

## Insights

# COMPETITION AND MARKETS AUTHORITY TO LOOK INTO THE EFFICIENCY OF THE CIVIL ENGINEERING MARKET

COMPETITION AND MARKETS AUTHORITY TO UNDERTAKE STUDY INTO THE ROAD AND RAIL SECTORS TO SUPPORT THE GOVERNMENT'S AMBITIOUS 10-YEAR STRATEGY FOR INFRASTRUCTURE GROWTH

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On 19 June 2025, the government introduced its 10-Year Strategy, a comprehensive plan aimed at fostering economic growth through investment in (amongst other areas) housing and social infrastructure. This strategy marks a significant shift in infrastructure investment, emphasising enhanced coordination across various sectors and between the government and its delivery partners. Over the next decade, the government plans to invest £725 billion in both economic and social infrastructure, in recognition that schools and hospitals are as important to living standards as infrastructure such as road and rail systems. This investment is intended to support the government's modern Industrial Strategy to deliver long-term certainty and unlock the potential for high-growth sectors.

The government's strategy notes that the government is working with the Competition and Markets Authority (CMA) to ensure that its approach best enables growth. This collaborative approach is reflected in the CMA launching on the same day its market study on the supply of railway and public road infrastructure by the civil engineering sector. In doing so, the CMA is "*committed to undertaking [the] market study in a way that supports the UK government's priority focus on economic growth*".

## What is the focus of the CMA's Market Study?

The CMA's market study focusses on the supply of railway and public road infrastructure by the civil engineering sector, as this accounts for a significant proportion of the government's economic expenditure on infrastructure. Importantly, however, the CMA has stated that its "*findings may identify lessons that may be equally as informative for civil engineering in other areas of economic infrastructure*".

It starts from the position that there are significant inefficiencies in the delivery of large infrastructure projects which are potentially limiting growth and investment in the sector. This is

perhaps unsurprising, particularly following the recent publication of two reports by Mark Wild and James Stewart, which examine the causes of delays and cost escalations in the HS2 project.

The CMA's market study therefore aims to identify and propose solutions to these inefficiencies, exploring opportunities to enhance collaboration between the public sector and industry. In order to do so, the CMA proposes to assess current performance against the following characteristics it considers indicators of a well-functioning civil engineering market:

- **Appropriate project budgeting and design specification:** including input from potential suppliers to test the viability of different options before launching a procurement.
- **Effective procurement design:** balancing quantitative and qualitative criteria, and incentivising suppliers to participate in tenders, submit accurate cost estimates, and articulate any quality/cost trade-offs.
- **Proportionate planning and regulatory processes:** minimising cost, complexity, and unwarranted delays for both the procuring body and participating suppliers.
- **Predictable and shorter timescales for project delivery:** supported by a productive supply chain.
- **Best value projects:** delivering efficient unit costs of infrastructure, meeting high-quality standards, and underpinning growth.

## **Consultation process**

The CMA intends to consult a diverse array of stakeholders, seeking perspectives from those involved in all phases of infrastructure projects. This includes civil engineering firms across all tiers of the supply chain, civil engineering consultants, public authorities responsible for procuring rail and road infrastructure, rail and road regulators, bodies involved in assessing planning applications, as well as both the UK and devolved governments.

## **How long will the market study run for?**

The CMA intends to publish its interim report for consultation in November 2025, with publication of its final report expected by April 2026.

## **Why does the market study matter?**

Whilst the CMA does not have the power to intervene in markets directly following a market study, the CMA will provide its recommendations to the government for improvements to the sector. This could include recommended changes to public procurement procedures, planning, and other regulatory processes. Whilst not bound to implement these recommendations, the government has committed to consider and respond within 90 days.

Although the CMA has indicated that it currently considers it unlikely, another potential outcome of the market study is that the CMA makes a market investigation reference to investigate competition concerns further. Under a market investigation the CMA has greater powers, such as the ability to impose structural remedies.

Importantly it is also not uncommon for market studies to reveal potential anti-competitive practices, which the CMA investigates further under its competition law enforcement powers. A recent example is the 2024 housebuilding market study, which has resulted in an ongoing Competition Act investigation into 8 housebuilders.

## **Next steps**

The CMA has invited interested parties to respond to its questions on the purpose and proposed scope of the market study by 17 July 2025.

The CMA will also request individual responses from, or attendance at round tables by industry participants between now and November 2025. The CMA has stated that in some instances it may use its legal powers to formally request information from the main industry stakeholders.

**Please contact us if you would like to hear more, or you would like us to assist you in responding to the CMA.**

*The authors would like to thank BCLP Trainee Dorcas Awolaja for her support in writing this article.*

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