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Putting SMEs at the heart of UK Infrastructure

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Foreword

Most people could not tell you what a consulting engineer actually does. You earn the right to consult by being the best in the world at something the rest of us do not fully understand. The firm that keeps a coastal town dry. The firm that gets power from an offshore wind farm into the grid. The firm that works out how to run a new rail line across a river without shutting down the towns on either side. This is deep, specialised work, and it is done by small and medium firms.

The UK's SME engineering sector is made up of thousands of these firms. They specialise in things like energy systems, transport networks, water and flood resilience, and structural and geotechnical engineering. Each one is a small group of people who are genuinely the best at a really hard thing, and they are often the only people who can do it. When a problem is complex enough, there is no large generalist waiting in the wings to take over. There is a specialist SME with the expertise and a director-level engineer still close enough to the work to solve it. These firms sit at the heart of how UK infrastructure actually gets delivered, even if the system around them does not always treat them that way.

Having built and run consulting firms myself, I recognise this sector for what it is. These are problem solvers by nature. They run at the hardest problems in UK infrastructure with small, nimble teams, and they solve them in ways nobody else can. They also grow fast when the conditions allow it.

The work itself is changing too. New tools, including AI, are starting to give these firms back the thing they never have enough of, which is time. Time not lost to administration is time their experts can put back into engineering. The admin load is heavy, and it is rising. Firms in 2026 are taking on twice as many projects at half the average project budget they used to be, meaning that admin burden only grows.



A typical small professional services firm spends around 2,000 hours a year preparing proposals – that's a full working year of one person's time - and they win 30% to 40% of them. Every hour lost to that grind is an hour taken from the engineering the UK actually needs.

The people who lead these firms have no shortage of energy or ambition. The conditions they work in are simply not healthy, and this manifesto names them. Procurement that rewards speed and lowest price over judgement. Specialist firms brought in to price a solution long after the decisions that shaped it were made. Projects that reach the market before they are properly defined. The system around them is making the work so much harder than it needs to be.

The changes this manifesto calls for would put that right. Bring specialist firms in early and they help shape the problem itself. Judge bids on whole-life value and you reward the firm that builds something

cheaper to run for the next 30 years, instead of the cheapest possible start. Give firms clear, long-term visibility of the pipeline and they gain the confidence to invest in people and training ahead of the work, which is how the UK builds the engineering capacity it keeps saying it needs.

The UK government has been clear that it wants a more productive and more resilient infrastructure sector. It will get there through these firms, and it should build the system around them. ACE is right to put SMEs at the heart of this. We are proud to stand behind that call, and prouder still to work every day with the firms who will deliver it.

Mark Orttung
CEO, Projectworks



Introduction

The UK's ability to design, build and maintain high-performing infrastructure depends on access to the full breadth of engineering and consultancy capability available across the market, including the specialist expertise provided by SMEs. These design engineering, environmental and sustainability consultancy firms are not peripheral players; they are critical to how infrastructure is planned, designed and delivered.

Our sector represents a significant pool of economic activity, technical expertise and regional capability. Made up of thousands of firms, SMEs provide specialist engineering skills, support employment and contribute directly to the delivery of nationally important infrastructure. Their contribution is particularly important at a time when the sector faces skills challenges, increasing delivery pressures and the need to improve productivity. In 2025, SMEs accounted for around 65% of the total value of services delivered by the UK engineering consultancy services sector, and for 70% of all employment in the sector.

From early strategy and design through to delivery, operations and long-term asset management, SMEs are embedded across the entire infrastructure lifecycle. They bring technical expertise, innovation,

agility, responsiveness and deep regional knowledge. SMEs often provide highly specialised capability, supported by experienced engineers and directors who remain closely involved in projects and bring practical understanding of construction, delivery constraints and local conditions.

Yet the system in which they operate does not consistently reflect that reality.

Increasing SME participation alone is not the answer. The more fundamental question is how government and clients identify the delivery model that gives each project the best chance of success, and how procurement can provide access to the right capability at the right time. The objective must be to match project needs with the expertise, experience and delivery capability available in the

market. Procurement must focus on securing the capability required to achieve successful outcomes, rather than applying a default model that may not reflect the needs of the project. This may involve large multidisciplinary providers, specialist SMEs, or a combination of both depending on the scale, complexity and expertise required.

