



COMPETITION
AND MARKETS
AUTHORITY (CMA)
INTERIM REPORT
RESPONSE
28TH JANUARY 2026

BUSINESS

The Laing O'Rourke logo, featuring the company name in white capital letters between two horizontal lines, the top one yellow and the bottom one red.

LAING O'ROURKE



Our position

Laing O'Rourke has a proven track record of driving positive change across the construction sector through innovation, advanced technologies and progressive employment practices. As a Tier 1 contractor, we agree that a strong focus on innovation and investment is essential to the civil engineering sector's sustainability and long-term growth. We continue to push boundaries through innovation, including significant investment in Modern Methods of Construction (MMC) and Design for Manufacture and Assembly (DfMA).

As recognised by the CMA following its August 2025 market study, Laing O'Rourke is an exception in delivering projects through self-delivery within a vertically integrated model. However, the study does not fully capture the challenges we face with public clients in consistently valuing this approach. Self-delivery models, such as Laing O'Rourke's vertically integrated model, provide certainty, resilience and benefits in multiple forms – not least in delivering macroeconomic value to the UK economy through stable PAYE workforces that generate steady and significant tax and National Insurance receipts for HM Treasury. They also enable long-term investment in apprenticeships, training and local communities.

We champion targeted and proportionate Early Contractor Involvement (ECI) to support the early identification of project complexities and the development of optimal solutions from the outset. Stronger recognition of contractor expertise – including appropriate acknowledgement of self-delivery models – more balanced risk allocation, and the adoption of suitable procurement approaches are required to enable and support innovation at scale, in turn strengthening direct delivery models.

Driving systemic change

We advocate the following meaningful, long-term changes to promote mutual benefits between clients and contractors:

- Appropriate procurement and payment mechanisms that recognise industry complexity
- Reinforcement of the principles set out in the Construction Playbook
- Securing genuine, cross-sector commitment to progression



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?

Yes, we believe barriers to expansion are a more significant challenge facing the industry. Low margins restrict investment, while supply chain fragmentation increases delivery risk. In addition, the proliferation of frameworks dilutes throughput, and existing pricing models undervalue innovation – together constraining the ability to scale. We do not identify any additional barriers beyond those outlined in your analysis.

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?

Supply chain fragmentation contributes significantly to poor outcomes through delayed payments, the delegation of risk and cashflow pressures. These issues are further exacerbated by inconsistent project pipelines. Firms rely on subcontractors to manage risk, diversify across contracts and sectors, and respond to changing market conditions. In the rail sector, regulated requirements and cost structures reinforce the use of subcontractors over in-house capability. Maintaining a directly employed civil engineering workforce requires certainty of workload and strong cashflow to ensure efficient utilisation and to meet weekly payroll obligations. We consider that the current market environment does not incentivise this approach outside long-term mega-projects or frameworks where capacity requirements are smoothed between client and main contractor (for example, some utilities frameworks).

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?

Barriers include low margins that limit investment in innovation, short and transactional contracts, and pricing models that obscure whole-life value. Clients often expect innovation to be delivered without funding and frequently challenge contractor intellectual property (IP), with lowest cost therefore prevailing. Incentives to innovate could be strengthened through longer and more profitable order books, value-based procurement, clearer recognition of IP, and mechanisms that evidence and reward value-based outcomes rather than lowest cost. By contrast, in the manufacturing and technology sectors, margins are higher than in construction and R&D expenditure is an established and expected component of product development.

4. For what type of projects is there 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?

Major, multi-stakeholder projects with evolving remits offer the greatest scope and are key to influencing the business case. The accuracy of upfront planning and scoping could be improved by recognising the complexity involved in developing early estimates, taking account of current regulations, best practice and practical buildability.

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

ECI could be more effective if supported by clearer scope and defined deliverables – for example, whether the purpose is to price the works or to develop the project, and what specific outputs are required. Expectations could also be better aligned between parties regarding how ECI outputs inform the procurement strategy. Collectively, these measures would support the selection of teams with the appropriate capabilities for development versus pricing. Improved protection of contractor IP would also encourage more meaningful contributions by removing the risk of subsequent knowledge transfer to competitors.

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

Too many frameworks chase ambitious throughput targets, with some also levying contractor fees. The design and application of procurement frameworks could be improved by consolidating around high-quality, robust frameworks that assess holistic value – while allowing for annual updates to core rates, dynamic entry points and flexible approaches to risk allocation. The original ProCure21 Framework (2004) remains a strong reference model for effective framework design, with a clear emphasis on shared learning and value-based outcomes.



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

We believe that open competition could be made leaner through a combination of the following practices, with the reforms introduced by the new Procurement Act reinforcing this approach:

- Focusing tender packs on what matters most and on project priorities
- Undertaking effective prequalification and due diligence to target capable suppliers
- Limiting bidder numbers to those best suited to the project
- Placing greater weighting on meaningful qualitative assessment, supported by validation of capability through site visits

This could be achieved through more innovative use of the tools available under the Competitive Flexible Route within the Act.

8. Where is there greatest scope to improve the evaluation of non-price aspects of bids, such as quality? How can this be better supported and enabled?

Evaluation of non-price elements could be strengthened by setting specific and consistent quality criteria aligned to outcomes, weighting them meaningfully, and evidencing performance through site visits and supply chain knowledge. We consider that requirements should remain focused, comparable and stable across competitions to ensure that qualitative value is transparent and auditable.

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?

