

Department for
Business, Innovation,
Science and Trade

Government response to the CMA's Civil Engineering Market Study

24 November 2026

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Executive summary

The Government welcomes the Competition and Markets Authority's (CMA) important study into the civil engineering market for public road and railway infrastructure. The Government thanks the CMA for the study and for continuing to support the delivery of the Industrial Strategy, including through its wider public procurement work on defence, cloud services, bid-rigging and scale-ups.

High-quality infrastructure is critical for driving economic growth in every postcode, increasing productivity and improving people's lives. Public procurement of infrastructure can shape markets and affect how businesses grow and compete. It can be a powerful tool for growth, supporting business dynamism, innovation and local jobs. Equally, it can entrench incumbents and weaken competition, ultimately contributing to higher prices and less innovation. Getting public procurement right can therefore speed up delivery and reduce costs for the taxpayer.

The Government agrees with the CMA that there are significant opportunities to improve outcomes in this market.

The Government has already taken action to improve the delivery of infrastructure through the Industrial Strategy: prioritising long-term outcomes, providing the certainty and stability needed to attract investment; boosting British supply chains and jobs, with £600m committed for investment in training up to 60,000 more skilled construction workers; and substantial reforms to the planning system, cutting delays and avoidable costs of delivery across all types of infrastructure.

The 10-Year Infrastructure Strategy sets out this new approach. It is long term in nature – backed by at least £725 billion of government funding for infrastructure over the next decade. The new approach is set out across three pillars:

- Reforming institutions and the approach to delivery, including the creation of the National Infrastructure and Service Transformation Authority (NISTA).
- Providing certainty, confidence and stability through government funding and developing a pipeline of infrastructure projects.
- Removing barriers to delivery through an enhanced spatial approach to planning, planning reform, more effective working with the construction sector and wider supply chains and building a skilled workforce.

The CMA made a package of recommendations for the UK, Scottish and Welsh governments and the Northern Ireland Executive to improve outcomes in this market. DfT and its arm's-length bodies commission the procurement of road and rail infrastructure, but a large proportion is undertaken by Devolved Governments, public authorities and local authorities. This document therefore sets out the UK Government's detailed responses to these recommendations, which apply only to England unless otherwise stated. The Government will work with the Devolved Governments where required. In brief, the Government has accepted or accepted in principle all of the CMA's recommendations.

The CMA's key conclusion was that the Government holds significant influence over the market structure and parameters of competition in civil engineering for road and rail infrastructure. However, the fragmentation of accountability for civil engineering across a range of departments and bodies risks failing to capitalise on this influence to drive the system-wide change that is needed. The Government agrees with the CMA that a more strategic approach is necessary to tackle the range of interlinked and deeply rooted issues in the sector.

To deliver this and as recommended by the CMA, the Government will publish a strategic sector plan for civil engineering in the road and rail sector. The sector plan will not only consolidate existing activities into a single road and rail market shaping framework, but act as a delivery vehicle for linked CMA recommendations. The Department for Transport (DfT) will develop and maintain the sector plan with the support of relevant departments and bodies, all of which will have clear roles and responsibilities to support delivery in a more strategic way.

DfT is already implementing initiatives that align with the recommendations of the CMA. A number of benefits come to the market from rail reform and the establishment of Great British Railways. In addition, the Rail Infrastructure Costs Review, led by Rachel Skinner CBE, will seek to identify the key drivers of cost in the sector and recommend tangible solutions for government and industry to implement. While the CMA's recommendations apply to road and rail, the Government recognises the potential for a more strategic approach in other civil engineering sectors. That is why the Government intends to monitor and assess, on an on-going basis, how the CMA's recommendations might also be applied to other types of infrastructure.

The Government is committed to delivering good growth in every part of the UK with places able to set their own ambitions and integrate services to meet people's needs. As set out in the Cabinet Statement 'Rewiring the State', this will involve a major transfer of powers, resources and functions from central government to elected mayors and local authorities in regions across England. The sector plan will support this agenda and develop in lockstep with it. The Government will consider how it implements all the recommendations with a view to its commitment to rewiring the state, in particular giving local leaders more control over commuter rail services with the most established mayors working in much deeper partnership with Great British Railways.

Responsibility for the procurement of certain road and rail infrastructure is already devolved to local government and not all central procurement policies are mandatory for local government. As such, delivering many of the CMA's recommendations will be contingent on the voluntary participation of local government, if current guidance and policies are not aligned. The actions set out in this response therefore aim to support and empower local government, building the necessary procurement capabilities to drive better outcomes within the civil engineering sector and beyond.

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Summary of the CMA's findings

The CMA conducted a market study into the civil engineering market for public road and railway infrastructure. It focused on this market due to the importance of infrastructure for the UK's economic growth.

The CMA found that there are significant opportunities to improve outcomes in the market for public road and rail infrastructure. The CMA concluded that high costs, project overruns and variable quality may be symptoms of structural elements that can only be addressed by cross-government action.