Greater access to SME expertise can help government build more resilient and diverse supply chains. Better integration of specialist firms supports knowledge retention, reduces dependency on a narrow group of providers and strengthens delivery capacity across regions.

Too often, procurement is driven by lowest cost rather than best value. Risk is pushed down the supply chain in ways that are not always workable. Projects enter the market before they are properly defined.

And specialist capability is too often brought in too late to shape outcomes.

At the same time, government is clear about its ambition to accelerate delivery, improve productivity and unlock long-term growth. That ambition will not be met without a stronger role for SMEs in how infrastructure is planned, procured and delivered.

This manifesto sets out what needs to change. It is built around five overarching priorities:

1. Create open and competitive infrastructure markets

Ensure procurement approaches enable access to the full breadth of engineering and consultancy capability, including specialist SMEs, and avoid unintentionally narrowing the supply base.

2. Value design excellence and technical capability

Recognise the role of early-stage design, engineering expertise and design maturity in improving infrastructure outcomes, reducing risk and strengthening investment readiness.

3. Deliver procurement that prioritises value, collaboration and fair risk allocation

Move beyond lowest upfront cost by embedding whole-life value, proportionate risk allocation and collaborative delivery models as the foundation of procurement decisions.

4. Embed earlier engagement with specialist capability

Ensure SMEs and technical experts are involved early enough to shape project definition, delivery models and solutions before key decisions are fixed.

5. Provide long-term certainty to support investment, skills and growth

Create greater visibility of infrastructure pipelines and multi-year investment commitments so that SMEs can plan, invest in capability and support sustainable delivery capacity.

This is not about favouring smaller firms over larger ones. It is about ensuring procurement is proportionate and designed to access the full breadth of capability in the market, from specialist SMEs to major integrated suppliers.

Delivering competitive and resilient infrastructure markets

A well-functioning infrastructure market depends on diversity of supply. Large firms, regional consultancies and specialist SMEs all play key roles in project delivery.

Yet market conditions are making participation harder. Procurement complexity has increased bid costs and, in parts of the market, opportunity is becoming increasingly concentrated among a smaller number of larger providers.

A recent Competition and Markets Authority study¹ into the road and rail civil engineering sector underlines the risk of markets becoming less competitive over time. This is not only a structural concern. It affects innovation, value for money and the resilience of delivery capacity.

As such, it is imperative that SME design and engineering capability is recognised as a strategic part of the UK's infrastructure delivery model and is valued alongside the capability provided by larger organisations.

Several European countries have demonstrated how procurement design can support greater participation by specialist and regional firms alongside major contractors. In Germany, public procurement policy has encouraged contracts to be divided into smaller lots, helping create opportunities for smaller and specialist firms to compete for discrete elements of public contracts where appropriate. In the Netherlands, procurement legislation emphasises proportionality in qualification and selection requirements, while Rijkswaterstaat (the executive agency of the Dutch Ministry of Infrastructure and Water Management) uses early market engagement and collaborative

procurement approaches on complex projects, helping contracting authorities engage with specialist market capability and reduce unnecessary barriers to SME participation. Although major contractors continue to play a central role in delivering large infrastructure programmes, these approaches illustrate how procurement models can broaden access to specialist capability, support competition and contribute to a more diverse and resilient supply chain.

¹https://assets.publishing.service.gov.uk/media/6a0ea16d9c0df135284ec751/Final_Report_.pdf



A further issue sits upstream of procurement itself. Procurement strategy must reflect the needs of each project. It must provide access to the specialist and multidisciplinary capability required to deliver the project successfully.

The aim cannot be to maximise SME participation for its own sake, but to ensure SMEs can contribute where their expertise can materially improve outcomes.

Projects are often brought to market before they are sufficiently defined or mature enough to support effective procurement. This weakens competition, increases risk pricing, and limits the ability of specialist firms to add value because they are competing to shape uncertainty rather than deliver well-structured propositions. Strengthening early-stage definition and investment readiness improves both market fairness and outcomes.

