



**Mott MacDonald Comment
on Civil Engineering in Rail
and Road Market Study
Interim Report**
January 2026

Introduction

Mott MacDonald is a leading engineering, management, and development consultancy and one of the world's largest employee-owned companies. We employ nearly 20,000 people, around half of them in the UK. Our income each year is around £2.4 billion.

In the UK we are widely regarded as one of the mainstays of the infrastructure sector, supporting a range of private and public sector clients, investors, and others. Among the organisations we work with are National Grid, SSE, DESNZ, National Highways and Network Rail, as well as many local councils and combined authorities. We also work in water, education, defence, health, international development, and other sectors.

Given this experience Mott MacDonald is very interested in the CMA's market study into the supply of railway and public road infrastructure by the civil engineering sector. We welcome this study and are glad to have the opportunity to participate. We would be glad to provide additional information if that would be helpful.

Our engagement with this study reflects both our commitment to the long-term success of UK infrastructure and our belief in the value of open, evidence-based, dialogue between industry and regulators.

Key Observations on the Interim Report

The interim report is broadly moving in the right direction; however, we suggest several important nuances require further consideration.

Pipeline Certainty:

Pipeline certainty requires long-term visibility, stable funding, and consistency in the type of work commissioned. Material shifts in programme composition, such as the move from major projects in RIS2 to a predominantly maintenance-focused portfolio in RIS3, risk eroding previous investment in capability and reducing the efficiency gains that continuity enables.

Confidence in the pipeline is also dependent on fair and timely access to bidding opportunities. The current reliance on frameworks can limit market access for extended periods, constrain supplier investment decisions, and impose disproportionate bidding costs. The introduction of the Open Framework mechanism under the Procurement Act, which allows frameworks to reopen at defined intervals to admit new suppliers, provides a constructive opportunity to mitigate these barriers.

In addition, adequate time must be allowed between the publication of an ITT and the submission deadline. Smaller projects (typically under £1m) frequently

involve compressed turnaround times that do not reflect their technical complexity, reducing the quality and competitiveness of bids.

Procurement Capability:

Public authorities often struggle to recruit and retain the specialist skills required. This capacity constraint should be explicitly addressed.

Design Maturity

A key challenge facing the sector is that projects are frequently approved before reaching an adequate level of design maturity. At these early stages, solutions, key details, and risks remain insufficiently defined, leading to budgets being set prematurely and without full visibility of cost, risk or delivery implications. Repositioning early stages, such as the Strategic Outline Business Case - as a commitment to further develop a scheme to an appropriate level of technical maturity, rather than the point at which a fixed budget is established, would materially improve the accuracy of scoping and planning and support more reliable, efficient delivery.

Innovation in Delivery:

While innovation is important, live civil engineering projects prioritise safety, cost certainty, and programme reliability. Innovation should therefore be developed and tested outside live project environments and only adopted once proven. As knowledge is widely shared across the sector, suppliers rarely gain long-term commercial advantage from innovation, and limited margins further constrain investment, potentially requiring public support.

Market Dynamics and Procurement Practices:

Longterm pressure towards lowest-cost, lowest-risk options has driven down margins, limited investment, and contributed to a negative cycle of underperformance. Combined with policy inconsistency and client capability gaps, this has encouraged a narrow view of value for money. The study should consider whether current procurement practices generate returns sufficient to sustain a healthy, innovative sector. We are now commonly seeing a pattern of main and sub-contractors' cherry picking projects, no-bids are becoming more common. There is also more focused attention in other market sectors such as nuclear and defence, which can further reduce availability of practical skills in certain market sectors that have been driving down contractor margins for the last decade.

Characterisation of Tier 1 Suppliers:

The report's definition of Tier 1 contractors is incomplete. Tier 1 suppliers are typically either consultants, who self-deliver design and project management, or contractors, who deliver construction but rely heavily on Tier 2 and 3 suppliers.

Contractual Arrangements:

The study does not address the impact of NEC contracts, which dominate the sector. It is unclear whether NEC contract structures are delivering the intended collaborative benefits. There is also a need to assess whether over-reliance on contractors' internal quality processes, rather than independent checks, contributes to inefficiency and rework.

Questions

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?

Both market entry and firm expansion are equally important to the overall health of the civil engineering sector. Barriers at either stage can restrict competition, limit capability, and discourage investment. One significant barrier not covered in the analysis is the relatively low commercial returns available in the sector. Compared with other markets that offer more favourable and predictable returns, road and rail can appear less attractive, leading firms to deprioritise investment in road and rail opportunities. Furthermore, the use of 4–5-year frameworks that set the supplier options in stone is another key barrier. The contractors and subcontractors on these frameworks are using the same Tier 3 subcontractors time and time again so the opportunities for new incomer suppliers are reduced.

