

3 March 2026

██████████
Executive Director for Competition Enforcement
Competition and Markets Authority
The Cabot
25 Cabot Square
London
E14 4QZ

Subject: Civil Engineering Market Study Interim Report – Jacobs' response

Dear ██████████

Thank you for the opportunity to respond to the Civil Engineering Market Study Interim Report of 17 December 2025. We welcome the CMA's commitment to improving the efficiency, competitiveness and capability of the UK civil engineering market and stand ready to support. Below we set out our views on the most material interim findings, the regulatory reforms that would enable sector-wide improvement, and the priorities we believe should shape the CMA's final recommendations.

Critical interim findings for shaping industry response

We strongly endorse the CMA's focus on addressing structural fragmentation, pipeline uncertainty and procurement behaviours. In our view, the most critical findings for shaping the industry's ability to meet the Government's infrastructure ambitions are:

Adoption of collaborative delivery models – The report rightly highlights the limits of transactional contracting. The industry would benefit from wider adoption of alliance and partnership models such as The Thames Tideway Tunnel, Framework Alliance Contract (FAC 1) and Project 13: A New Delivery Model for Infrastructure. Collaborative regimes, such as the Smart Motorways Alliance, demonstrate that shared outcomes, joint risk management, and open data significantly improve productivity and innovation maturity over time. Current contract and performance frameworks too often fail to reward collaborative behaviour, driving siloed delivery and a focus on input driven KPIs rather than joint problem solving.

Encouraging innovation through outcome-based requirements – Prescriptive specifications, limited early stage engagement and rigid risk transfer often discourage new methods, digital tools and modern materials. More proportionate assurance processes and clear "test and trial" pathways would accelerate innovation uptake. Highly prescriptive procurement approaches, often adopted to evidence 'best value', can unintentionally limit innovation and reduce opportunities to differentiate on quality.

Pipeline visibility and funding certainty – Uncertainty, makes long term investment in people, plant and innovation challenging. Frequent changes in strategy, re profiling of budgets, and late shifts in procurement undermine both delivery outcomes and supply chain confidence. For example, a lack of visibility of rail pipeline, combined with shifts in direction, has left many suppliers unwilling to invest, particularly when competing with sectors such as energy, where long term, fully funded pipelines often provide greater stability. As a global business, Jacobs must balance best deployment of resources and expertise and prolonged uncertainty in the UK market has seen an acceleration in rail knowledge and individuals overseas.

Better use of frameworks to drive outcomes – Frameworks can too easily default to repeat procurement exercises rather than acting as platforms for programme level delivery or for broadening opportunities for SMEs. Strengthening framework design and governance would maximise value, reduce unnecessary

tendering, and support more consistent delivery. At present, many frameworks predominantly channel work to Tier 1 suppliers, with limited mechanisms to enable SME participation or incentivise innovation driven delivery.

Regulatory reforms to strengthen capability and enable innovation

We support reforms that reduce volatility, strengthen long term planning and create space for innovation:

Outcome based specifications and regulatory sandboxes – Allowing flexibility in how outputs are delivered, supported by time bound trial environments, would de risk innovation and enable competitive differentiation beyond price alone. For example, time boxed 'regulatory sandboxes', with pre agreed risk and benefit sharing, would help remove the fear of failure that currently limits adoption of new methods. While the UK construction sector has not yet adopted formal regulatory sandboxes, comparable approaches already operate successfully in UK water, rail and data regulation, and internationally in energy and transport systems. These demonstrate that outcome-based requirements, combined with time limited regulatory flexibility, can accelerate innovation without weakening regulatory intent.

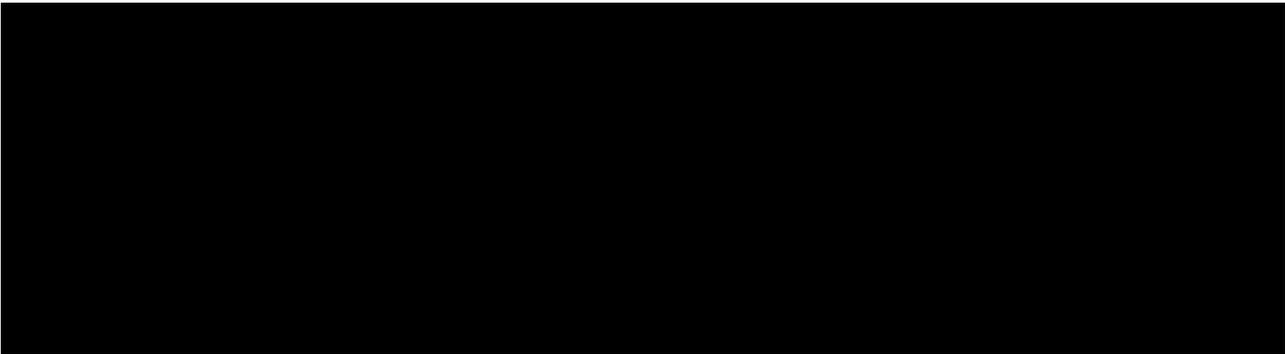
Reform early-stage business case assessments – Current processes incentivise low early cost estimates to secure approval. A more holistic assessment, capturing connectivity, regeneration and social value, would reduce later stage cost escalations and improve credibility of schemes. Many schemes that are critical for local growth or regeneration would fail under current appraisal methods if true early cost estimates were used. The recent update to the HMT Green Book goes some way to reforming Benefit-Cost Ratio methodology to incorporate these wider benefits, improving accuracy and public confidence.

