

# Civil Engineering Market Study – Final Report

21 May 2026

## Executive Summary

### Introduction

1. Reliable, high-quality road and railway infrastructure is critical to driving economic growth and improving the connectivity of people throughout the UK. The public sector spent around £19 billion in 2023/24 on public roads and rail infrastructure (excluding High Speed 2). By adopting a strategic approach, governments can harness the purchasing power of the state and their control over regulation to foster a market that is more dynamic, driving improved outcomes for consumers and greater investment by firms.
2. In the context of the UK government’s Industrial Strategy and 10-Year Infrastructure Strategy, the CMA has conducted a market study into the civil engineering market for public road and railway infrastructure. We have carried out this study – in line with the UK government’s strategic steer to the CMA and the CMA’s 2026-2029 strategy – to identify practical opportunities to strengthen competition and improve outcomes in this market; and to support growth and investment in UK infrastructure. The final report marks the conclusion of 11 months of in-depth analysis and deep engagement across governments, procuring authorities and industry.
3. We have found that there are significant opportunities to improve outcomes in this market. Costs are high; project overruns are common; quality is variable; and innovation is limited.
4. Our recommendations set out specific actions for the UK, Scottish and Welsh governments and the Northern Ireland Executive to drive better market outcomes: setting strategic direction in a fragmented landscape, providing clearer and longer-term pipelines, improving procurement practice, and streamlining regulatory compliance. Taken together, this package will improve delivery, support innovation and business dynamism, and secure better value for money from public investment.

5. The size of the opportunity is considerable, with possible efficiency savings of up to £5 billion per year<sup>1</sup> and a potential multiplier effect on growth – not only boosting the civil engineering sector but also increasing productivity through improving the connectivity of business activities and people throughout the UK. Although our study has focused on road and rail, we expect the lessons to have broader application across other civil engineering markets as well as informing the CMA's broader programme on public procurement.
6. The CMA stands ready to work with the UK and devolved governments on the implementation of our market study recommendations to achieve these benefits for the UK.

## Our assessment

### Why have we examined this market?

7. The CMA has powers under the Enterprise Act 2002 for ensuring that markets work well for consumers. In the case of a market study, the CMA examines whether a particular market may not be working as well as it can be, the causes of that and what actions should be taken to deliver improvements.
8. We have focused on this market due to the importance of infrastructure for the UK's economic growth and concerns that the market was not operating as effectively as it could be. Public road and rail spend accounts for a high proportion of total public spending on economic infrastructure: around 70-75% in 2022.<sup>2</sup> At launch, we noted that our findings may identify lessons that are also informative for civil engineering in other areas of infrastructure.

### What evidence have we looked at?

9. We have assessed a wide range of evidence to determine how this market is operating and to develop our recommendations. This has included engagement with suppliers, procuring authorities, and the UK and devolved governments, qualitative research to understand the experience of smaller firms in the supply chain, desk research and international comparisons.
10. Following our initial evidence gathering and analysis, we published an interim report on 17 December 2025 to consult on our provisional findings and potential options for recommendations. We then undertook further analysis, including

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<sup>1</sup> The National Infrastructure Commission (2024), [Cost drivers of major infrastructure projects in the UK – Methodology and technical annex](#) (p18), indicates a range of possible efficiency savings of 10-25%. When applied to the annual expenditure noted in Appendix A (paragraph A.1), which the CMA estimated to be approximately £19 billion in 2023/24, this amounts to approximately £2-5 billion of potential savings.

<sup>2</sup> National Infrastructure Commission, [Second National Infrastructure Assessment - NIC](#).

consideration of consultation responses, and developed and tested our recommendations.