The CMA concluded that these outcomes result from several root causes which are holding the market back, including:

- A fragmented public sector landscape;
- Pipeline uncertainty;
- Procurement authority capacity constraints;
- Inconsistent procurement policies and approaches; and
- Regulatory barriers.

In response to these findings the CMA presented a package of mutually reinforcing recommendations to the UK, Scottish and Welsh governments and the Northern Ireland Executive to drive better market outcomes. The CMA noted how governments have significant influence over the market structure and parameters of competition in civil engineering for road and rail infrastructure.

The CMA reported that the size of the opportunity is considerable, with possible efficiency savings of up to £5 billion per year 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. The lessons from the study could also have broader application across other civil engineering markets.

Roles, Responsibilities and Governance

Delivering system-wide change will require a collaborative and strategic approach, underpinned by clear roles and responsibilities for relevant departments and bodies. This section outlines these roles and responsibilities and explains how relevant departments and bodies will work together.

Department for Transport

The Department for Transport (DfT) is responsible for transport policy, strategy and investment across England. DfT oversees the planning, funding and sponsorship of transport infrastructure and services, including the strategic road and rail networks. DfT sponsors a range of arm's-length bodies responsible for the delivery and operation of transport infrastructure and services, including National Highways, Network Rail, East West Rail, HS2 and other organisations linked to these sectors. DfT oversees a large element of civil engineering operations and therefore plays a significant role in shaping infrastructure pipelines, procurement approaches, commercial strategy, project delivery capability, engineering standards, innovation adoption and assurance arrangements across the road and rail sectors. DfT's role is to ensure that transport investment supports economic growth, connectivity, productivity, resilience, decarbonisation and delivery of wider government priorities.

DfT recognises the fragmented public sector landscape identified by the CMA and is already addressing many of the issues highlighted by the recommendations of the CMA's study. Rail reform and the establishment of Great British Railways (GBR) as the single directing mind for rail will bring a number of benefits, setting out a more integrated, long-term approach to infrastructure requirements. Through GBR, the Secretary of State for Transport will deliver a long-term rail strategy, and the resultant GBR business plan will give much more forward certainty than has occurred for over 30 years, being of material help in reducing risks for this sector.

The vast scale of DfT's operations and the crossover with local transport authorities provide a complex background, so consideration will be given to governance, asset ownership, accountability and market impacts to support delivery of the CMA's recommendations effectively.

Role in the sector plan

DfT will act as the lead department for development and delivery of the road and rail sector plan. DfT will coordinate contributions from its transport policy, project delivery, engineering, commercial, sponsorship and infrastructure teams, working closely with its arm's-length bodies and delivery partners to implement agreed actions. DfT's role will be to translate the CMA's recommendations into a practical transport-sector programme focused on improving delivery performance, productivity, supplier confidence, capability, competition, innovation and value for money.

DfT will contribute directly through sponsorship of road and rail delivery organisations, oversight of transport infrastructure programmes, promotion of innovation and capability initiatives, and development of sector-specific responses to recommendations concerning capability, joint

procurement, innovation, standardisation, regulatory approvals and utility diversions. Delivery will be supported through close collaboration with National Highways, Network Rail, East West Rail, HS2 and other transport delivery bodies.

Government Commercial Function

The Government Commercial Function (GCF) is a cross-government network of professionals involved in the procurement of goods and services for government. The GCF aims to improve the commercial capabilities of the Civil Service to make significant savings for the taxpayer and deliver improved public services. It connects and supports thousands of commercial professionals, working inside government departments, executive agencies, and central Cabinet Office teams, to develop the knowledge and skills needed to compete successfully in commercial environments on behalf of government.

Role in the sector plan

GCF will provide cross-government commercial leadership through commercial standards, routes to market, framework solutions, Construction Playbook implementation, Gold Standard guidance, procurement reform expertise and supplier-assurance policy.

Ministry of Housing, Communities and Local Government

The Ministry of Housing, Communities and Local Government (MHCLG) provides a stewardship function for local government, including distributing funding through the Local Government Finance Settlement for England, and shares responsibility for English devolution with No.10 North.

As part of delivering the Prime Minister's devolution agenda, MHCLG will work across government to help ensure local government builds the capacity and capability needed to make the most of new funding flexibilities and powers, so they can maximise the impact for their place.

Role in the sector plan

MHCLG will work with DfT to identify and build necessary procurement capabilities across local and regional government to drive better outcomes within the civil engineering sector and beyond. MHCLG will also support DfT in developing the road and rail sector plan to ensure roles and responsibilities with regard to road and rail procurement and infrastructure are set at the right level. This will include clarification of roles across different public authorities, with the aim of establishing the right resources in the right places.

