Civil engineering market study: invitation to comment

Introduction

Established in 2019, Transport Action Network (TAN) combines support for local communities seeking sustainable travel options with thought leadership at the national level. We were the only NGO to be called twice to give oral evidence to the Transport Select Committee's road inquiries in the last Parliament, in recognition of our deep and unique expertise of infrastructure investment strategies and processes.

TAN warmly welcomes this study, which comes at a time of unprecedented change in infrastructure. Our response sets out a number of important contextual factors and headline asks for the study, before answering some of the consultation questions. We are happy for this response to be treated as public rather than kept confidential and would be delighted to discuss any issues raised with the Competitions and Markets Authority at its convenience.

Key issues

The statement of scope ("the statement") makes an important commitment for the study to be a "forward-looking assessment". In order for this to be achieved credibly, consideration of how the market might evolve in an era of unprecedented uncertainty is needed, rather than simply relying on data from past projects. The following factors are important to focus on.

1. Shift from new schemes to renewals and resilience

According to TAN's internal analysis of DfT budgets, the planned annual investment in National Highways' capital enhancements decreased by 53% between 2020 (RIS2) and 2025 (Interim Statement). Over the same period the respective figures for Operations, Maintenance and Renewals (OMR) increased by 43%. Much of the strategic road network was built in the 1960s and 1970s, requiring a rapid increase in the proportion of funding required for renewals. With fiscal pressures increasing in SR25 and beyond, alongside the renewals backlog especially on local roads, this is set to be a longer-term trend. At least in terms of roads, this fundamentally calls into question the study's assertion that the "UK will need to deliver larger, more complex economic infrastructure over the next decade".

DfT figures suggest that maintenance and renewals has a Benefit Cost Ratio as high as 7:1, so as much as seven times higher than key road projects, which are often low or poor value

for money[1]. The National Infrastructure Commission's (NIC) Second National Infrastructure Assessment (NIA2) recommended that maintenance and renewals should be the first priority for transport networks[2], likewise the Transport Select Committee and surveys of the public.

An even bigger challenge is that of climate resilience. The Environment Agency has recently raised its forecasts, now finding that half of English roads and railways will flood frequently by 2050[3]. Yet being based on older climate data, those forecasts were already out-of-date at the time of publication, with climate breakdown in the last two years increasing above what current models expected. The scale of the challenge is such that civil engineers will need to think outside the box to offer more than just new infrastructure and earthworks, such as landscape- and network-scale solutions as advocated in a report TAN recently commissioned about connectivity to the South West[4].

2. Shift in funding from intra- to inter-urban transport

Many reports, including NIA2, have recommended a shift in investment focus from inter-urban to intra-urban schemes, noting that shortfalls in urban public transport outside London are a particular weakness and major cause of the UK's productivity challenges. The record investment announced last month marked an important step, with British cities starting to catch up with continental levels of investment[5].

In this context it seems strange that the study's scope proposes to exclude light rail, tram and presumably busways, not generally being public highways. Excluding the market section that is the fastest growing as well as the most critical to boost productivity is hard to justify.

3. Devolution

The English Devolution and Community Engagement Bill ("Devolution Bill") could herald change to engineering markets as well as local government. The greater scale of new Strategic Authorities (SAs) alongside new powers, including scope to take over functions relating to the strategic road network (Schedule 6) as well as railways (detail due in Great British Railways Bill) will mean new clients for this sector. It could also mean SAs seeking framework agreements for engineering services across rail, road and urban public transport.

This poses a challenge for the study methodology of interviewing stakeholders as even front-runners like Greater Manchester have yet to take on rail powers. Forthcoming SAs may struggle to source suitably skilled staff, raising issues about how they can effectively client relationships, in turn impacting on the civil engineering market's functioning.

Even where they are only a key stakeholder in decision-making by national transport bodies, SAs are likely to seek wider benefits from schemes around social value, such as local jobs and training, and securing environmental net gain locally.

---

[1] The condition and maintenance of local roads in England, NAO (2024)
[2] NIA2, NIC (2023)
[3] National assessment of flood and coastal erosion risk in England 2024, Environment Agency (2025)
[4] Connecting South West England: in place of A303/A358 widening, Greengauge 21 (2025)
[5] Biggest ever investment in city region local transport as Chancellor vows the 'Renewal of Britain', DfT (2025)

4. Positive approach to social value and environmental net gain

The statement refers to "[i]nefficiencies arising from the compliance with regulation and standards (eg safety, environmental protection), which may impair competition, add disproportionate cost and limit the scope for innovation". While there can certainly be badly designed regulation and standards in these and indeed all sectors, this sentence is both unduly negative as well as failing to recognise safety and the environment are important areas for innovation in themselves. In any event with most surface transport infrastructure publicly funded, public benefit is important and the market should be stimulated to find ways to improve social and environmental outcomes as well as economic ones.