## **What did the evidence tell us...**

### **... about market dynamics and outcomes?**

11. The public sector is the key source of demand for road and rail civil engineering and sets the operating conditions through procurement policy and regulation. It plays a fundamental role in shaping market dynamics and behaviour by suppliers, both at the market- and project-level.
12. Procurement is dispersed across UK and devolved governments, public authorities and local authorities. Six different bodies procure rail and road infrastructure at a national level, while responsibility for local roads is split between hundreds of local authorities and some combined authorities. This means procurement decisions are typically taken at a project level, but have an aggregate impact on supply-side behaviour and incentives. There is currently a lack of central strategic direction, insufficient pipeline certainty, inconsistent procurement practices and burdensome regulation.
13. On the supply-side, while current levels of concentration are not inherently concerning, business dynamism has weakened over the past 20 years, with smaller and newer firms struggling to scale. These dynamics reduce challenges to incumbents and weaken incentives to invest in productivity and innovation.
14. Suppliers rely heavily on subcontracting. When used appropriately, this can provide flexibility and specialist capability. However, it can also create inefficiencies by adding cost and complexity. Extensive subcontracting is partly a response to uncertainty over funding and pipeline commitments, which weakens incentives to invest in capacity in-house and self-delivery.
15. These demand- and supply-side dynamics have resulted in poor market outcomes over a sustained period of time:
  - (a) costs are high and have been increasing in real terms;
  - (b) cost and time overruns on projects are common;
  - (c) quality is variable; and
  - (d) innovation is constrained, including investment in new technologies and processes.

## ... about how public procurement is shaping the market?

16. Public procurement is a critical lever for government to shape markets and promote growth. By adopting a strategic approach, the state can use its purchasing power to achieve better value and to foster dynamic and competitive markets. However, we have found the public sector is not currently wielding this power effectively.

### ***Strategy and funding pipelines***

17. **The public sector landscape for road and rail infrastructure is fragmented and lacks clear strategic direction.** While the UK Government has a 10 Year Infrastructure Strategy<sup>3</sup> and is legislating to introduce a Long-Term Rail Strategy<sup>4</sup>, decisions about road and rail infrastructure are still typically made at a project level across a range of bodies – including UK and devolved governments, Network Rail, National Highways and local authorities. Opportunities are being missed to actively and strategically shape the market.
18. **Short-term funding and changing government priorities undermine long-term planning by both procurers and suppliers.** As a result, public authorities often default to lower-risk, short-term projects rather than more long-term transformative programmes, and suppliers have weaker incentives to invest in skills, capacity and innovation.
  - (a) National Highways and Network Rail operate within five-year settlement periods. However, both have experienced changes to funding and priorities within those periods, including cancellation or rephasing of work, and enhancements funded on a project-by-project basis. Elsewhere, shorter funding cycles are common: Transport Scotland operates within a four-year pipeline with multiple annual settlements, and the Welsh Government and Northern Ireland's Department for Infrastructure largely operate with annual budgets. For local roads, English local authorities have recently been given a four-year capital settlement, but local authorities in Scotland and Wales continue to rely on annual settlements.
  - (b) These features weaken confidence that projects will proceed as planned, impede the effective scoping of projects and limit the time for engagement between procuring authorities and suppliers. Multiple stakeholders emphasised that a clear, credible and funded multi-year pipeline would enable firms to plan resources, invest in skills and innovation, and reduce inefficient peaks and troughs.

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<sup>3</sup> UK Infrastructure: A 10 Year Strategy - GOV.UK.

<sup>4</sup> Railways Bill factsheet: the Long-Term Rail Strategy - GOV.UK.

## ***Procurement practices***

19. **Procurement and contracting do not consistently drive long-term value.** Weaknesses in scoping, engagement, project design and evaluation raise bid costs, reduce competition, and underweight quality, deliverability, innovation and whole-life value. These project-level decisions not only impact individual project outcomes but have an aggregate impact on incentives within the market, including incentives to expand, invest, and innovate.
20. **Public authorities face limitations in their ability to scope projects effectively and evaluate different options** with insufficient focus on parameters that are harder to assess, such as quality, innovation and long-term value. Stakeholders reported that requirements and business cases are sometimes insufficiently developed, leading to changes later in delivery; scopes can also become overly prescriptive or ‘gold-plated’, as additional requirements accumulate. Deficiencies in scope and design can result in unrealistic budgets and programmes, deter bidders, and increase the likelihood of cost and time overruns when there are changes in scope during delivery. We also found that early market engagement – when carried out with appropriate safeguards – can improve design, risk assessment and deliverability, but some procurers are discouraged from engaging early due to concerns about legal challenge and reputational risk.
21. **Public authorities are not sufficiently incentivised to select and design a procurement method that induces stronger competition and reduces the cost and complexity for suppliers in bidding.** Public authorities use open competition, frameworks and direct awards to procure services. Frameworks may save time and reduce uncertainty, but their effectiveness varies, and suppliers reported that poorly designed ones can create overlapping, excessive bidding requirements and extra costs, especially where the volume of work anticipated does not materialise. While reforms following the Mosey ‘Gold Standard’ review<sup>5</sup> and Procurement Act 2023 aim to improve framework access, adoption remains inconsistent. Open competition increases access but demands more resources.
22. **The design of procurement processes can raise barriers to entry and expansion.** Lengthy and complex procurements are costly for bidders, particularly smaller firms. Preparing submissions can require significant inputs from a range of specialists. Requirements for specific prior experience or a proven track record can favour incumbents even where firms have relevant capability from adjacent markets. Limited, non-actionable feedback after failed bids can further weaken incentives to compete in future.
23. **Finally, misallocation of delivery risks between public authorities and contracting firms reduces incentives to deliver to time and budget after**

