

Rail 2025 Mid Year Update

Rail Systems

As we reach the midpoint of 2025, the rail systems market is experiencing a period of deferred momentum, driven primarily by delays to key infrastructure programmes and cautious resourcing strategies from major contractors.

Control Period 7 (CP7) was initially expected to see works commence during Q2 and Q3 of 2025. However, it has become clear that further delays are inevitable. While some workbanks have now been released and detailed design phases are in progress, the transition to construction is now forecast for December 2025 to January 2026. This follows a prolonged period of uncertainty, as contractors awaited confirmation of schedules following tender awards.

HS2 has also seen its timeline extended. With Mark Wild appointed as the new CEO of HS2 Ltd, the programme is undergoing a strategic reset. As a result, all activity has been pushed back by 12 months, with pre-construction now not anticipated until late 2026 and full construction expected to begin towards the end of 2027.

In terms of tender activity, the market has largely matured, with the majority of CP7 and HS2 packages now awarded. Notably, Costain and Siemens have emerged as the principal contractors for HS2 systems works. At the time of writing, only a few remaining tenders, such as the Midland Mainline, are still pending award.

Recruitment trends mirror the wider project delays. Contractors remain conservative in their hiring approach, favouring permanent hires for long-term schemes over freelance engagement. That said, freelance professionals are securing positions on shorter-term works, typically spanning six to twelve months, where the commitment required for a permanent hire is not justified.

Looking ahead, we anticipate the remainder of 2025 will focus on preparing for mobilisation in 2026. Employers are expected to maintain engagement with their current teams, managing live works while planning resource requirements for future projects. A more substantial recruitment push is likely towards the end of the year, ensuring teams are in place for delivery as major programmes finally move into active construction.

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Rail

Design, Consultancy & Engineering

Delays remain prevalent across the rail market, affecting tenders, framework contracts, and general communications from Network Rail. Much of the sector is effectively paused, with organisations awaiting clearer direction amid shifting priorities.

For many design consultancies, particularly SMEs, legacy projects are the primary source of ongoing work as the industry awaits firm updates on CP7. While a handful have progressed to detailed design, most remain unable to move forward due to main contractors lacking clarity on start dates and, consequently, withholding commissioning decisions.

Several consultancies have secured positions on frameworks; however, the absence of signed contracts detailing volumes or delivery timelines has left these firms in a holding pattern.

Delays on HS2 civils works have now pushed systems-related activities back by a further 12 months, which is anticipated to have a cascading effect on construction phases. As a result, design activity tied to HS2 is unlikely to accelerate until late 2026.

Recruitment within design engineering for Network Rail remains notably subdued. That said, some Transport for London and London Underground projects are maintaining a modest level of demand, particularly within civil, electrical, and mechanical disciplines.

The consultancy market has demonstrated greater resilience. Delays to infrastructure programmes have had a less immediate impact on hiring, with projects such as the TransPennine Route Upgrade (TRU) continuing to require support, particularly in project management and commercial roles. Notably, Network Rail ASPRO has now been awarded, with Turner & Townsend securing two major frameworks covering the Northwest, Central, and Eastern regions, indicating a stable pipeline of activity for those areas.

Despite this, hiring continues to be impacted by a growing disparity between employer budgets and candidate salary expectations, causing delays in recruitment processes. Freelancers are successfully filling short-term gaps, though where permanent hires are made, the emphasis is firmly on long-term fit. Increased office attendance requirements are also creating friction, with candidate appetite for hybrid working remaining high.

A growing number of both candidates and employers are now exploring opportunities outside the rail sector, unable to delay indefinitely for the market to re-ignite. This trend raises concerns over the future availability of rail-specific skills once demand resumes.

In the interim, the focus remains on sustaining momentum with current workloads and preparing for reactivation later in the year, when both project activity and hiring are expected to increase in the lead-up to 2026.



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Rail

Project Delivery

The first half of 2025 has seen continued pressure across the project delivery landscape in rail, particularly where recruitment and salary alignment are concerned.

There remains a noticeable gap between candidate salary expectations and what employers are in a position to offer, particularly where site staff such as supervisors are concerned. In many cases, this disparity is in the region of £5,000 to £10,000, posing a significant challenge for employers trying to fill roles on upcoming projects.

In the southern regions, including Kent, Sussex, and Wessex, subcontractors are under particular strain. They are finding it increasingly difficult to compete with the salary levels offered by main contractors, leading to a recruitment bottleneck at the subcontractor level.

Despite sustained increases in the cost of living, salary bandings have shown little to no upward movement. Pay rises for permanent staff, which in previous years might have reached £3,000 to £5,000, are now more typically in the range of £1,000 to £3,000, if they are offered at all.

The slow mobilisation of CP7 continues to suppress hiring activity. With construction not expected to begin on many projects until late 2025 or into 2026, a large number of contractors remain unable to commit to recruitment, particularly where Network Rail funding has not yet been released. This has had a disproportionate impact on smaller subcontractors, many of whom are feeling the financial strain.

Redundancies across the industry have further complicated the picture. Some candidates, keen to return to work, are showing a willingness to accept lower salaries than they would have previously considered.

Currently, hiring activity is centred on commercial and pre-construction functions. There is an expectation that demand for delivery and site-based personnel will increase towards the end of the year as projects begin to progress toward construction.

