

# Review of the Swedish Transport Administration's Cost-Control Efforts — Interim Report 3

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Summary report: 2026:5

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# Foreword

In August 2022, Trafikanalys was commissioned by the Government to review and follow up the Swedish Transport Administration's work on cost control, with the aim of improving its procedures and working methods. The assignment runs until 30 April 2028 and is to be reported annually to the Government Offices no later than 30 April, starting in 2024. The first such interim report was submitted to the Government in April 2024 and the second in April 2025. This report is the third annual interim report.

The preparation of the third interim report has been led by Linda Ramstedt. During 2025, Patrik Tornberg and Michelle Benyamine also contributed to the project management. The responsible head of department was Anna Ullström. Other members of Trafikanalys' project group for the assignment during the year were Samuel Andersson, Eva Lindborg, Frida Mattsson, Björn Olsson and Saman Rashid. Filippa Egnér, Lisa Eriksson and Krister Sandberg from Trafikanalys also contributed to the work. Trafikanalys' Scientific Council reviewed the work as it progressed and provided comments.

During the work, we maintained ongoing contact with representatives of the Swedish Transport Administration, who assisted us commendably and contributed to a constructive dialogue – both at project group level and through individual contacts in several parts of the organisation. Collaboration also took place with the Swedish Agency for Public Management.

Attached to the project was also an external reference group consisting of Lars Hultkrantz, Anna Kadefors, Per Lindroth, Siv Living, Anna Lundman and Morten Welde.

Governo, Gunnar Alexandersson, Sweco, VTI and WSP prepared background reports on behalf of Trafikanalys, which have been published on the Trafikanalys website. Textfixarna contributed with language support.

We would like to express our sincere thanks to everyone who has contributed to this work in various ways.

Stockholm, April 2026

Mattias Viklund  
Director-General

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# Summary

## 1.1 Our starting points

This report is the third interim report in Trafikanalys' assignment to review and follow up the Swedish Transport Administration's work on cost control. This year's studies build on our previous studies and analyses of the Administration's work on cost control, as presented in earlier interim reports. We have therefore continued to focus our studies on issues relating to cost control in investment activities, the Administration's consideration of the construction projects' life cycle costs (LCC), and maintenance.

Our analysis starts from our understanding of cost control, which can be summarised as the view that sound cost control requires deliberate action and decision-making on key issues. In our previous interim reports, the analysis of the Swedish Transport Administration's cost control has focused on key aspects that we develop further in this year's report. We consider that sound cost control can be achieved when:

- *governance* is appropriate and creates *incentive structures* that promote action and decision-making in line with sound cost control.

Appropriate governance requires:

- appropriate *decision-making material*
- appropriate *information management*
- appropriate *learning*.

Appropriate decision-making material, information management and learning can create incentive structures that provide the conditions for appropriate governance in support of sound cost control. Our reasoning about what characterises sound cost control is therefore cyclical and iterative.

## 1.2 Our analysis

Most of our observations and conclusions from this year's studies concern governance. We also draw conclusions regarding the Swedish Transport Administration's information management, decision-making material and learning.

Organisations use different forms of governance to achieve their objectives. Governance within the Swedish Transport Administration is extensive, and this year's studies show, among other things, that it affects project managers' incentives and conditions for working with cost control in investment projects. Project managers are encouraged to 'challenge the rules' and act pragmatically in relation to them. Project managers understand that internal rules need to be adapted to individual projects, but interviews show that it is unclear how requirements should be interpreted and adapted in practice. This scope for interpretation may mean that the interpretations and adaptations made in projects are not always in line with appropriate governance, based on our understanding of cost control or on the objectives that the governance is intended to support.

We also find that the project manager's experience is highly significant for how overarching governance, not least internal requirements, is interpreted and managed in practice. Experienced project managers consider practical experience to be the most important factor in their ability to make well-balanced decisions and promote sound cost control, followed by collegial exchange of experience. They also consider that more experienced project managers are better able to question the application of requirements, while less experienced project managers tend to follow requirements more strictly. This is also consistent with organisational research in the field, which indicates that substantial practical experience is likely to play a central role in the ability to handle different requirements pragmatically and to assess and prioritise between different governance signals. If a pragmatic approach is to guide work in investment projects, and is to be a prerequisite for sound cost control, we consider it important that the Swedish Transport Administration makes use of the knowledge and experience held by more experienced colleagues. At the same time, we see a need to review the overall governance and rules so that unjustified governance signals are removed and it becomes clearer how requirements should be interpreted and adapted to individual projects. We consider that a more appropriate overall set of rules is more likely to promote sound cost control.