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<sup>5</sup> [Gold Standard Report](#).

**contracts are awarded.** Although we have not found that risk is systematically misallocated, we have heard concerns about risks being transferred to suppliers even when they are not best placed to manage these. We also found that extensive use of contract amendments can add complexity and, in some cases, reallocate risk in ways that run counter to standard contract guidance. Issues around the allocation of risk also apply to how risk is cascaded down the supply chain, sometimes inappropriately, with limited visibility for public authorities – raising issues for SMEs’ ability to manage downside risk and invest in innovation. More consistent, collaborative approaches to risk management, allocating risk to the party best able to manage it, would support better outcomes.

### ***Public authority capacity***

#### **24. Public authorities struggle to build, recruit and retain the procurement and engineering capabilities needed to drive better outcomes.**

- (a) Skills shortages across the wider civil engineering sector are acute. There were 5,900 civil engineering skills shortage vacancies in 2024.<sup>6</sup> Skills shortages in public authorities negatively affect their ability – particularly smaller ones – to effectively scope projects, evaluate non-price criteria and manage risk. This can also lead to entrenched reliance on external consultants without building the necessary experience to challenge information provided by suppliers effectively.
- (b) There is also currently limited coordination between similar authorities to pool expertise, share lessons learned and pursue joint procurement where appropriate. Opportunities are therefore being missed to make better use of the limited civil engineering capacity.

#### **... about how regulation affects incentives to enter, grow and invest in this market?**

- 25. Regulation is a powerful lever for governments to shape markets. Well-designed regulation can help achieve a range of societal goals, such as environmental protection and health and safety, while giving firms the clarity and confidence they need to invest, innovate and compete.
- 26. However, some aspects of the regulatory compliance landscape in this market are creating unnecessary burdens on existing and prospective market participants. We have found that some regulatory processes are complex, overlapping and slow, which adds compliance costs and raises barriers to entry and expansion. This is particularly acute for smaller firms and those seeking to innovate.

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<sup>6</sup> Department for Education employer skills survey, [Step 6: Explore data - Create your own tables on employer skills survey](#), accessed 11/05/26.

### ***Regulatory compliance***

27. The main concerns we have identified arise from a complex regulatory compliance landscape which is limiting effective and efficient delivery of civil engineering projects, rather than the substance of regulations themselves.
28. We found that onerous and prescriptive technical standards add to the compliance burdens on firms. Previous research into overlapping technical standards has found that this is a longstanding problem. In some cases, there are limited opportunities for businesses and market participants to provide feedback on areas in which burdens are greatest, reducing incentives for standards setters to tackle high-impact areas as a priority.
29. The planning and permitting process was consistently highlighted as one of the key areas of regulation contributing to delays in infrastructure delivery, particularly the role of statutory consultees. Ongoing reforms by the UK and devolved governments to streamline the planning system<sup>7</sup> should address many of the concerns we have identified in this area.

### ***Accreditations***

30. Overlapping accreditation and pre-qualification requirements imposed by both the public sector and industry create barriers to entry and to scaling. While accreditations play an important role in demonstrating a firm's ability to carry out specified work, they can be costly to attain and hold. Limited mutual recognition of accreditations across road and rail means that suppliers often need multiple different accreditations for similar work. This disproportionately affects SMEs, as strict requirements are passed down supply chains, and smaller firms are likely to be less able to absorb additional costs.