At least for roads, safety is the most important requirement across road users, communities and other stakeholders[6]. Road collisions are a major cause of delays, impacting productivity, as well as rising insurance premiums, yet there has been a lost decade in improving road safety with outcomes barely changing. Innovation is particularly needed for trunk road treatments, where collisions are spread across corridors not concentrated on hot spots.

Environmental matters involve major costs too, rather than being optional extras. The latest OBR data forecasts increasingly costly damage from climate breakdown[7], in fact long tails of more extreme risks (and disruption to insurance markets) are even greater still.

In terms of the natural environment, the WEF Global Risks report places biodiversity loss second after extreme weather events[8]. Biodiversity Net Gain is set to be introduced for Nationally Significant Infrastructure Projects from May 2026. This is set to require 30 year stewardship of environmental assets in an ever changing climate, a critical challenge for the supply chain. Yet the sector has long struggled to ensure compensatory features are maintained and thrive a year after opening, as seen in the recent A14 debacle[9]. Issues like road noise may seem minor in comparison, yet Defra estimated the annual cost to be as much as £10bn over a decade ago[10]. New issues keep emerging, such as microplastics from tyre wear, leading to a major focus this year by National Highways on water runoff.

In this context, framing environmental and safety issues as "inefficiencies" that "impair competition" is deeply concerning, given the likely costly consequences. It not only risks getting the study off on the wrong foot but also consigning its findings to a different era.

5. Digitalisation

The study seems to have nothing to say on the digital side. What is now the Elizabeth Line's cost and schedule was seriously affected by technological integration issues, which were initially downplayed by project leaders with more traditional mindsets that saw big structures as a bigger problem. While the rationale for leaving rail signalling out of the study is sound, this should not distract from the fact that such technological issues will surely increase with ongoing changes to rail and automobile technologies, so it is important to prioritise them.

---

[6] Interim Delivery Plan, National Highways (2025)
[7] Fiscal risks and sustainability, Office for Budget Responsibility (2025)
[8] Global Risks Report 2025, World Economic Forum (2025)
[9] How a £1.5bn 'wildlife-boosting' bypass became an environmental disaster, The Guardian (2025)
[10] Noise pollution: economic analysis, Defra (2013)

Building Information Management (BIM) has been mandated, at least for UK public projects, since 2016, while the Leveling Up and Regeneration Act 2023 made provision for planning data to be digitised but that has not yet extended into nationally significant infrastructure. If public authorities are to access and assess key information, especially given likely human resource and capability constraints, data issues and capability will need to be an explicit focus of the study. Access to information is also key from public engagement and environmental governance perspectives, in order to build stakeholder support for interventions, as well as for ongoing evaluation and learning.

Implications for scope and focus of study resources

TAN therefore suggests the following adjustment to the study:

1. Focus on outcomes not outputs;
2. Concentrate on asset and network management over scheme pipelines;
3. Extend scope to cover sustainable travel, in particular urban public transport;
4. Themes of key changes like devolution and digitalisation, and,
5. Consider how the market could best evolve to enable more agile mindsets and adaptable approaches, maximising value in a less predictable world.

Questions

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?

No. First it is excessively focused on new infrastructure schemes, especially in relation to sub-paragraphs 1.11 (d) and (e), rather than securing better outcomes. In other words, considering levels of service rather than units of output. Later on the statement refers to "good outcomes for economic infrastructure", but reading the context this seems to refer to reducing cost per unit and delivering schemes on time. The focus should be ensuring competition (and cooperation where appropriate) enables economic infrastructure to deliver better outcomes for consumers.

Though the reference to "different options" is welcome, this should be clarified as including build less and no build options. Standards such as PAS2080:2023 increasingly emphasise smarter solutions given constraints on carbon as well as capital and indeed the construction workforce's capacity[11].

Second, it seems based on an implicit assumption of stability, when the reality is of a world with radically escalating geopolitical risk, climate breakdown and technological disruption. Just as logistics firms are increasingly prioritising resilience over simply maximising unit cost reductions, it is important to consider how civil engineering markets operate in an era of increased disruption, such as devising "least regrets" options, if the interests of consumers are to be furthered.

[11] Guidance Document: PAS 2080 for Carbon Management, ICE (2023)

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?

No, though we accept the exclusion of railway signalling, HS2, private roads and minor maintenance, as well as the geographical scope.

Where we disagree is the exclusion of urban public transport such as tram and light rail, all the more so in light of the question "what market structures and features will best allow the civil engineering market to deliver roads and railways that supports UK productivity and growth?". The reliance on 2022 figures to justify the scope is surely inappropriate: if the study is to be forward-looking it should consider the spread of investment by the current government? Innovation may blur gaps between heavy and light rail, as in Germany.

In terms of themes, we suggest a greater focus on **devolution** (not least given the findings about client and sponsorship challenges, which have implications for effective solutions and markets), **asset optimisation, management and resilience** in an increasingly uncertain future; **digitalisation**, and also **maximising co-benefits,** both environmental and social. Indeed the UK has been a leader in adopting digital and environmental standards in construction: seeing them as a feature rather than an anti-competitive bug of our market would support the export potential of our service sector.