Although governance is multifaceted, we find that governance towards total cost, i.e. costs during planning, design and construction, is paramount in investment projects. The Swedish Transport Administration is implementing several initiatives relating to cost management, and this is reflected in investment projects. At the same time, we see risks associated with the strong focus on total cost. One such risk is that other perspectives, such as benefits, the overall picture and LCC, receive less attention.

With regard to cost increases in investment activities, we see broadly the same pattern as before, with the highest cost increases occurring in the early planning stages. However, after updating the cost data based on the latest plan proposal for the 2026–2037 planning period, we see a partly new cost pattern. For projects that have passed through the same planning stages, average cost increases are lower in the plan proposal for 2026–2037 than in the current plan for 2022–2033. This may be interpreted as an effect of the Swedish Transport Administration having introduced new procedures and processes for reviewing and reassessing projects in order to keep costs down. These new procedures may have had a relatively rapid effect on cost increases. The fact that projects are clearly governed towards total cost is also highly significant, but may have greater effects in the longer term. It is important to remember that the planning process is long and that it takes time before the effects of a new approach become visible. There may therefore be other reasons behind the pattern of reduced cost increases that we observe. Our analysis is also based on a sample of projects, which means that the results cannot be generalised with certainty.

Additional requirements play an important role in cost increases during the early stages of projects. These cost increases concern estimates of investment cost, which means that the costs have not yet been realised. To understand the Swedish Transport Administration's scope for managing these requirements, it is important to distinguish both their origin and degree of compulsion; external statutory requirements are often mandatory, while internal requirements and external requests, for example from municipalities, are to a fairly high degree within the agency's control. Our results show that internal requirements are among the main causes and account for just over one third of the total estimated cost increases in the projects studied. By comparison, external requirements account for one quarter, while external requests make up the smallest share. However, the review highlights a conflict of objectives: even for internal requirements, where the agency largely has control, the room for manoeuvre is very limited in practice if the requirements are added after a project has been included in the national plan. The possibility of subsequently reducing these cost increases is then often limited. To avoid

undesirable cost increases in projects, we see a need for requirements to be assessed in terms of consequences and costs before new requirements are introduced.

We find that clear cost management appears to be linked to clear project management. One advantage of clear project management is that priorities become visible, i.e. that they are transparent. However, overly strict governance may have disadvantages if the project does not allow choices made during implementation to be reassessed in order to achieve the overall objective. Reassessing choices may be particularly important when new knowledge is generated, as in development projects. In our studies of development projects, we have noted risks of sub-optimisation and of the Swedish Transport Administration missing the opportunity to identify a good overall solution when development projects are too tightly governed.

Our studies of LCC confirm and further develop previous conclusions that governance within the Swedish Transport Administration is unclear as to how LCC is to be considered and implemented. We find that the problem is strongly linked to the absence of a clear and common level of ambition for LCC within the Administration. The lack of clarity is mainly reflected in the fact that LCC is not clearly defined and that there is no shared target picture, which also makes the incentives for applying LCC considerations unclear. We also note that there is no clear wording in the Swedish Transport Administration's instruction stating that LCC should be considered. At the same time, through ongoing development work, the Administration demonstrates a willingness to develop and specify the governance of LCC considerations. Our assessment is that this requires the Administration to clarify the level of ambition and agree on a shared target picture for LCC.

However, our studies show that there is scope to strengthen the incentives for considering LCC even within the current governance framework. One example is the work on asset-specific requirements, where relatively small changes in governance can strengthen the incentives to make LCC more systematically visible. This could increase transparency and the ability to analyse the Swedish Transport Administration's work with LCC. We therefore consider it important that the Administration, where possible, strengthens governance and clarifies incentives in LCC-related processes and decision-making situations.

We also conclude that considering LCC does not appear to be prioritised in investment projects. This fact may increase the risk of future operating and maintenance costs being underestimated. Against this background, we believe it is important for the Swedish Transport Administration to clarify how the ongoing development work on LCC is intended to affect priorities in the governance of investment projects. This is likely to require clarification of mandate and responsibility for the application of LCC governance, as well as clarification of priorities between different objectives as far as possible.