### ***Regulatory approvals***

31. Slow approvals processes for innovations limit the incentives for firms to invest in new products and methods and scale these activities across the industry. We have found that this burden is most significant for innovations in rail.
32. There is a clear need for a safety-critical culture, but our evidence suggests a broader risk-averse culture is hindering innovation. We found there is scope to improve the process of adopting new innovations without risking safety. Pilots,

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<sup>7</sup> MHCLG (2026), [National Planning Policy Framework: proposed reforms and other changes to the planning system](#); MHCLG (2025), [Reforms to the statutory consultee system](#); DEFRA, The Rt Hon Steve Reed OBE MP and The Rt Hon Angela Rayner MP (2025), [Environmental reforms to break planning system gridlock](#); DfI (2025), [Kimmins announces further improvements to the planning system](#); Planning and Environment Decisions Wales (2025), [New process to speed up planning for infrastructure projects and make Wales a better place to invest](#); and the Scottish Government, [Planning and architecture: Reforming the planning system](#), accessed on 11/05/26.

fast-track approval routes, as well as more established routes to rollout would also help scale innovations.

## Our Recommendations

33. We are proposing a package of mutually reinforcing actions for the UK, Scottish and Welsh governments and the Northern Ireland Executive to drive better market outcomes. Taken together, this package is designed to reshape incentives across the market, improve delivery, support innovation and business dynamism, and secure better value for money from public investment. Implementation of the package as a whole is necessary to achieve their full potential, although we have highlighted seven recommendations that are particularly critical.
34. In formulating our package of recommendations, we have considered their effectiveness in delivering better outcomes, and their cost and burden on stakeholders. We have also noted the interdependencies between the different elements of the package and, where relevant, have noted the potential trade-offs. Achieving the full potential impact of our recommendations requires central, proactive direction from government to coordinate the measures and balance the trade-offs.
35. We consider that HM Treasury – as the department responsible for infrastructure strategy across the public sector, and with the central position and power within government to drive the necessary system-wide change – should oversee the implementation of our recommendations for UK government. HM Treasury is well-positioned to provide the necessary strategic approach to the recommendations as a package, and to draw lessons from this work to drive broader changes across other infrastructure sectors where appropriate. There is also a clear role for other departments and public authorities in implementing our recommendations, and the precise allocation of responsibilities would be a matter for government to consider as part of its response to the market study.
36. Devolved governments will be accountable and responsible for implementing recommendations that fall within the scope of their devolved powers, and we recognise that HM Treasury will need to work closely with devolved governments in areas that are within devolved competence.
37. Given the scope of our study, our recommendations apply to road and rail specifically, but we recognise that there may be strong parallels with other civil engineering sectors. We think the UK government should therefore give careful consideration as to whether the recommendations we set out below should also be applied to other types of infrastructure.

## Overarching market shaping

38. The UK government has powerful tools at its disposal to shape the market by adopting a strategic approach to procurement policy, practices and regulation.
39. **Recommendation 1 (critical): Strategic ownership for driving change.** Recognising its overarching responsibility for infrastructure strategy across the public sector, and its ability to deploy the necessary convening powers and levers within the UK government, we recommend that HM Treasury takes strategic ownership for driving and overseeing the necessary system-wide changes to actively shape the market.
40. This is a critical recommendation and is necessary to overcome the fragmentation of accountability for civil engineering across a range of departments and bodies; address the persistent failure to track and drive forward the implementation of previous recommendations and reform initiatives; and tackle the range of interlinked and deeply-rooted issues in the sector. Strategic ownership by HM Treasury would also enable a cross-sectoral approach if the UK government decides to extend the scope of our recommendations to other areas of civil engineering.
41. In practice, we would envisage the National Infrastructure and Service Transformation Authority (NISTA) playing a central role in providing the necessary strategic coordination, advice and oversight to deliver the system-wide change that is required. This aligns with NISTA's mandate – under its foundational Memorandum of Understanding between HM Treasury and Cabinet Office – to drive improvements at the policy, project, programme, portfolio and system level.<sup>8</sup>
42. **Recommendation 2 (critical): Sector plan.** We recommend that the UK government, in consultation with the Scottish and Welsh governments and the Northern Ireland Executive: (i) publish a strategic sector plan for civil engineering in the road and rail sector; and (ii) report annually on progress against that sector plan.
43. The sector plan should set out a coherent, system-wide set of objectives and actions for civil engineering in the road and rail sector. This would include a framework for proactively shaping the market through public procurement and regulation, altering incentives for public authorities and breaking down barriers to investment and innovation. It should clearly set the desired priority outcomes for the market to deliver, including any necessary trade-offs, alongside concrete actions to implement changes and monitor outcomes. The UK government should give careful consideration as to the appropriate scope of the sector plan, including

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<sup>8</sup> National Infrastructure and Service Transformation Authority (2025) [NISTA Memorandum of Understanding](#).

whether it should extend beyond road and rail, in line with the approach taken to Recommendation 1.