ACE calls on government to:

- Recognise SME design and engineering consultancies as a core element of national capability
- Maintain genuinely open and competitive infrastructure markets removing unnecessary barriers to specialist capability
- Ensure frameworks and major programmes provide proportionate routes for specialist SMEs to compete for and deliver work where their expertise can improve outcomes
- Strengthen early-stage project definition so that projects enter the market at an appropriate level of maturity and investment readiness



Restore the value of design and technical excellence

Infrastructure performance is determined long before construction begins. It is shaped by the quality of analysis and design that underpins each project. Where that foundation is strong, projects are more efficient, resilient, and cost effective over their full lifecycle.

There is growing concern that this stage of delivery is not consistently valued. Procurement systems can still reward cost and speed over design quality, technical judgement and long-term performance.

This matters because design is often where the greatest opportunities for innovation, risk reduction, value creation and efficiency savings exist.

SMEs play a major role in this space. They are often where specialist expertise sits and where early-stage innovation and problem solving are most concentrated.

This is particularly important because many SMEs retain senior technical expertise close to project delivery. Director-level engineers and specialists are often directly involved in solving complex problems, translating design into construction-ready solutions and ensuring that decisions reflect practical delivery experience.

Design is also a critical part of how projects become attractive to investors. The quality of early-stage technical definition directly influences whether a project can be properly structured for delivery, priced accurately and brought forward with confidence. Where design maturity is weak, projects can enter procurement prematurely, increasing uncertainty and reducing both competition and investor confidence.

Strengthening SME involvement in early design is therefore not only about improving engineering outcomes, but also about improving the investability and deliverability of infrastructure programmes.

ACE calls on government to:

- Ensure projects can access the specialist design and advisory capability needed to support infrastructure delivery
- Recognise design and technical expertise as a core input to early project development and decision-making, and ensure design quality, technical excellence and innovation are valued accordingly
- Strengthen the role of design maturity and whole-life value in procurement and investment decisions to improve project performance, investment readiness and bankability

Procurement that delivers value

UK infrastructure delivery is regularly challenged by the gap between policy intent and day-to-day procurement practice. While policy increasingly recognises whole-life value, collaboration and early engagement, decisions are still often driven by lowest cost and uneven risk allocation.

The Construction Playbook already provides a clear framework for improvement. The challenge is consistent application across departments, agencies and delivery bodies.

This requires a more strategic approach to procurement, where clients consider the capability required to deliver a project successfully before determining the most appropriate procurement route. Procurement processes must enable access to that capability rather than unintentionally narrowing the available delivery model.

A more fundamental shift is needed. Investment decision making under the Green Book could be aligned more closely with Construction Playbook principles so that value outcomes and capability are properly reflected in procurement decisions.

Risk allocation remains central. When risk is transferred in ways that are disproportionate or poorly understood, it is not reduced; it is redistributed in ways that undermine productivity and discourage effective market participation.

A balanced approach is required that enables collaboration, supports innovation and improves outcomes.

ACE calls on government to:

- Ensure Green Book appraisal and Construction Playbook principles work together so that investment decisions reflect deliverability, risk, design maturity and market capability
- Embed whole-life value as a consistent basis for procurement decisions
- Ensure procurement and award decisions properly recognise technical expertise, design quality and innovation alongside cost
- Ensure fair and proportionate risk allocation, with risk placed with the party best able to manage it
- Promote collaborative and balanced contracting models



Whole-life value in infrastructure decision-making

Whole-life value is about changing the question we ask when we make decisions. Instead of focusing on the lowest upfront cost, it asks what an asset will cost, deliver, and require over its entire life. It brings construction, operation, maintenance, performance and renewal into a single view.

Too often, infrastructure decisions are still driven by initial capital cost. This is understandable because budgets are immediate and visible, while long-term consequences are less tangible. But it creates a distortion. What appears efficient at the point of procurement can lead to higher costs, reduced performance and greater complexity over time.

A whole-life approach corrects this imbalance. It requires decisions to account for design quality, technical judgement, construction methods, maintenance needs, carbon impact, safety and adaptability alongside upfront cost. It recognises that infrastructure performance is set largely at the earliest stages of a project.

Concept and design decisions determine how an asset will function for decades. Whether it is efficient to maintain, resilient under pressure and adaptable to change.

Once these decisions are fixed, improving value later becomes difficult and expensive.

This is where SME consultancy and engineering expertise is critical. SMEs often provide the specialist knowledge and early design thinking that improve outcomes before projects are locked in. When they are engaged too late, that value is reduced or lost.