We also propose that the Government continue to monitor the Swedish Transport Administration's development work on LCC and be prepared, if development does not proceed at a sufficient pace or in the right direction, to clarify governance in the agency's instruction. In contrast to the strengthened cost management, development in the broad and complex areas raised in the *Inquiry on the Organisation of the Railway* is progressing, but slowly. This applies particularly to the work of creating consolidated and systematised knowledge of the condition of the asset. Significant challenges remain in implementing a functioning system solution for railway activities, which have been characterised by restarts, paused projects and revised target pictures, with an overall picture of weak coordination and a lack of a common objective.

The issue of how maintenance measures can be carried out with less impact on traffic has gradually become an increasingly important political priority, but there is inertia in changing, for example, working methods and procurement practices in ways that support this. For example, the meaning of the concept has not always been handled consistently, and the terms of reference in the Government assignments to the Swedish Transport Administration have in

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several cases allowed scope for alternative proposals and broader considerations. Over the years, the Administration itself has also expressed a relatively sceptical view of changes to the client role and of a transition to carrying out railway maintenance in-house. However, recent developments show that the Administration is moving towards stronger project management and greater involvement. The number of Government assignments to the Administration has increased sharply over time and, together with relatively short investigation periods, may have contributed to limited depth and specificity in some reports, despite the complexity of the issues. According to the follow-up of the inquiry on the organisation of the railway, this may make it more difficult to assess the impact of development work carried out within the framework of Government assignments.

We have previously concluded that maintenance is difficult to analyse and that there are no established methods for analysing it from a cost-control perspective. At the same time, maintenance accounts for a large part of the national transport infrastructure plan and the area of maintenance has also received increased budget appropriations. The financial needs for maintenance have increased. Part of this increased need can be explained by insufficient funding in relation to needs in previous planning periods and by general price increases for maintenance, but a relatively large share cannot be explained. The unexplained increases in financial needs are greatest for road maintenance. Against this background, we consider it important to continue examining how the area can be analysed further.

## 1.3 Our proposals and recommendations

Based on the observations and conclusions drawn from this year's studies, we make recommendations to the Swedish Transport Administration and proposals to the Government concerning various areas for improvement.

### *Recommendations to the Swedish Transport Administration on change management*

Trafikanalys recommends that the Swedish Transport Administration:

- monitor the long-term objectives of development work by creating incentive structures for learning
- establish procedures for systematically reviewing and streamlining overall governance in order to reduce conflicting, excessive or unjustified governance signals
- carry out impact assessments of planned organisational development initiatives.

### *Recommendations to the Swedish Transport Administration on investment activities*

Trafikanalys recommends that the Swedish Transport Administration:

- clarify how internal requirements and rules should be interpreted and applied, and create a shared understanding of interpretation within the organisation
- review and streamline internal requirements in order to reduce the number of excessive or unjustified requirements
- work more systematically to analyse and consider the consequences of new or amended internal requirements, particularly for projects already included in the national plan
- prioritise maintaining and, where possible, improving the conditions for collegial exchange of knowledge and experience among project managers
- increase its transparency and communication with the regions regarding progress in the county plans

- develop governance and create incentives to work proactively on cost effectiveness and cost-reducing measures, including in investment projects that remain within budget.

*Recommendations to the Swedish Transport Administration on Life cycle costs (LCC)*

Trafikanalys recommends that the Swedish Transport Administration:

- report LCC when construction cost estimates are prepared
- strengthen governance and clarify the incentives for LCC considerations.

*Proposals for areas of improvement to the Swedish government*

Trafikanalys proposes that the Swedish government:

- promote a long-term focus on cost control at the Swedish Transport Administration through appropriate governance of the agency
- monitor the Swedish Transport Administration's work on LCC
- ensure continued analysis of maintenance activities from a cost-control perspective.

Transport Analysis is a Swedish agency for transportpolicy analysis. We analyse and evaluate proposed and implemented measures within the sphere of transportpolicy. We are also responsible for official statistics in the transport and communication sectors. Transport Analysis was established in 2010 with its head office in Stockholm and a branch office in Östersund.



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