44. Overall responsibility for the development and implementation of the sector plan should be assigned to a single department within UK government. If the scope of the sector plan is limited to road and rail, we consider that the Department for Transport would be well-placed to take on this responsibility. However, in these circumstances, it will be important for the Department for Transport to ensure that the sector plan is developed in line with the strategic approach set by HM Treasury under recommendation 1. Input from other relevant departments and bodies, along with the Scottish and Welsh governments and the Northern Ireland Executive, would also be required in line with their respective responsibilities.

### **Addressing pipeline uncertainty**

45. Stable, long-term funding and transparency over future project pipelines will support planning, investment and innovation for both procurers and suppliers.
46. **Recommendation 3 (critical): Multi-year capital funding.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive each implement multi-year capital budgets (of at least three years) for all procuring authorities.
47. This will enable procurers to have more stable funding and procurement plans, facilitating investment decisions and creating the conditions for increased innovation. Crucially, it should unlock more strategic procurement approaches across all procurement activity. We recognise that this recommendation comes with the trade-off of reduced flexibility for government to adjust budgetary allocations year-on-year. We consider that key benefits for the sector would be unlocked with a multi-year budget period of a minimum of three years. We consider HM Treasury, with support from the Department for Transport (DfT), would be best placed to deliver this recommendation for UK government.
48. **Recommendation 4: Longer-term contracts.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive each give all procuring authorities greater flexibility to commit to contracts that extend beyond budget settlement periods. This would include the setting of budget and timeline thresholds within which procurers can make commitments without requiring case by case central approvals.
49. This will provide suppliers with increased certainty over a programme of work, reduce bid costs for all parties, and support collaborative and innovative contracting arrangements. This should come alongside the greater use of longer-term contracting in general, including greater contracting for programmes of

projects rather than project-by-project. We consider HM Treasury would be best placed to deliver this recommendation for UK government.

50. **Recommendation 5: UK-wide infrastructure pipeline.** (i) We recommend that NISTA, in collaboration with the Scottish and Welsh governments and the Northern Ireland Executive, expands its infrastructure pipeline to include road and rail projects planned by the devolved governments and their arms-length bodies. (ii) We recommend that NISTA's pipeline should be expanded to include information for each project on: funding confirmation status; planning approvals status; intended timelines for procurement; and intended procurement method.
51. This will provide greater visibility for suppliers on upcoming opportunities, with the improved transparency enabling more efficient and effective planning by firms in the supply chain, and facilitating an increase in targeted capacity-building and investment.

## **Alleviating public authority capacity constraints**

52. Addressing capacity and skills shortages is fundamental to enabling public authorities to make effective procurement decisions, and to improving market outcomes. Stronger capability and pooling of capacity can improve scoping, evaluation and risk management, reducing reliance on expensive workarounds and improving consistency of practice.
53. **Recommendation 6 (critical): Sustained capability building.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive each publish a civil engineering strategic workforce plan that sets out how they will strengthen the commercial and technical capability of all public procuring authorities, and report regularly on progress against this.
54. Strengthening procurers' commercial and technical capacity and capability is fundamental to ensuring public procurement can take full benefit of market-shaping opportunities, reduce costs, and deliver the strongest outcomes. This should include targeted actions to address persistent challenges in recruitment, retention and skills. We consider this should form part of the sector-wide plan with delivery supported by the Ministry of Communities, Housing and Local Government (MHCLG), Government Commercial Agency (GCA) and DfT.
55. **Recommendation 7: Cross-authority pooling of capacity.** We recommend that the UK, Scottish and Welsh governments ensure that all local authorities have sufficient access to sources of pooled capacity to support their road procurement and contracting activities. Governments should evaluate, and report on, demand for and use of pooled capacity on an annual basis, and address gaps identified.