National Infrastructure and Service Transformation Authority

The National Infrastructure and Service Transformation Authority (NISTA) was formed on 1 April 2025 when it brought together the functions of the National Infrastructure Commission and the Infrastructure and Projects Authority. NISTA is responsible for the infrastructure system through overseeing the implementation and refresh of the Government’s 10-year Infrastructure Strategy,

identifying and coordinating infrastructure needs and resolving systemic delivery barriers. It assists departments in overcoming challenges and obstacles to achieve their delivery objectives by advising on top-priority projects, financing options, setting standards, improving capability, providing assurance and maintaining a strategic focus.

Role in the sector plan

NISTA will work closely in its advisory capacity to help DfT deliver the road and rail sector plan, to ensure wider system issues and opportunities are picked up and to consider any wider sector connections; NISTA will use its advisory role within His Majesty's Treasury to help enable any required changes both in the sector and the wider system and utilise its links with the Government Commercial Agency, Cabinet Office and relevant committees to enhance awareness and aid progress.

Governance

Delivery of the sector plan and the collaboration needed to deliver it will be underpinned by a formal cross-government governance structure.

DfT will act as the lead department and accountable owner for transport delivery, supported by workstream owners responsible for capability, commercial reform, innovation, procurement, standardisation, regulation and performance. Specific responsibilities for each department and body for individual CMA recommendations are detailed later in this response.

At a high level, departments and bodies will have the following responsibilities within the governance structure:

- **HMT through NISTA:** Strategic ownership and cross-government coordination, through reporting progress in the refresh of the 10-Year Infrastructure Strategy.
- **DfT and its delivery bodies:** Delivery and implementation of the road and rail sector plan.
- **DfT & GCF:** Commercial policy, standards, guidance and routes to market.
- **Regulatory oversight and assurance functions** will require the support of sector regulators such as the Office of Road and Rail (ORR) and standards bodies, including HMT and NISTA as well as a range of professional organisations that set accreditations to recognised industry standards.

Response to CMA recommendations

Recommendation 1 - Strategic ownership

"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."

We accept this recommendation. HMT, through NISTA, will take strategic ownership for driving system-wide changes. NISTA will own cross-government coordination, including reporting progress through the refresh of the 10-Year Infrastructure Strategy.

Recommendation 2 – 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."

We accept this recommendation. A sector plan for civil engineering in the road and rail sector would build on existing efforts to deliver the longer-term planning needed to improve the market. DfT will develop and maintain the sector plan with support from other departments and agencies. NISTA will work closely in its advisory capacity to help DfT to deliver the road and rail sector plan, to ensure wider system issues and opportunities are picked up and to consider any wider sector connections.

DfT is well placed to lead a transport-specific plan because it sponsors the principal national road and rail delivery bodies, holds the main modal policy levers, and can align the plan with existing transport investment, delivery, commercial and technical assurance arrangements.

DfT already sponsors the principal national road and rail delivery bodies and publishes pipeline information through a range of departmental and delivery-body mechanisms. Existing transport strategies, commercial controls, sponsorship arrangements and assurance processes provide many of the foundations on which a road and rail sector plan can build. DfT is already working through its project delivery, commercial, roads, rail, local transport and arm's-length body sponsorship routes to improve visibility, delivery confidence, cost control, innovation adoption, and technical standardisation.

We expect the sector plan to set out a single road and rail market shaping framework, setting outcomes for value for money, productivity through reducing cost and delays, delivery performance, supplier confidence, capability, priorities to develop innovative solutions within our projects, carbon reduction and standardisation. These outcomes will provide clearer opportunities for suppliers operating in local areas, SMEs and VCSEs, supporting jobs and growth in these areas. We also expect the plan to set out how we will manage any trade-offs between these

outcomes and to provide the framework for annual reporting against the linked CMA recommendations. The scope and governance of the sector plan will require further consideration in the context of future potential devolution of activities, including the extent of local road coverage, the role of partner organisations and interaction with wider cross-government infrastructure reform. By Autumn 2027, DfT expects to have completed a draft sector plan for civil engineering in the road and rail sector. A final sector plan is expected by Winter 2027.

Recommendation 3 - Multi-year capital funding

"We recommend that the UK, Scottish and Welsh governments and Northern Ireland Executive each implement multi-year capital budgets (of at least three years) for all procuring authorities."

We have implemented this recommendation. The UK Government already provides multi-year capital budgets of at least three years to procuring authorities. However, funding cycles vary across the road and rail sectors, across the Devolved Governments, and across national and local projects.

HM Treasury allocates the overall capital budget to departments at Spending Reviews. The 2025 Spending Review provided departments with four-year capital settlements (2026-27 to 2029-30), giving procuring authorities substantially greater certainty over future funding than under previous Spending Reviews and supporting longer-term procurement and infrastructure planning.

