applied by smaller local authorities (as well as larger national organisations), many of whom are also responsible for major projects.

**c. Planning reforms**

M Group welcomes the government's policy reforms around planning, including the move towards longer-term regulatory budget settlement, as well as the 10 Year Infrastructure Strategy and publication of 5-year pipelines.

M Group similarly welcomes the CMA's commitment to addressing planning as part of its market study scope. We do, however, wish to reiterate that planning reforms recommendations should be recognised and considered as part of the CMA's scope, as often this is an area that causes project delays along with delays to land purchase, gaining environmental permits and consents etc. A well-functioning market would have an effective, proportionate, predictable and lean process for planning, regulatory, land purchase and gaining associated permits.

### Final remarks

M Group bring a unique perspective of roads and rail infrastructure with capabilities across civil engineering and digital technology disciplines. We are keen to ensure that focusing on major national civil engineering projects does not detrimentally impact, or fail to enhance the approach to smaller capital programmes of work.