56. This will help ensure authorities can access the specialist advice and support they need – reducing reliance on external consultancy, and making more effective use of commercial and technical skills in the public sector, without requiring each authority to develop and maintain the full range of skills in-house. We consider that MHCLG or DfT would be best placed to lead delivery of this recommendation for UK government, with support from HM Treasury and GCA.
57. **Recommendation 8: Cross-authority joint procurement.** (i) We recommend that the UK, Scottish and Welsh governments work with local authorities in their respective nations to identify and pursue further opportunities for joint procurement of road infrastructure. Governments should publish on an annual basis where they have facilitated joint procurement amongst local authorities and disseminate key learnings with local authorities. (ii) We recommend that Network Rail identify and pursue opportunities for more centralised procurement across the five Network Rail regions. The UK government should ensure, where appropriate, effective joint procurement is utilised between regions, and in collaboration with the Scottish Government and the Welsh Government.
58. This will provide procuring authorities with more buyer power, drive greater value for money, and combat duplication and/or conflict in authorities' work. Annual reporting on this measure could form part of sector plan reporting, and we consider that DfT would be best placed within UK government to ensure effective joint procurement is utilised.

## **Procurement policy and approaches**

59. We have formed a number of recommendations to ensure consistent adoption of best practice, support innovation, and drive value for money over the long term. These measures reduce bid costs, strengthen competitive tension, and shift incentives towards focusing on whole-life value rather than lowest upfront price.
60. **Recommendation 9 (critical): Adoption of best practice.** We recommend that the UK government should mandate compliance with the Construction Playbook and its accompanying Guidance Notes – ending the current 'comply or explain' approach – for national procuring authorities. Similarly, the Scottish and Welsh governments and the Northern Ireland Executive should mandate compliance with the Client Guide, Transport Appraisal Guidance, and Construction Toolkit for national procuring authorities. As part of this, governments should publish a comprehensive implementation plan for how they will support and ensure compliance, and monitor and report on compliance on an ongoing basis.
61. Widespread adoption of best practice will ensure the public sector takes advantage of the opportunities to increase competitive tension in procurement, drive long-term value, and shape the market in line with its objectives. For the UK government, the GCA review of the Construction Playbook due this year can be

used to make any changes that would be required to support mandation; and HM Treasury can require compliance as part of the public spending framework.

62. **Recommendation 10: Supporting innovation.** We recommend that the UK, Scottish, and Welsh governments and the Northern Ireland Executive require all national public authorities to publish, at least every three to five years, target areas for innovation in their supply chains. This should be supported by funding and regular reporting as appropriate.
63. This will provide greater confidence for suppliers in where innovations would be likely to be welcomed by public procurers, which would encourage investment and inclusion in bids. This should also support and underpin the approach taken by procuring authorities in their project, programme, and portfolio procurement strategies to proactively considering and encouraging innovation, investment, and opportunities for long-term cost reduction. We consider that DfT would be best placed to deliver this recommendation for UK government.
64. **Recommendation 11: Use of frameworks.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive ensure that all future national road and rail public procurement frameworks adhere to the Gold Standards set out in the 2021 Mosey review.
65. Ensuring all future frameworks adhere to the Gold Standards will drive and support adherence to best practice, and improve outcomes – including lower procurement costs, greater value for money, and reduced risk. We consider that GCA would be best placed to deliver this recommendation for UK government.
66. **Recommendation 12: Standardising procurement processes.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive each conduct a review to identify opportunities for, and deliver, greater standardisation of procurement processes across procuring authorities.
67. Delivering greater standardisation will reduce administrative burdens on suppliers, support increased competition in public tenders, and lower barriers to entry and growth opportunities for SMEs. We consider that GCA, with support from DfT, would be best placed to deliver this recommendation for UK government.
68. **Recommendation 13: Improved approach to risk allocation.** We recommend that procuring authorities should conduct a zero-based review of Z clauses in model contracts, to remove historical clauses altering how risk is allocated that are no longer required.
69. While Z clauses – which allow procuring authorities to include additional, bespoke conditions of contract – may be used for valid reasons, we have consistently heard that they are overused, resulting in the inappropriate allocation of risk throughout the supply chain. Reducing their use will improve and standardise the approach

taken to the allocation of risk to suppliers by public authorities. We consider that GCA would be best placed to deliver this recommendation for UK government.