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?

The Devolution Bill may reduce some differences between England and other nations by shifting from a modal focus of funding pots and clients to a more integrated one. See the devolution section above for more details.

4. Please suggest any rail and road infrastructure projects across the UK that could be useful case studies to inform our market study.

The analysis of projects should consider good outcomes in a broader sense, in other words strategic fit. The 2020 review of the Green Book emphasised the importance of strategic cases over economic cases, a finding repeated in the 2025 review[12]. A narrow focus on costs and monetisable benefits risks excluding what is important according to the ultimate client, i.e. usually the Treasury.

Given the suggested focus on innovation, the study should consider examples beyond the UK and look to the continent. There has been a relative lack of public transport schemes in the UK, or at least the benefits of learnings achievable through a stable, constant pipeline. Meanwhile for roads, there has been a lack of innovation, compared to France where a more

[12] Green Book Review 2025: Findings and actions, HMT (2025)

dynamic sector has improved consumer choice and outcomes through measures such as high occupancy lanes, lift sharing hubs, etc.

One important outcome of the study could be better publication, such as in standardised formats, of scheme data and post-opening evaluations.

5. How does public procurement and contracting in the markets for the supply of roads and railways contribute to, or undermine, the characteristics of a well-functioning market?

There are a number of unresolved challenges here. The lack of resolution for the Birmingham roads PFI, a year after the city was successful in court against the DfT's attempts to withdraw funding, points to continuing uncertainty[13].

Risk allocation is challenging, including policy changes as political turbulence increases. The PFI for the Silvertown Tunnel was based on asset availability, meaning that Transport for London bears the risk if traffic flows are lower than forecast. In a 2022 amendment to the Mayor's Transport Strategy, a target to reduce car traffic by 2030 by 27% was adopted, creating an as yet unresolved conflict here[14].

The Eddington Transport Study in 2007 advised that schemes should soon have their viability assessed in for a future where road pricing was introduced[15]. Despite the OBR highlighting a failure to replace fuel duty as a top fiscal risk, and an urgent one with EV use increasing, this still is not happening. This refusal to even consider different futures is a major risk to well-functioning markets because it damages private sector confidence.

6. To what extent do you think the structure of the industry contributes to, or undermines, the outcomes of a well-functioning market?

As infrastructure becomes more complex - and requires integration with other domains - it may be better to think of a market of markets, paralleling system of systems concepts. It is difficult to generalise from the past given growing uncertainty but a mix of smaller and larger companies may help maximise innovation and cope with unpredictability.

7. What, if any, are the significant procurement, planning or other regulatory barriers that inhibit the performance of this market? What could be changed and why?

The NIC's costs study found that "Getting a project right in the scoping and planning stages is crucial to minimise [costly] changes"[16]. Pre-application consultation for NSIPs has become cumbersome and ineffective despite the importance of this early stage, so TAN has

---

[13] Statement regarding Birmingham Highways Maintenance and Management Services PFI, Birmingham Council (2024)
[14] Addendum to the Mayor's Transport Strategy (MTS): Proposal 24.1, Mayor of London (2022)
[15] Eddington Transport Study, DfT (2007)
[16] Cost drivers of major infrastructure projects in the UK, NIC (2024)

suggested learning from the French success of early impartial engagement[17] rather than cutting out duties as now proposed in the Planning and Infrastructure Bill.

There is still a lack of clarity on how local and regional schemes may appear in the forthcoming infrastructure pipeline, or indeed large maintenance contracts like that for Birmingham's road network. Clarity here would be helpful for the private sector.

A significant problem is the pipeline being filled with schemes drawn up in a different era, particularly for roads. The public sector is less able to address or drop poor performers.

8. What are the opportunities for further innovation in the markets for the supply of roads and railways across the UK? If yes, what are the barriers to achieving these and how might they be overcome?

Again the question should focus on improved outcomes from better asset and network management, over supply. That is likely to represent a larger share of the market as well as a greater opportunity to improve levels of services and economic (not to mention environmental and social) outcomes.

A major barrier is a focus on outputs, rather than outcomes and effectiveness, at the national level in regulation and strategy. The Infrastructure Strategy promised "prioritising long-term outcomes over short-term announcements" but most of the references to that were in the context of devolution rather than national infrastructure. Nationally, the ORR has not succeeded in ensuring National Highways met the KPIs in its performance specification, while it has rejected TAN's requests to consider effectiveness. Bills in this Parliament offer opportunities to reset or replace the ORR.

The greatest opportunity is around better use (including reconfiguration) of existing assets, rather than supply of wholly new assets. For roads, that can include optimising lanes and junctions for increased occupancy, such as buses, active travel and lift sharing. For rail, initiatives like "metroisation"[18], train-tram and tram-train (where trains run onto tram tracks and vice versa), that can radically increase capacity and connectivity. Greater devolution is a key opportunity here.

[17] Our history, National Commission for Public Debate (2025)
[18] Strategic Case for Metroisation in south and south east London, TfL (2019)