

Executive Summary

Skanska welcomes the CMA's interim findings and broadly agrees with the analysis presented across the key areas of pipeline uncertainty, procurement authority capacity, procurement approaches and regulatory barriers. The issues identified in the report closely reflect the challenges encountered across both the road and rail sectors.

A clear and credible pipeline is essential for effective planning and investment. Skanska agrees that the current level of funding certainty and pipeline visibility is insufficient and contributes to the stop start behaviours highlighted by the CMA. Strengthening the reliability and detail of pipeline information would support better resource planning, improve confidence across the supply chain and reduce the peaks and troughs that currently hinder efficient delivery.

Skanska also agrees that capability constraints within procuring authorities impact the quality of scoping, risk allocation, procurement design and project management. Increased coordination, clearer sharing of performance information and wider application of best practice would support improved outcomes and help address the negative cycle described in the report.

On procurement policy and approaches, Skanska supports the CMA's view that the system often prioritises short term cost over long term value and that this can limit innovation. Consistent adoption of established guidance, improved scoping and a more balanced approach to tender/procurement evaluation would help unlock better performance across the sector.

Skanska also agrees that regulatory processes can be slow and complex, adding cost and uncertainty for both clients and suppliers. Addressing duplication and improving the consistency of regulatory interpretation would help accelerate delivery and support the adoption of new technology.

Finally, Skanska notes the CMA's reflections on subcontracting. Skanska's delivery model, which combines specialist subcontractors and affiliate organisations, is designed to maintain quality, flexibility and access to expertise. In a market characterised by pipeline uncertainty, this approach remains the most efficient and sustainable way to deliver projects. Subcontracting in itself is not a driver of inefficiency; rather, it is a rational response to the market conditions outlined in the CMA's own findings.

Overall, Skanska supports the direction of the CMA's interim report and welcomes continued engagement as the study progresses toward final recommendations.

1. Pipeline Uncertainty

Credible long term funding

Skanska agrees with the CMA that short term funding pressures and frequent fiscal adjustments undermine the ability of both procuring authorities and suppliers to plan effectively. Although bodies such as National Highways and Network Rail operate on multi year cycles, these are still influenced by annual departmental settlements and changes to government priorities. This aligns with the CMA's analysis that the current system does not provide the stability required to build confidence in long term pipelines.

[Redacted] with delays linked to uncertainty among local and regional authorities around scheme prioritisation and funding. This directly supports the CMA's observation that published pipelines do not reliably reflect what will progress into delivery.

Skanska therefore supports the CMA's interim finding that improving the credibility and consistency of multi year funding arrangements is an essential part of addressing the short term behaviours present in the market.

Pipeline visibility and certainty

Skanska agrees with the CMA that existing pipeline publications lack the detail and reliability necessary for meaningful business planning. We welcome the introduction of NISTA's Infrastructure Pipeline but acknowledge, as the CMA does, that it is not yet comprehensive and does not provide enough information to support confident investment decisions.

In practice, the current level of detail available is insufficient to inform resource allocation or future bidding strategies. The CMA's assessment that better, more detailed and more consistent pipeline information would enhance market efficiency is fully aligned with Skanska's experience. Improved visibility would help address the peaks and troughs in demand noted in the interim report.

2. Procurement Authority Capacity Constraints

Skills, experience and leadership

Skanska agrees with the CMA's assessment that capability gaps within many procuring authorities, particularly devolved and newly empowered bodies, affect procurement quality, project planning and the ability to shape markets effectively. These gaps contribute directly to the challenges highlighted by the CMA, including inconsistent scoping, risk allocation and procurement approaches.

We also agree that the increased flexibility offered by the Procurement Act offers opportunities for authorities to work more collaboratively. Greater coordination and shared expertise would support improved decision making and align with the CMA's view that capability constraints are one of the root causes of the negative cycle described in the interim report.

Coordination

Skanska supports the CMA's view that coordination between authorities is inconsistent and that this contributes to inefficiencies, duplicated effort and reduced competitive tension. The CMA's interest in more standardised cost and performance data mirrors our own experience, where inconsistent information and feedback create uncertainty and hinder learning across the sector.

Skanska agrees that better coordination, including around benchmarking and pipeline alignment, would support more informed decisions and reduce duplicated effort.

3. Procurement Policy and Approaches

Supporting innovation and minimising long term cost

Skanska agrees with the CMA's finding that procurement approaches often favour low upfront cost over long term value, limiting incentives for innovation. This is consistent with our experience that innovations with potential long term benefits are not always fully recognised because procuring authorities may lack visibility of results, the capability to evaluate them, or the appetite to accept early investment risks.

We also agree with the CMA that uneven capability, complex approval processes and fragmented funding environments contribute to slower adoption of new approaches. The CMA's focus on improving incentives for innovation is aligned with Skanska's experience across the roads and rail sectors.

Adoption of best practice

Skanska agrees with the CMA that best practice guidance, particularly the Construction Playbook, is not applied consistently. Where such guidance is not followed, inconsistencies in risk allocation, scoping and procurement approach become more pronounced. Skanska supports the CMA's interim observation that a more consistent application of established guidance would help improve outcomes across the sector.