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?

Supply chain fragmentation does not inherently lead to poor outcomes. While it can introduce complexity, it is often a deliberate and value-adding strategy that allows suppliers to assemble teams with the right specialist skills, deeper client knowledge, or diversity and SME participation. When managed effectively, fragmentation can enhance the overall strength of a bid and deliver better alignment with client expectations.

Where fragmentation is poorly managed, however, it can increase costs and create delivery challenges through additional interfaces, layered risk allocation, and competition for high-demand sub-suppliers. Excessive focus on protecting individual risk positions can also undermine value and performance. In such cases, procurement teams must demonstrate active relationship

management, market insight, and clear cost–benefit assessment, rather than simply placing orders.

Beyond pipeline uncertainty, firms frequently prefer to use contractors where specialist skills are needed, where client knowledge is concentrated externally, or where the client explicitly expects a contractor-led supply chain. Procurement practices that fail to differentiate between self-delivery and management contracting can further reinforce a contractor-led model.

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?

Driving innovation on live delivery projects is inherently challenging due to the emphasis on certainty and reliance on proven methods. Therefore, it is essential to approach innovation with a different perspective in these contexts. Lack of time availability (responding to tenders, attending workshops, contributing to thinktanks without payment) all disincentivise smaller suppliers who innovate to survive. Public authorities and large clients frequently expect ideas and innovation to be given freely without any compensation, on the basis that work may come at some point.

Question 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?

This represents a fundamental challenge currently facing our industry. All projects would benefit from more robust upfront scoping and planning; too often, schemes are given approval before they have reached an adequate level of design maturity. At these early stages, many solutions remain undefined, key details are insufficiently developed, and associated risks are not yet fully understood. As a result, budgets are frequently set prematurely, long before the scheme has progressed to a point where cost, risk, and delivery implications can be assessed with confidence.

To address this, it is recommended that the overall scheme development process be reviewed. In particular, stages such as the Strategic Outline Business Case (SOBC) should be treated as a commitment to invest in developing a scheme to an appropriate level of design maturity, rather than as the point at which a fixed delivery budget is established. Allowing projects to progress further in their technical development before financial commitments are locked in would significantly improve the accuracy of upfront

scoping and planning, ultimately supporting more reliable delivery on time and on budget.

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

Early contractor involvement (ECI) can be more effective when aligned with a mature early design stage and clearly integrated with the project's scope. ECI adds value where clients need clarity on means and methods, but offers limited benefit at business case or early options stages.

The interim report compares procurement models but lacks robust evidence on whether ECI or progressive design and build consistently deliver better outcomes. Including comparative performance data would strengthen the assessment.

ECI's effectiveness is also influenced by risk structuring. Requirements such as early upper bound pricing or exit mechanisms can incentivise behaviours that undermine the purpose of early engagement—for example, suppressed pricing or incomplete risk visibility. A transparent, collaborative risk framework is therefore essential.

While ECI can provide advantages, it may also reduce competitive tension. Some argue that stronger outcomes arise from cost competition after design completion, rather than fixing a final price in a non-competitive environment. Given that designers often possess strong construction knowledge, the incremental value of ECI is not always clear.

There is currently limited evidence that ECI delivers superior results compared to traditional procurement. There is an opportunity to strengthen the analysis by including comparative data on the outcomes of different procurement models. This would allow for a more informed assessment of ECI's effectiveness. Until more comparative data is available, ECI should be adopted selectively, weighing its potential benefits against its constraints.

Models such as Project 13 should also be considered, these organically control the approach to development of programmes and projects, using a holistic collaboration model.

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

There is considerable scope to improve the design and use of procurement frameworks, particularly through greater standardisation across the sector. New procurement routes for public sector clients—such as the Open

Framework model introduced under the Procurement Act 2013—should be considered alongside early engagement with the supply chain to assess market capability and capacity. Ensuring that tendering periods are proportionate and accessible to all parts of the market is also essential to support fair competition and broaden supplier participation.

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

Open competition can be made less resource intensive through greater standardisation and clearer expectations. The use of consistent procurement approaches, predefined response formats, and periodic submissions or assessments, such as those covering health and safety or social value, can significantly streamline the process for both clients and suppliers. Establishing clear thresholds for participation, maintaining transparent communication, and allowing sufficient time for smaller organisations to identify and assess opportunities are also essential. Providing this clarity early in the process supports more efficient bidding and leads to a more streamlined procurement exercise overall.

Question 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?