DfT then provides several multi-year funding settlements to procuring authorities. For instance: National Highways has a 5-year funding pipeline, rail infrastructure in Great Britain has a 5-year funding and pipeline period, known as a Control Period, and Mayoral Strategic Authorities eligible for Transport for City Regions funding have been allocated a multi-year settlement until 2031-32. DfT has also confirmed local authorities' allocations of highways maintenance and Local Transport Grant across the full four-year Spending Review period.

The UK Government is seeking to deliver stable and certain funding allocations to avoid 'cliff edge' budgets. For instance, in line with the 10-Year Infrastructure Strategy, some projects and programmes have received funding certainty even beyond 5 years and up to 10 years in some cases.

Departments, including DfT, are responsible for bidding for and delivering multi-year capital budgets, working in collaboration with delivery partners (such as National Highways) and local areas.

Governments and local authorities can spend their funding in line with their own policy preferences. Devolved Governments also have their own sources of funding, for example through tax and borrowing.

Capital budgets remain subject to change, predominantly at future Spending Reviews, to ensure funding continues to be allocated in line with overall Government priorities. The UK Government has committed to undertaking a Spending Review every two years. The next Spending Review will be in 2027.

Recommendation 4 – Longer-term contracts

"We recommend that the UK, Scottish and Welsh governments and 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."

We accept this recommendation. The Government agrees with the objective of providing greater flexibility and certainty to procuring authorities and suppliers through longer-term planning and investment.

The UK Government is removing central approvals where departments can manage the associated risks and deliver value for money. This includes giving departments more flexibility to commit funding beyond the Spending Review period, without HM Treasury approval, where these commitments are low risk and within agreed delegated authority limits. As a result, the CMA's recommendation will be achieved. Case-by-case central approvals will still be required in some cases. As set out in Managing Public Money, Treasury approval for spending commitments will still be required where proposals exceed departments' tailored delegated authority limits or are novel, contentious or repercussive. Long-term contractual commitments that create significant obligations for future budget holders and expose the public sector to additional financial and delivery risks will likely fall in those categories.

The Government is aware that the key constraint on longer-term infrastructure delivery is often not the legal ability to sign contracts beyond a settlement period, but the level of funding certainty available to departments. The move to multi-year capital settlements and five-year capital budgets is designed specifically to provide that certainty and support better long-term investment planning.

The Government will continue to implement these reforms and keep the balance between departmental autonomy and central oversight under review as part of future Spending Reviews and wider public spending reforms.

Recommendation 5 - Infrastructure pipeline

"*We recommend that NISTA, in collaboration with the Scottish and Welsh governments and Northern Ireland Executive, expands its infrastructure pipeline to include road and rail projects planned by the devolved nations and their arms-length bodies."*

"We recommend that NISTA's pipeline should be expanded to include information for each project on: funding status; planning approvals status; intended timelines for procurement and pre-delivery stages; and intended procurement method."

We accept this recommendation. The Government recognises the benefits of improving the coverage and content of the Infrastructure Pipeline to increase transparency and support long-term market planning across the whole of the UK. We are actively exploring the feasibility, operational

requirements and governance implications of including additional information for each project on the pipeline and expanding it to include projects planned by the Devolved Governments and their arms-length bodies. A final decision will be taken once this work has been completed.

The Infrastructure Pipeline is already being enhanced through a programme of continuous improvement. Several of the data categories recommended by the CMA are already available or being scoped for inclusion in future iterations. Funding status is already included in the Pipeline. Planning approvals status and a high-level measure of procurement approach are expected to be included in the next iteration of the Pipeline. The Government is also exploring how procurement and pre-delivery timelines for publicly funded projects could be incorporated in future iterations, subject to links with central procurement data.

Further consultation is required on the proposed expansion of the Pipeline to include projects delivered by the Devolved Governments and their arm's-length bodies. This would require ongoing collaboration with each Devolved Government and agreement on data-sharing arrangements, consistent reporting requirements and alignment with existing devolution policy. Comprehensive engagement and agreement with the Devolved Governments and relevant departments is therefore required before a final position can be reached.

The Government will continue to work with the Devolved Governments, data providers and delivery partners through the ongoing development of the Infrastructure Pipeline. This includes exploring inclusion of relevant devolved government road and rail data in the Pipeline from Spring 2027. Subject to the outcome of this work, the Government will consider options for expanding the Pipeline's coverage to include these specific areas of devolved responsibilities.

Recommendation 6 – 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."

We accept this recommendation. Strengthening procurers' commercial and technical capacity and capability is fundamental to ensuring public procurement can take full advantage of market-shaping opportunities, reduce costs, and deliver the strongest outcomes. This observation was noted in the James Stewart Review of Major Transport Projects Governance and Assurance.[1] Stronger commercial, technical, sponsor and assurance capability is a precondition for better scoping, procurement, risk allocation, innovation adoption and delivery control.