Procurement frameworks

Skanska agrees with the CMA that frameworks can sometimes reduce competition in that, long term, they can fail to reflect actual market conditions. Our experience supports the CMA's view that inflexibility within frameworks, particularly around risk allocation and pricing mechanisms, can undermine their effectiveness. Examples in the sector demonstrate cases where framework terms remain static despite changing market conditions, or where frameworks with overlapping scopes lead to inefficiency.

Skanska also agrees with the CMA that inconsistent framework design can result in significant differences between offers prepared under different frameworks, reducing comparability and undermining competitive tension. This inconsistency often requires suppliers to tailor a different commercial and delivery approach from scratch for each framework, increasing bid cost and inefficiency across the market. We support the CMA's interim view that improvements to framework design and use would support better outcomes.

Standardisation of processes

Skanska agrees with the CMA that the lack of standardisation across procurement processes increases administrative burden and can act as a barrier to participation. In practice, suppliers face different templates, requirements and evaluation styles across authorities, which increases cost without improving competitive outcomes. This lack of consistency also flows down through the tiers of the supply chain, creating additional friction when onboarding SMEs and reducing the efficiency with which they can participate in publicly procured work.

Reliable and accurate scoping

Skanska fully agrees with the CMA's analysis that insufficiently developed scopes are a major contributor to cost escalation, delays and inefficient delivery. This reflects our experience across rail and road projects, where late changes to scope and underdeveloped early stage requirements drive avoidable complexity, often causing delays in getting into contract.

We support the CMA's interim view that early contractor engagement, used appropriately, improves clarity on design, risk and cost, and addresses many of the scoping issues highlighted in the report.

Risk allocation

Skanska agrees with the CMA's view that risk allocation remains inconsistent and is not always aligned with best practice, including the principles set out in the Construction Playbook. Our experience supports the CMA's observation that some procuring authorities continue to transfer risks that contractors cannot realistically control, resulting in fewer bids, higher prices or reduced competition.

Skanska supports the CMA's intention to explore greater consistency in risk allocation and believes this aligns well with industry experience.

4. Regulatory Barriers

Regulation: efficient compliance

Skanska agrees with the CMA's interim finding that regulatory processes are often slow, fragmented and overly prescriptive. This results in duplication, unnecessary cost and increased timelines for planning and approvals. Skanska's experience supports the CMA's view that inconsistent interpretation of requirements between statutory bodies creates uncertainty and undermines efficient delivery.

Where the CMA highlights the value of mapping regulatory journeys, Skanska agrees with the intent and notes that some public bodies may require support to participate effectively, which is consistent with the CMA's broader findings on capability.

Consolidated accreditations and qualifications

Skanska agrees with the CMA that accreditation requirements can be duplicative and burdensome, particularly where similar accreditations are required by different authorities for comparable work. We support the CMA's view that rationalisation could help reduce barriers to entry without compromising safety or quality.

Fast tracked regulatory approvals

Skanska agrees with the CMA's analysis that the approvals process for new technologies can be slow, inconsistent and costly, particularly in the rail sector. Our experience aligns with the CMA's view that the current approach can inhibit innovation and limit the adoption of new products and methods.

We therefore support the CMA's intent to explore how existing processes could be adapted to enable more timely and consistent evaluation of innovative solutions.

5. Further comments - Subcontracting

Skanska recognises the CMA's concerns about the extent of subcontracting in the sector, but our experience does not support the conclusion that subcontracting inherently drives inefficiency or unnecessary cost. Our delivery model reflects the structure of the UK roads and rail market, where pipelines are uncertain and workbanks fluctuate.

Skanska uses a mix of specialist subcontractors and affiliate companies. Affiliates provide consistent technical expertise, aligned standards and improved coordination, directly addressing several issues raised by the CMA around quality, capability and integration. Their involvement is often misunderstood as fee layering, but the margin retained by Skanska reflects the oversight, risk management and integration activities that cannot be delegated.

Increasing in-house delivery would not necessarily reduce costs. To self deliver more work, Skanska would need to maintain a large, permanent workforce and specialist plant. Given the CMA's own findings on inconsistent and unpredictable pipelines, it would be commercially unsustainable to build this fixed capacity without long term, reliable demand. Subcontracting therefore represents an efficient and flexible response to market conditions rather than a driver of inefficiency.

Specialist subcontractors also bring capabilities that would be costly and inefficient to replicate internally. Their expertise supports better outcomes on complex road and rail

schemes and enables Skanska to adjust resource levels in line with project flow. This flexibility would be lost under a predominantly in house model.

Overall, Skanska agrees that supply chain fragmentation can create challenges, but does not consider subcontracting itself to be the source. It is a rational and efficient adaptation to the market described in the CMA's interim report. Until pipelines become more stable and predictable, subcontracting remains the most effective way to deliver projects while maintaining quality, flexibility and value for the public sector. Even if pipelines were to be more stable, subcontracting still supports an efficient and flexible response to support the full variety and complexity of infrastructure projects.