There is significant scope to improve the evaluation of non-price aspects of bids, particularly through greater transparency and more active engagement during the assessment process. Technical submissions are often reviewed with limited interaction, relying heavily on mechanistic scoring frameworks. This approach can overlook critical assumptions, risks, and delivery nuances embedded within proposals.

Introducing structured face-to-face meetings, clarification sessions, and risk-focused workshops would materially enhance evaluation quality. These forums enable clients to explore differing assumptions around methodologies, site conditions, access arrangements, and other variables that directly influence delivery outcomes.

Greater transparency is also essential to mitigate the risk of suppliers tailoring responses to exploit scoring systems rather than demonstrating genuine capability. A more interactive and investigative approach supports a fuller understanding of each submission and its associated risk profile.

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?

Such issues often arise from inadequate guidance provided to procuring authorities, particularly when legal teams, in an effort to protect the authority, allocate risks by transferring them elsewhere. Addressing this challenge would involve incorporating both technical and legal expertise during procurement design, as well as ensuring that clients possess the confidence and capability to assume and manage those risks most appropriately assigned to them. This approach necessitates robust technical and management proficiency within client teams.

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

While our company is not directly involved in the regulation and cannot offer specific commentary, we understand that this issue relates more closely to the present structure of the sector than to regulatory matters. The challenges seem to arise from limited returns and the perception that innovation can be seamlessly integrated during ongoing projects.

Question 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)?

We agree that rationalising the number of industry accreditations would reduce cost, particularly for smaller firms.

Question 12: To what extent to 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?

Some degree of risk aversion among clients is both expected and understandable, as public bodies typically operate under stringent commercial constraints and must manage risks with care. While risk aversion is not universally excessive, it can become problematic when risk positions lack transparency or are not well understood. Excessive risk aversion is particularly evident in situations where authorities do not have clear visibility of what risks exist, how they are priced, and who is best suited to manage them. This lack of clarity can lead to authorities adopting overly cautious positions, sometimes unnecessarily.

Improving transparency is the key to addressing unhelpful risk aversion. Measures such as geotechnical baseline reports and client-led risk assessments help clarify the nature and allocation of risks. However, there remains a need for greater visibility regarding the assumptions in contractor

proposals, especially around means and methods. Early and open discussion of risk allocation enables authorities to assess and manage risks more appropriately, reducing the tendency towards unnecessary caution.

To further support public authorities, better advice and enhanced technical capability are essential when developing procurement approaches. By equipping authorities with the confidence and expertise to manage risks effectively, risk aversion can be moved to more appropriate levels, fostering a more balanced and constructive approach to risk in public sector decision making.

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

No comment.

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

No comment.

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?

This approach appears feasible, potentially with the involvement of additional institutions and may prevent the disruptive stop-and-start pattern seen in projects. However, current authorities with multi-year settlements have not demonstrated this outcome, so the potential advantages remain uncertain.

Question 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?

Enhanced transparency regarding the commercial models underpinning forthcoming opportunities would be highly advantageous. While current pipeline documents typically outline high-level aspects such as project scope, required skills, anticipated timelines, and general procurement routes, they often lack specific details concerning contractual arrangements, incentive mechanisms, liability structures, and particular conditions (for instance, X-clauses within NEC contracts).

From a supplier's perspective, the principal barrier to bidding is securing commercial approval. Technical capabilities are well understood; however, the absence of early clarity on commercial terms compels suppliers to pursue investment decisions on a conditional or intermittent basis throughout the bidding process. This results in inefficiencies and increases the risk that resources are allocated only to be subsequently withdrawn.

Inclusion of more comprehensive commercial details within published pipeline documents would empower firms to make better-informed decisions regarding resource allocation and investment, thereby reducing abortive bid efforts and enabling more effective strategic planning. Although framework arrangements offer some mitigation, even within these frameworks, individual call-offs can necessitate renewed commercial scrutiny if sufficient detail is not provided at an early stage.

It should be emphasised, however, although lack of some information remains a challenge, the core issue is not a lack of information per se, but rather a lack of confidence in the pipeline and the certainty of political commitment to it. There are numerous instances, such as the cancellation of post-DCO schemes due to budgetary constraints, which have undermined trust. What is required is a credible and reliable pipeline that industry participants can depend upon, rather than simply an increase in the volume of information provided.

Question 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?

No comment.

Question 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?

This approach may offer significant benefits in ensuring consistency and fostering the development of appropriate competencies.

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

It is unclear whether a central authority exists that generates and disseminates best practices; for instance, it is not readily apparent where a procuring authority should seek out exemplary project outcomes to easily identify best practice.

Question 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?

No comment.

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

No comment.

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

Company memberships and certifications e.g. Achilles, Constructionline, trade bodies responses to standardised question sets and company information (experience, qualifications, history, capability).