Planning reform and proportionate assurance – Streamlined approvals and proportionate testing regimes would remove unnecessary delays, particularly where Owners are willing to accept managed risk for better long-term outcomes. Evidence across both road and rail suggests that lengthy assurance and approvals processes can delay deployment of new materials, digital tools and innovative construction techniques.

Extend multi-year funding settlements and ring-fenced budgets across delivery bodies - Local authorities and Mayoral Combined Authorities (MCAs) are increasingly responsible for funding and delivering heavy and light rail schemes, yet typically operate on annualised budgets that constrain long term planning, create volatility and limit the ability to aggregate demand. This contrasts with national bodies such as National Highways, where Road Investment Strategy style multi-year certainty enables efficient long-term interventions, including major structures renewals. Extending similar multi-year settlements beyond national bodies would allow local authorities to plan, invest and manage assets more effectively, particularly where they are responsible for ageing infrastructure - often significantly older than the strategic road network.

Clear, ring-fenced budgets, both within and outside the Control Period framework, would help prevent critical programmes from being drip fed, deferred or cancelled, and would provide the continuity required to plan and deliver long term programmes effectively. Establishing enhancement funding outside Control Periods would help break the cycle of reprioritisation and create a more stable, investable market across national and sub national delivery bodies.

Jacobs case study - innovation and incentivisation We are a key partner on the UK's biggest rail contracts and have worked with differing forms of incentivisation. We favour forms that challenge and allow for both short- and long-term incentivisation. We have found success in a three-tier model in the public infrastructure industry and share an example in the water industry. We have been a key supplier on the UK Environment Agency's Water and Environmental Management Framework. As part of this long-term framework, we have been incentivised at both project, programme, and framework level. A detailed performance measurement system is in place, which is linked directly to both project Commercial and Programme level incentivisation.



Only if we perform collaboratively at all levels are we able to obtain the maximum commercial return available. This approach has proven to be a successful model and has the advantage of incentivising several suppliers to collaborate in the best interests of the Owner.

Proposed priorities for the CMA final report

We encourage the CMA to focus on three overarching priorities:

Champion collaborative contracting and established best practice – We recommend endorsing and mandating the Construction Playbook, the IPA (now NISTA) Major Projects Set Up Toolkit, and Constructing the Gold Standard. These tools do not require legislation but would materially raise standards and consistency across public clients. Project 13 principles and widely proven alliance models should be embedded across sectors to reduce fragmentation and interface friction. Jacobs have used these to deliver significant major programmes across the UK, such as the Thames Tideway Tunnel.

Improve benchmarking, cost realism and competition – National benchmarking and "should cost" models, long recommended since the Latham Report, remain inconsistently applied. A strengthened, sector wide approach would sharpen competition, improve the realism of early business cases, reduce cost overruns, lower bid overheads, and create greater opportunities for SMEs. It would also enable suppliers to compete on productivity and outcomes rather than headline unit rates.

Skills, Experience and Leadership – The CMA has, rightly, identified that more effective use of public bodies' skills and expertise is required. One proposed remedy is encouraging more mobility between private and public sectors. This is vital to deliver long-term improvements sought in Government Project Delivery.



The CMA has identified many of the structural issues that contribute to higher costs, slower delivery, and reduced innovation. With targeted reforms, particularly around funding certainty, collaborative delivery and proportionate assurance, the UK's civil engineering sector can confidently support the Government's long term infrastructure ambitions.

Jacobs remains committed to supporting the CMA's work and would welcome continued engagement as the final report is developed.

Date: 3 March 2026

Subject: Civil Engineering Market Study Interim Report – Jacobs' response

Jacobs

