

CMA Civil Engineering in Rail and Road Market Study

Arup response to Statement of scope 17 July 2025

Background to Arup

Arup is an independent firm of designers, planners, engineers, consultants, and technical specialists offering a broad range of professional services. We aim to help our clients meet their business needs by adding value through technical excellence, efficient organisation and personal service. We welcome the opportunity to respond on the statement of scope of the market study, and input further into the process as the study progresses.

Founded in 1946, Arup now has more than 18,000 people working in 95 offices in 34 countries and our projects have taken us to more than 120 countries. Arup is a wholly independent organisation owned in trust for the benefit of its employees and their dependants. A substantial proportion of the firm's income is devoted to improving its technical standards through the continuing professional development of its members and by developing new techniques of engineering design and management.

We provide the engineering and related consultancy services necessary to every stage of a project, from inception to completion and after. These are available to clients singly or in combination, to suit the circumstance of the job. We work in multi-disciplinary teams to ensure co-ordination between the disciplines. We operate formal quality management systems, routinely reviewing and auditing our work. We structure our project teams to achieve clear lines of responsibility and communication with the client and other consultants. By these measures, we add value to our clients' projects and achieve quality on which they can rely.

Arup, a global leader in major infrastructure delivery, has created an evidence based transformative approach to get infrastructure delivery moving: 'Greener, Faster, Cheaper'. This approach is designed to address the perennial challenge of infrastructure projects being delayed and over budget, while also ensuring priorities on net zero and sustainability are delivered. The primary objectives are accelerating infrastructure project delivery, reducing costs, and enhancing environmental/social outcomes.

Arup's approach results from extensive experience in major infrastructure projects in the UK and overseas. We advocate a simple, holistic, end-to-end approach to infrastructure development, recognising that there is no 'silver bullet' solution to speed up the delivery of projects. We work extensively with global contractors and major international clients where we have found marked differences in other jurisdictions in most of the rest of the world in procurement and delivery processes, compared to the UK, which are insightful comparisons of the challenges facing the UK market.

The Greener, Faster, Cheaper approach significantly departs from many existing practices. It emphasises early planning, outcome-based programmes, and strategic reforms, contrasting with traditional asset-focused, process-driven approaches. Lessons learned from slower and delayed projects have informed this new approach, ensuring past mistakes are not repeated.

The Greener, Faster, Cheaper approach is a key pillar of the Arup and Urban Transport Group *Rail and Urban Transport Review* for the Labour Party. It was also a key evidence base for the National Infrastructure Commission's 2024 *Cost Drivers of Major Infrastructure Projects in the UK* report. Arup led to team supporting the Stewart Review into HS2; and has been supporting government in reforms to infrastructure planning including in the development of the Planning and Infrastructure Bill on reforms to consenting regimes applicable to the markets covered in the study.

Response to questions

We have opted to respond to questions 1-4 at this stage but will input and submit further insight to the CMA in relation to questions 5-8 through the market study engagement.

1. Do you agree with our articulation of the characteristics of a well-functioning market as set out in paragraph 1.11? If not, what could be changed and why?

We do not disagree with the articulation of the characteristics, and would emphasise points b), c) and d) as important. We would, however, suggest augmenting the description further. A well-functioning civil engineering market is one that is successfully delivering infrastructure projects efficiently, without unwarranted or unnecessary delays or cost overruns. It would be operating with effective collaboration between project promoters and the supply chain, and across development and delivery partners on the project to ensure a holistic end-to-end approach to delivery over the lifecycle of the project. The supply chain would have clear sight of opportunities in the pipeline, and clear sponsorship and requirements from the promoters, ensuring a capable client able to effectively procure and oversee contracts and delivery.

We would recommend that a well-functioning market should be based on outcome driven approaches, and not just achieving best value. The CMA should consider its approach outline under point e), and reframe it around outcome focused delivery.

2. Do you agree with our proposed scope (both the product and geographic scope) and themes for this market study, as set out in Section 3. If not, what areas would you suggest we include, exclude or prioritise, and why?

Arup supports the review looking end-to-end on design, planning and delivery of rail and public road infrastructure projects given this accounts for a significant proportion of government expenditure on economic infrastructure, and the opportunity it affords to drive improvements in delivery across sectors outside the scope of the review. This should also include in-use and asset management considerations.