DfT and its delivery bodies already invest in commercial, technical and project delivery capability through professional development, functional standards, sponsorship arrangements and existing capability improvement programmes. DfT's Project Delivery Excellence team is implementing a process to ensure that the specific learning outcomes from the James Stewart Review are being implemented by our delivery bodies, and this will be augmented with the requirements highlighted

[1] Major transport projects governance and assurance review - GOV.UK

in the CMA's study. DfT will build on these activities and lead development of a transport civil engineering strategic workforce capability plan, working with the GCF, MHCLG, NISTA, local authorities and transport delivery bodies. However, the Government cannot compel independent organisations or local authorities to participate and their involvement will be voluntary.

DfT's plan will build on existing project delivery, engineering, commercial and sponsorship capability work. We expect it to identify priority skills gaps across road and rail procurement, cost estimating, technical assurance, contract management, early market engagement, whole-life value assessment and delivery risk management. We also expect it to set out practical interventions, including targeted recruitment, retention, professional development, secondments between DfT and delivery bodies, shared expert panels and stronger use of assurance to identify recurring capability issues.

By Spring 2027, DfT plans to establish a baseline of commercial and technical capability across relevant teams and arm's-length bodies. By Autumn 2027, DfT plans to agree priority capability gaps and interventions with GCF and MHCLG. By Winter 2027, DfT expects to publish or incorporate the draft transport workforce plan into the sector plan, or prepare for a standalone consultation process, and agree annual progress reporting.

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."

We accept this recommendation. Many authorities procure road infrastructure episodically and cannot maintain the full range of commercial, technical and engineering skills in-house. Pooled capacity can improve scoping, early market engagement, contract management and value-for-money decisions while reducing over-reliance on external consultancy.

MHCLG is working with Strategic Authorities to develop a blueprint for the capacity and capabilities they need, including ensuring they have the right skills and expertise and transferring resource from central government where functions will now sit at the regional or local level. DfT will work jointly with MHCLG to develop strategies to improve access to pooled commercial, technical and engineering capability, including through regional, sub-national transport bodies, mayoral combined authorities, or other shared service routes where these offer opportunities to pool capacity. GCF will advise in relation to augmenting commercial resources. The model should be demand-led, avoid duplicating existing support, and prioritise authorities with the greatest capability gaps or largest planned programmes. It should include an annual assessment of demand, use, outcomes, and remaining gaps.

The Construction Industry Jobs Plan, published in October 2026, identified skills needs within the existing construction workforce, including the civil engineering sector, and set out proposals to address these, and provides a framework for delivering the Construction Skills Mission, a £625m

investment in construction skills. The Jobs Plan is a key commitment made in the Industrial Strategy, and in conjunction with those for other sectors, such as advanced manufacturing, aims to ensure that businesses in key growth and foundation sectors can recruit the skilled workers they need.

DfT will work with the GCF, which offers cross-authority support with centralised commercial expertise, to provide a shared pool of procurement specialists available to all public departments, as well as offering cross-department mobility for commercial professionals. DfT will explore building on this model by deploying technical transport specialists and commercial professionals from within DfT.

By Spring 2027, DfT, with support from MHCLG, plans to map existing local road procurement support and capability gaps. By Autumn 2027, we plan to design a preferred pooled-capacity model and identify candidate pilot areas. From Winter 2027, pilots may be launched or commissioned, with annual demand and utilisation reporting incorporated into the sector plan.

Recommendation 8 – Cross-authority joint procurement

"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."

"We recommend that Network Rail identify and pursue opportunities for more centralised procurement across the five Network Rail regions."

We accept this recommendation. Joint procurement can reduce duplication, increase buying power, improve consistency for suppliers, and create stronger conditions for standardisation and innovation. However, further work will be required before a final decision on implementation can be taken. Specifically, this work will need to clarify the legal position around ownership and management of road assets, and procurement legislation and policy, where Devolved Governments, local authorities and central government departments may or may not be in scope, which can create barriers in aligning procurement activity.

DfT will lead this transport workstream, with local roads activity developed with support from National Highways and MHCLG, with rail activity progressed through Network Rail, other rail arm's-length bodies and regulators, and relevant rail sponsorship arrangements.

DfT will identify categories of road and rail infrastructure that are suitable for aggregation, including repeated asset types, maintenance activities, technical services and regional programmes where joint procurement would not undermine small and medium-sized enterprise access. This activity will be undertaken alongside work highlighted in other recommendations that looks to consolidate the scope of procurement legislation and policy, so that the commercial approach is consistent between Devolved Governments, local authorities and central government departments. This will be undertaken with support from GCF and Cabinet Office. The work should align with framework

reform, standardised procurement processes, standard designs and the proposed sector plan reporting framework.

Strategic Authorities are well placed to support joint procurement of road infrastructure and already have the powers and levers available to enable them to convene partners and work strategically across boundaries. MHCLG will support DfT to explore and develop opportunities for joint procurement across local and strategic authorities, as part of broader development of the Government's ambition to devolve by default.