Whole-life value also improves risk management. When lifecycle impacts are properly considered, risk is less likely to be misallocated or poorly priced. This supports better forecasting, fewer disputes and more stable delivery.

For the public sector, whole-life value improves long-term value for money. For industry, it creates a more rational basis for investment and competition. For SMEs, it creates a fairer environment where technical quality and design contribution are properly recognised.

Whole-life value is therefore not a procurement preference. It is a discipline for aligning short-term decisions with long-term infrastructure performance.



Strengthen early-supplier involvement

The timing of engagement in infrastructure delivery is as important as the structure of procurement. Projects benefit significantly when technical expertise is involved early enough to influence scope, design direction and delivery strategy.

Early involvement also allows clients to make better-informed decisions about the most appropriate delivery model, ensuring that procurement structures reflect the expertise and capability required rather than being determined before project needs are fully understood.

Early supplier involvement strengthens design, reduces risk and increases the likelihood that projects are both deliverable and efficient. SMEs can be particularly valuable at this stage because they often combine specialist technical expertise with practical understanding of construction methods, operational constraints and local conditions.

However, SMEs are still too often brought into projects after key decisions have already been made. This limits the value they can add and reduces overall quality.

A more deliberate approach is needed: one that brings SMEs and specialist expertise into the process earlier and more consistently.

ACE calls on government to:

- Embed early supplier involvement as a standard feature of procurement
- Create clearer and earlier routes for specialist capability, including SMEs, to contribute to project development, including through appropriate access to frameworks and collaborative delivery models
- Encourage more collaborative and iterative design processes

Create long-term certainty for investment and growth

SMEs invest in people, capability and innovation on the basis of confidence in future workload. When visibility is missing, it becomes harder to recruit, train and grow sustainably.

SMEs also make a wider contribution to the communities in which they operate. Their regional presence supports local employment, develops skills pipelines and retains specialist knowledge across the UK rather than concentrating capability in a small number of locations.

Greater transparency around infrastructure pipelines allows firms to plan ahead, invest with confidence and build capacity in line with future demand.

At present, stop-start funding cycles continue to undermine that confidence. They fragment delivery, reduce efficiency and increase long-term cost. A shift towards multi-year programme-based funding will help stabilise the market and improve outcomes across the supply chain.

Private finance will continue to play a role in infrastructure delivery, but its effectiveness depends on how risk is structured and how accessible opportunities are to firms beyond the largest players.

ACE calls on government to:

- Publish clear, forward-looking and regularly maintained infrastructure and procurement pipelines, with visibility of forthcoming consultancy and design opportunities
- Commit to multi-year capital investment frameworks
- Support stable, collaborative and fair private finance models
- Provide the certainty SMEs need to invest, plan and grow



Conclusion: A better approach to infrastructure delivery

The future challenge is not choosing between large providers and SMEs. It is ensuring that infrastructure clients can access the right combination of scale, specialist expertise, regional knowledge and technical experience for each project.

Yet the market does not consistently enable clients to access that full breadth of capability. How projects are structured, procured and managed can limit opportunities for specialist and SME firms, even where their expertise could improve outcomes.

If government is serious about improving delivery, increasing productivity, unlocking growth and creating greater social value, it must do more than set ambition.

It must create a system that enables the right firms to contribute at the right time and in the right way.

The question for government is therefore how to create delivery models that reflect the needs of each project and enable clients to draw on the expertise required to deliver it successfully.

The goal must be a more open, capable and productive infrastructure market that draws on the full breadth of UK engineering capability, combining the scale of major providers with the agility, specialist expertise, regional knowledge and innovation of SMEs.

ACE and its members want to work with government, policymakers, clients and industry to make that a reality.





The Association for Consultancy and Engineering (ACE) is the business association for the UK's professional consultancy and engineering companies operating in the social and economic infrastructure sectors.

We represent around 300 member companies, large and small. As the leading voice for the sector, we foster collaboration to propel the industry to fulfil its ambitions.

The sector is highly skilled, productive and forward-looking - employing over 470,000 people and contributing more than £39 billion to the UK economy. It competes on a global stage, exporting over £11 billion, providing solutions to the world's pressing issues and holds the key to a brighter future.

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