There is significant opportunity in the civil engineering sector for improving the design and delivery of large and complex infrastructure projects and given the scale of infrastructure delivery required in the UK across public and private sector projects. The opportunity for improvement should be grasped by all parts of the sector to make best use of public funds and private investment and improve delivery of infrastructure.

The CMA should look across client types and project types in road and rail sectors, including local and combined authority client/sponsorship and delivery of projects, as well as national

entities. This is especially pertinent given the growing spend on enhancements through local and city region government over this current Spending Review period, as well as the direction of future devolution within transport and particularly rail.

We agree that the scope should cover full project lifecycle, and end-to-end delivery – this is important for achieving an impactful outcome from the market study. The alignment of business case, consenting and procurement/commercial strategies is fundamental to success.

As national ALBs treat enhancements delivery differently to maintenance and renewals, looking across these elements will provide important points of comparison on efficiency and effective ways to deliver.

We suggest a clarification on the scope of rail to also include light rail projects, as well as heavy rail, and the development of rail infrastructure including stations by third parties. There is considerable investment taking place in this Spending Review period on tram and light rail networks including enhancements, renewals and maintenance. This will be through an increasing number of public bodies where the capacity and capability to deliver is still developing and maturing. The further progression to devolution of delivery of infrastructure to local and city region levels of government makes them an important promoter, client and deliverer of road and rail projects in future that should benefit from the insight the CMA's market study should bring.

The market study is not the first examination of the issues in the market, with Sir Michael Latham's report in 1994 and Sir John Egan's Construction Taskforce report in 1998, the Project 13 initiatives, and government's Construction Playbook all previously seeking to shape and improve delivery. The CMA should review the themes articulated in those initiatives, and progress made (or not) as a result of the action taken. This will inform its approach, focus, remedies and recommendations. On the themes to be investigated as outlined in the scope:

- **Nature/functioning of the market:** it would be beneficial to look further at the capital delivery models employed by government and its ALBs for delivery, as well as how they scrutinise, assurance and validate their understanding of what is to be procured, the procurement approach, and contracting. Our Greener Faster Cheaper analysis has found that projects can be delivery 25% faster, 20% cheaper and realise environmental benefits through taking an end-to-end approach, but this reliant on the approach a promoter wishes to take to delivering their project and the procurement strategy.
- **Public procurement:** the CMA should consider wider aspects of public bodies ability to effectively procured. As found in the Stewart Review of HS2, capability, and capability of the client team was an issue in ensuring effective oversight of the delivery body, and then capability in the delivery body to manage the contracts was also not up to task. It would be prudent for the CMA to assess public bodies' ability to effectively procure and utilise the expertise in the market to ensure successful, cost effective and timely/efficient delivery of infrastructure projects and delivery of outcomes. This should focus on capability, capacity and governance structures that support a capable client.
- **Supply-side features:** the CMA should also consider the limiting factors in the market such as availability of skills and capability to deliver, particularly in light of

the growing scale and pace of delivery of the wider economic infrastructure and social infrastructure pipeline, and the direction outlined in the government's 10 Year Infrastructure Strategy. There are limitations in the market on skills and capacity, such as in consenting/planning, that may require wider interventions from policy-makers to support an effective and well-functioning market.

3. What, if any, are the key differences in the markets for the supply of roads and railways across the 4 nations of the UK that should be reflected in our analysis?

There are several factors across the 4 nations that would be beneficial to consider in the CMA's analysis that have a bearing on the functioning of the market, and for which there will be differing impacts based on that approach taken within each country

- Pipeline certainty and visibility in each nation
- Funding certainty and visibility in each nation
- Differences in approach to delivery in national organisations such as Network Rail and National Highway in Scotland vs Wales vs England
- Extent and breadth of organisation's procuring and delivering projects in nations differs, which could provide comparators on the effectiveness of the market across nations.
- Complexity and extent of routes to markets and frameworks established and utilised in each nation, and also from national organisations operating in the nations.
- Impacts created on projects by differing policy, planning, consent and environmental regimes harnessed in the nations, positive or negative, including political influences.
- Capacity, capability and organisational differences within the devolved bodies to specify, procure, manage, assurance and govern projects at each stage of a project lifecycle.