By Spring 2027, DfT plans to produce an initial opportunity map for joint road and rail procurement. By Autumn 2027, DfT plans to agree potential pilot procurements with local authorities, mayoral combined authorities, sub-national transport bodies, National Highways and Network Rail. By Winter 2027, DfT plans to publish the first annual statement of facilitated joint procurements and lessons learned.

Recommendation 9 - 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. 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.*"*

We accept this recommendation. Ending the current 'comply or explain' approach for compliance with the Construction Playbook could promote the use of best practice and consistency.

Work is progressing with the current review of the Construction Playbook, which will continue to be the Government's guide to best practice in the delivery of construction projects. This review is set to conclude later this year with publication of the final draft to follow in 2027. This will include updating relevant central procurement policy notes (PPNs) to officially terminate the 'comply or explain' mechanism for national procuring authorities, and set the expectation that central government contracting authorities will apply the Playbook across all their projects and programmes. Exceptions to this approach will be where full compliance would be disproportionate or unduly burdensome in the context of a particular project or programme.

DfT, GCF and NISTA support and monitor compliance of Government Major Projects Portfolio (GMPP) projects. GCF and DfT will explore using departmental delegation of controls to monitor and support compliance outside of GMPP.

In 2027 GCF will update the Construction Playbook to end 'comply or explain'. DfT expects to set out a position in the sector plan on strengthening departmental control to support compliance.

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."

We accept this recommendation and have a plan to take it forward for national transport authorities. Clear demand signals are essential if suppliers are to invest in new products, digital methods, low-carbon materials, productivity improvements and safer construction approaches.

DfT proactively encourages innovation with a nominated innovation procurement champion and a range of initiatives to develop new technology to support delivery of our objectives. DfT was a pioneer in developing procurement policies that support innovation and have been adopted across government. Moving forward, DfT will set transport civil engineering innovation priorities every three to five years, in line with its wider approach to its innovation portfolio and link them to procurement strategies, pipeline information, funding routes and market engagement. DfT has also developed an Innovation Playbook to provide practical guidance to policy and delivery teams on the levers available to enable, shape and scale innovation across the transport system.

DfT's innovation priorities focus on areas where public authorities can create credible demand and where there is a clear route to adoption, not only experimentation. Priority areas may include industrialised construction, digital design and assurance, asset monitoring, lower-carbon materials, safer delivery methods, faster approval pathways and standardised products linked to repeatable designs. Funding and reporting should be proportionate and should use existing research, innovation and delivery programmes where possible.

DfT also recognises the role that procurement and commercial practice play in supporting innovation adoption. Through market engagement, outcome-focused specifications, innovation partnerships, demonstrators and the flexibilities available under the Procurement Act 2023, contracting authorities are increasingly able to create clearer routes for innovative products, services and technologies to move from development into operational deployment. This complements wider research, development and innovation activity by helping create demand signals for suppliers and investors.

By Spring 2027, DfT plans to test innovation priorities with suppliers, industry bodies, Innovate UK, the Institution of Civil Engineers and delivery bodies. By Autumn 2027, DfT plans to publish the first set of priorities with reporting expectations and where possible, links to procurement pipelines.

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."

We accept this recommendation. Ensuring frameworks adhere to the Gold Standards set out in the 2021 Mosey Review would increase the use of best practice and improve outcomes, such as lower costs, greater value for money, and reduced risk. That is why the Construction Playbook endorses all 24 recommendations that the Mosey Review set out.

GCF plans to go further and structurally embed related mandates directly into the core text of the next Construction Playbook update. GCF will continue to support compliance reviews of projects within scope of the Government Major Projects Portfolio. DfT will work with its delivery partners to explore ensuring all road and rail procurement frameworks adhere to the Construction Playbook.

DfT and the GCF will work together to explore whether stronger assurance mechanisms can ensure tenders are audited against the Construction Playbook's criteria prior to market launch. The possibility of using departmental delegation of controls to monitor and support compliance will also be explored.

GCF plans to update the Construction Playbook in 2027. DfT will set out its plans for road and rail procurement frameworks in the sector plan.

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".*

We accept this recommendation. Differences between procurement processes can increase burdens on suppliers, create barriers to entry for SMEs and result in a complex environment for businesses. The Government already promotes the standardisation of procurement processes with procurement frameworks, best practice guidance and many other initiatives, including the Central Digital Platform. However, we recognise that procuring authorities can choose to take different approaches. Procurement Policy Notes (PPNs) and other central procurement policies and guidance often suggest that the organisations in scope of these policies are limited to central government authorities only. Furthermore, Devolved Governments may not come within the scope of current procurement legislation or central Cabinet Office policies. As the CMA noted in its study, flexibility enables procuring authorities to tailor processes to their own needs and wants.