In our experience, misallocation arises from limited technical competence on the part of clients and contract administrators, inappropriate contract selection, and an over-reliance on lowest-price evaluation. These issues could be addressed through capability building on the client side, the selection of appropriate standard forms with balanced risk allocation, and evaluation models that reward deliverability and value rather than headline price.

10. What are the areas of regulation which are preventing opportunities for innovation and effective competition?

The New Procurement Act (NPA) is one example that offers support; however, behaviours and practices are not yet consistently translating into tenders and frameworks. We consider that clients and authorities need to address underlying cultural practices to become genuinely innovative, while also being afforded the scope to do so. As referenced in our response to Question 3, this could be encouraged through measures such as the protection of contractors' IP and the provision of longer, more predictable pipelines to enable measured investment.

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

N/A

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?

Risk aversion can often appear excessive in public authority decision-making from a contractor's perspective. We believe this could be reduced to more appropriate levels using outcome-based specifications, proportionate assurance, ECI, risk-sharing mechanisms (for example, NEC target cost or alliancing), multi-year funding and value-focused gateways.

13. How would you rank the relative importance of our proposed measures?

We consider each measure to be significant. However, procurement policy and approach are the most important to our business, particularly where procurement practices explicitly incentivise and reward innovation, investment, scaling and long-term cost reduction. Long-term investment is required, especially for self-delivery organisations. We also view appropriate risk allocation and incentivisation as critically important and believe that relatively minor adjustments to procurement policy and approach could drive meaningful change and impact.



14. Are there alternative important measures that we do not mention?

In our experience, the following measures would support the success of upcoming pipelines:

- Greater consideration of business case cost and viability to reduce wasted effort for contractors
- Recognition of the cost and resources required to ensure complexity is properly reflected in strategic outline cases
- Increased clarity on the scope of ECI, including requirements and levels of complexity, and how this can be better aligned with, and positively support, the business case

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

We believe feasibility would be high if HM Treasury and sponsoring departments moved to multi-year settlements and ring-fenced capital expenditure. Positive impacts would include materially improved planning certainty, reduced tender churn, improved resource allocation, increased investment in skills and digital capability, shorter programme durations and higher productivity. This could potentially reduce bid costs by c.10–20% and improve supply chain capacity retention.

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

From our perspective, some key information that would help decision making includes but is not necessarily limited to the following:

- Scheme-level budget ranges
- Funding status
- Procurement route/lotting
- Decision gate dates
- Approvals status
- Design maturity
- Risk allocation intent
- Carbon targets
- MMC/DfMA scope
- Consents/land status
- Pipeline confidence ratings
- Anticipated pre-manufactured value (PMV)

Greater visibility of these factors would enable more pragmatic decisions in relation to investment in plant, MMC capacity and people; the formation of joint ventures; recruitment for critical roles; bid/no-bid decisions; and the allocation of regional resources.

17. 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?

Capabilities could be better utilised through early market engagement, ECI, outcome-based briefs, proportionate risk allocation and the use of strategic supplier panels. Procuring authorities could be better supported through competitive pay, clear career pathways, accredited training, secondments with industry, capability maturity assessments, central resourcing hubs and leadership programmes for project management, commercial and engineering staff.

18. 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 and 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?

We strongly agree with all three points. Joint expertise and capabilities reduce cost, risk and delay, while ensuring that shared knowledge is accurate and relevant for benchmarking. Coordinated procurement lowers bid burden and improves market engagement and competition, while standardised data enables benchmarking and continuous improvement. These outcomes can be achieved through regional consortia and shared services, common frameworks and timetables, ISO 19650-aligned common data environments, standard cost and performance categorisation, joint governance arrangements, multi-year funding and mandated open data standards.



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

Short budget cycles, audit-driven risk aversion, fragmented standards, limited capability, unclear accountability and a lack of pipeline certainty can all hinder the adoption of procurement best practice. To help address these issues, measures such as the Construction Playbook, multi-year funding, central assurance that endorses proportionate best practice, and enhanced training and accreditation could be more consistently applied. In addition, the promotion of standard templates and digital platforms, greater transparency of outcomes and clear leadership accountability for adopting and tracking improvements would further support best practice.

20. 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?

The scope for change is significant. In many cases, complexity could be reduced to ensure it is proportionate to requirements. Additional measures could include streamlined PQQs (for example, using the GOV.UK 'tell us once' supplier service and keeping supplementary questions focused), consistent ITT structures, clear evaluation criteria and the use of standard NEC forms. Further improvements could include the adoption of familiar digital formats and submission templates, the use of a common set of questions where appropriate, and consistent data categories. Flexibility for project-specific risks should be retained through optional sections, rather than creating new processes for each procurement.

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

We believe these processes could be streamlined by establishing a single, time-limited route used by all regulators, creating a shared evidence library, and undertaking controlled pilot trials on public projects with managed risk. We would also recommend the adoption of standard test methods for MMC and DfMA components and digital tools, alongside the publication of clear guidance on required evidence.

22. Which types of supplier accreditation currently experience significant levels of duplication?

Duplication affectsSSIP schemes (for example CHAS, SafeContractor and SMAS) as well as wider supply chain accreditation. This includes overlap between Achilles and other accreditation schemes, the use of multiple CAS/PAS 91 PQQ platforms, repeated site-specific safety and environmental audits, and the re-approval of standard DfMA components. These issues could be addressed through mutual recognition, a single CAS-aligned prequalification process, shared audit outcomes, and central registers of approved components and competencies.



THE POWER OF EXPERIENCE

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