70. **Recommendation 14 (critical): Standardisation of designs.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive should determine and mandate for national procuring authorities the use of a limited set of standard designs for certain road and rail infrastructure outputs (such as bridges, gantries, and other common structures that are repeated across projects).
71. This will create a virtuous cycle of a more predictable and efficient environment for infrastructure development – reducing system costs, delivery risk, and burdens on procurers, and driving opportunities and incentives to take advantage of economies of scale, including investment in practices such as industrialised construction methods. We consider that DfT would be best placed to deliver this recommendation for UK government.
72. **Recommendation 15: Alignment of designers’ and procurers’ incentives.** We recommend that the UK, Scottish, and Welsh governments and the Northern Ireland Executive review and strengthen their best practice guidance on aligning external designers’ incentives with those of public procurers.
73. This will drive more efficient outcomes – with well-aligned incentives between designers and procurers fundamental to ensuring that designs deliver long-term value for money, in construction and across the lifetime of the infrastructure asset. It should also reduce demands on procuring authorities’ resources and expertise. We consider that GCA, with support from DfT, would be best placed to deliver this recommendation for UK government.

## Reducing regulatory barriers

74. Simplifying and streamlining regulatory processes will support project delivery, lower barriers to entry and expansion, particularly for smaller firms, and accelerate innovation while protecting essential safety outcomes.
75. **Recommendation 16 (critical): Reduce over-compliance.** (i) We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive direct regulators and public bodies<sup>9</sup> with standards-setting responsibilities to establish and run an open-ended challenge function for industry to challenge any standards, for both designs and products, on the grounds that they are out of date, duplicative or redundant. (ii) In addition, the UK, Scottish and Welsh governments and the Northern Ireland Executive should agree and enforce sets of consistent regional standards for ‘preferential requirements’ by local authorities for civil

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<sup>9</sup> Such as the Office of Rail and Road, National Highways, Network Rail and the Rail Safety and Standards Board.

engineering projects. (iii) The UK government should also consider updating the Railway Regulation Act so that Network Rail<sup>10</sup> has equivalent legal powers as National Highways to access adjacent land to conduct civil engineering works for enhancement and renewals.

76. Ensuring more agility and responsiveness by standards setters and managers will facilitate lower costs for firms, greater innovation, and increased competition. Consistent standards for preferential design and engineering requirements will reduce barriers to entry for firms and increase efficiency in cross-regional operations, as well as supporting greater joint procurement. We consider that DfT, with support from the Office of Rail and Road (ORR), would be best placed to deliver this recommendation for UK government.
77. **Recommendation 17: Streamline accreditations.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive should review the existing range of supplier accreditations for duplication and set a single approved list of accreditations that are acceptable for firms working on public road and rail infrastructure projects.
78. This streamlining will reduce administrative burden on suppliers, with particular benefit for SMEs, and facilitate greater market access and competition. We consider that Cabinet Office, with support from DfT, would be best placed to deliver this recommendation for UK government.
79. **Recommendation 18: Streamline regulatory approvals.** The UK government should direct regulators and public bodies<sup>11</sup> to streamline approvals processes for new technologies in road and rail infrastructure and establish fast-track approval processes, which should include the recognition of reference-class data.
80. This streamlining of approvals should encourage the development and rollout of new innovations across the supply chain. We consider that DfT, with support from the Office of Rail and Road (ORR), would be best placed to deliver this recommendation for UK government.
81. **Recommendation 19: Utility diversions response times.** We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive direct sector regulators<sup>12</sup> to agree and monitor standardised response times for utility diversions.
82. The need for utility diversion arises when utility networks (such as cables or pipes) need to be relocated or altered in some way to enable engineering works. Introducing more consistent response times would help to address delays, which

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<sup>10</sup> And Great British Railways once operationalised.

<sup>11</sup> Such as National Highways, Network Rail and the British Board of Agrément.

<sup>12</sup> These include Ofcom, Ofgem, Ofwat, the Utility Regulator and the Water Industry Commission for Scotland.

can contribute to significant cost and time overruns. We consider that DfT would be best placed to deliver this recommendation for UK government.

## **Impact**

83. Figure 1 summarises how our package of measures would deliver better outcomes. Critical recommendations are highlighted in light blue. However, the overall impact of our recommendations would be maximised through implementation of the package in full, due to mutually reinforcing improvements and positive feedback loops.
84. We advise that our recommendations should be delivered as soon as possible to deliver key benefits for the civil engineering market for public road and railway infrastructure – and the wider UK economy. These include: reducing costs, reducing delivery timelines and overruns, increasing innovation, and encouraging scale-up and business dynamism.
85. We encourage the UK government, in its response to this report, to set out the specific intended timeline for delivery against each recommendation.

Figure 1: Overview of market study recommendations