Nevertheless, we agree a review to identify opportunities for greater standardisation would be valuable. DfT and GCF will work together to define the scope and methods of the review. We expect GCF to consider organisations in scope of procurement legislation, policies and guidance, noting the challenges around the degree to which Devolved Governments, local authorities, and central government are in scope of current procurement legislation and policies. DfT will review the current

processes to disseminate policy and guidance and the assurance process to assess the effectiveness of how policies are applied in the road and rail sector. Further details will be published separately and referenced in the forthcoming road and rail sector plan.

Recommendation 13 - Improved approach to risk allocation

"We recommend that national 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."

We accept this recommendation in principle. Inappropriate allocation of risk and unnecessary additional conditions in contracts can result in a range of negative market outcomes, such as higher barriers for SMEs, increased costs and delays. The actions set out throughout this response, especially in relation to revisions to the Construction Playbook, will help address these problems. Furthermore, GCF makes available to procuring authorities a suite of non-contentious standard clauses, and DfT standardises its contract clauses where possible.

DfT has decided to undertake further work to test the findings behind this recommendation, considering where risk is apportioned through the use of Z clauses. DfT will also assess the merits of a zero-based review and explore how such reviews could be undertaken. GCF will support DfT in considering the balance of apportionment of risk through the use of such clauses.

By Spring 2027, DfT will set out whether it intends to undertake a review and what any review will consist of.

Recommendation 14 – 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).”

We accept this recommendation and have a plan to take it forward for national transport procuring authorities. Standard designs can reduce cost, programme risk, assurance burden and waste where assets are repeated and where local variation does not materially improve outcomes. DfT will lead the policy framework, with technical development and implementation through DfT’s Chief Engineer, Infrastructure Efficiency and Engineering, relevant modal standards groups, National Highways, Network Rail and other delivery bodies.

We do not envisage introducing a blanket mandate. It will build on work already underway to identify asset classes where standardisation is safe, offers value for money, supports carbon reduction, improves supplier confidence and enables repeatable delivery. Candidate areas will be tested against operational requirements, safety assurance, planning and local context, whole-life maintenance, commercial arrangements and compatibility with existing standards. A common design catalogue and adoption assurance process should support delivery. This will require

support from NISTA, where consistency with the approach to significant national projects will need to be maintained, and MHCLG where support in coordinating activity with local authorities especially in regard to roads, will also be essential.

By Spring 2027, DfT plans to define the criteria for standardisable road and rail assets and commission delivery bodies to propose candidate classes. By Autumn 2027, DfT plans to agree an initial limited set of standard designs and the route for mandating or assuring their use. By Winter 2027 – Spring 2028, DfT plans to establish the design catalogue, adoption plan and benefits baseline for cost, time, carbon and assurance.

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."

We accept this recommendation. Improved alignment of designers' incentives with those of procurers would help ensure designers propose and deliver what procurers need and want, thereby reducing any potential for 'gold plating', or over-designing a project, for example to manage risk.

GCF will update the Construction Playbook to emphasise the role that designers play in the early stages of a project before it gets to construction.

Further to the recommendation, to properly test that incentives are aligned, DfT will also undertake further research to test the findings behind this recommendation, including whether risk is being managed through potential 'over-design' in road and rail projects. DfT will assess the merits of a review into this and explore how such a review could be undertaken. GCF will support DfT in considering the balance of apportionment of risk in designing road and rail projects. Additionally, we may undertake a review of forms of contracts used and how they may provide a mechanism for aligning incentives.

By Spring 2027, DfT will set out whether it intends to undertake a review and what any review will consist of.

Recommendation 16 – Reduce over-compliance

“We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive direct regulators and public bodies 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.”

“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 engineering projects.”

“The UK government should also consider updating the Railway Regulation Act so that Network Rail has equivalent legal powers as National Highways to access adjacent land to conduct civil engineering works for enhancement and renewals.”

We accept this recommendation in principle and will undertake further work to determine the most effective delivery route. The Government agrees with the outcome sought: reducing avoidable over-compliance while preserving safety, environmental and operational standards. The recommendation contains several connected actions: improving standards challenge functions, addressing local preferential requirements, and considering legal changes to rail access powers. These require engagement with regulators, public bodies, local authorities, delivery bodies and legal advisers before final implementation commitments can be confirmed.

DfT will map existing standards challenge arrangements across road and rail, assess where challenge routes could be improved, and consider routes to implement processes to support more effective challenge of standards relating to designs and products. DfT will work with local government partners to understand the extent of preferential requirements and whether consistent standards would reduce barriers without undermining legitimate local needs. The recommendations for open-ended challenge functions and regional standards for preferential requirements will be considered further following this work. DfT will also work with Network Rail to consider the recommendation to update the Railway Regulation Act.

Due to the complexity of this recommendation, the indicative timelines are that by Spring 2027, DfT should complete a baseline map of standards challenge functions and priority over-compliance issues. By Autumn 2027, DfT should agree improvement options with the Office of Rail and Road, National Highways, Network Rail, local authority representatives and standards bodies. By Winter 2027, DfT should publish or commit to a delivery plan, including whether legislative work on Network Rail adjacent land access is required.

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."*

We accept this recommendation. Overlapping supplier accreditations can incur unnecessary costs and act as a barrier to entry for smaller firms, as well as a barrier to scaling when firms decide whether to take on new projects.

That is why the Government has sought to streamline and standardise accreditations. The Central Digital Platform (CDP) makes it easier to find and bid for contracts and aims to eliminate the need for suppliers to have to complete multiple pre-qualification processes. All GCA construction frameworks use the Common Assessment Standard (CAS) as standard, ensuring compliance against the basic requirements and reducing burdens on the supply chain. However, overlapping accreditations appear to be a barrier for certain firms despite these initiatives. This may be a result of the flexibility procuring authorities have to depart from GCA frameworks and incorporate additional accreditation requirements. In addition, central procurement policies and guidance often suggest that the organisations in scope of these policies are limited to central government authorities only. Furthermore, Devolved Governments may not come within the scope of current procurement legislation or central Cabinet Office policies.

Nevertheless, the Government intends to undertake a review of existing supplier accreditations. DfT and GCF will work closely on the design of the review, including its scope. DfT expects to identify road and rail-specific accreditation requirements, assess impacts on suppliers and SMEs, and ensure that any future simplification does not undermine operational, technical or safety requirements. GCF will support DfT's review of road and rail-specific accreditation requirements and may identify opportunities to reduce duplication and improve reuse of supplier information beyond road and rail. The Government will consider the CMA's recommendation for a single approved list of accreditations following the review. The full details of the review will be published separately and referenced in the forthcoming sector plan.

Recommendation 18 – Streamline regulatory approvals

"The UK government should direct regulators and public bodies 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."

We accept this recommendation. Faster and more predictable approvals are needed to improve incentives for investment in new technologies, products and methods while maintaining safety and technical assurance. DfT will lead work with regulators, standards bodies and delivery bodies to map current approval routes, identify bottlenecks, define fast-track criteria and clarify how robust reference-class data can support proportionate acceptance decisions.

The work should distinguish between safety-critical approvals, product assurance, design acceptance and client-specific requirements. Fast-track approval should not reduce assurance standards; it should reduce duplication, repeated testing and inconsistent decisions where comparable evidence already exists. Candidate pilots should be selected in areas with clear market benefit, manageable risk and potential for repeat application across road and rail.

In line with delivery of recommendations 10 and 16, by Spring 2027, DfT plans to complete an approval process map for priority technologies. By Autumn 2027, DfT plans to agree proposed fast-track principles and reference-class data requirements with the Office of Rail and Road, National Highways, Network Rail, relevant standards bodies and technical authorities. By Winter 2027, DfT should launch candidate pilots and define a route for wider adoption where pilots demonstrate safety, value and scalability.

Recommendation 19 – Utility diversions response times

"We recommend that the UK, Scottish and Welsh governments and the Northern Ireland Executive direct sector regulators to agree and monitor standardised response times for utility diversions."

We accept this recommendation in principle. Utility diversions have been highlighted as a significant source of programme risk during our consultation with DfT delivery bodies. This risk results in significant cost increases and programme delays.

DfT and its delivery bodies plan to organise a utilities working group which would include its ALBs, regulators and OGDs, namely DESNZ, Defra and BIST. The forum will seek to develop an develop an evidence base, clarify roles and responsibilities, and undertake an options appraisal for implementation, with a view to subsequent pilots for adoption.

By Winter 2026, DfT should coordinate its infrastructure clients plus relevant OGDs to establish a utilities working group. By Spring 2027, DfT plans to have developed a consolidated evidence base on cost, schedule and delivery impacts of utility diversions. It also plans to have agreed, or reached an initial understanding of, current regulatory and utility company responsibilities. By Autumn 2027, DfT should have clearly evidenced the challenges and set out a plan to address the identified problems relating to ownership; this may include launching candidate pilots and defining routes for wider adoption where pilots demonstrate safety, value and scalability.

Conclusion

In summary, the Government agrees with the CMA's diagnosis – there are significant opportunities to improve this market, but the fragmentation of accountability for civil engineering across a range of departments and bodies is holding back the system-wide change that is needed.

That is why we have accepted or accepted in principle all of the CMA's recommendations. To deliver these recommendations and system-wide change, the Government will, for the first time, consolidate all relevant road and rail initiatives into a strategic sector plan. DfT will develop and maintain this plan. Relevant departments and bodies will have clear and formalised responsibilities to support its delivery. This governance will ensure the sector plan is strategic and results in system-wide changes to actively shape the market.

By Autumn 2027, DfT expects to have completed a draft sector plan for civil engineering in the road and rail sector. A final sector plan is expected by Winter 2027.

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Published by
Department for Business, Innovation, Science and Trade

24 November 2026