

RIBA Business Benchmarking 2016

Report prepared for the RIBA by
The Fees Bureau

Executive Summary

1 Introduction

Welcome to the second report on the RIBA Business Benchmarking Survey, produced by The Fees Bureau. As this is year 2 of the new-look survey, it's a little early to see detailed trends. But for some of the key headline indicators - revenue, staffing, profits, international work - we've got compatible data from previous surveys. And these show revenue continues to grow - to the highest level in the last five years. The rate of growth has, however, slowed compared with last year. Total revenue is 4 per cent higher, while profits are up by 3 per cent.

Crucially, in this new post-referendum environment, the focus is increasingly on international trade. Chartered Practices have a healthy record here; 19 per cent of revenue comes from work outside the UK. The EU accounts for a relatively small share - 17 per cent - of international work; the Middle East dominates. But this year's statistics reveal one concern; Chartered Practices generated less income from work outside the UK than last year.

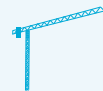
But that's the big picture. Delve inside this report and you'll see a host of statistics which are designed to allow you to compare your own practice's performance with the 'average'. Augment this with the interactive RIBA Benchmarking Tool and you can tailor the types of practices with whom you compare yourself. If you haven't yet tried the Tool, take a look at the introductory video - there's a link on the inside back cover. As always, we would welcome your comments on the report and the interactive Tool.



31,400
staff employed in practices,
includes 4,400 Partners,
Directors, Sole Principals



55%
of practice revenue is from
housing. Majority of this
is from one-off housing &
extensions



125,000
projects worked on by
practices in the last 12 months



£474 million
revenue from work on projects
outside the UK

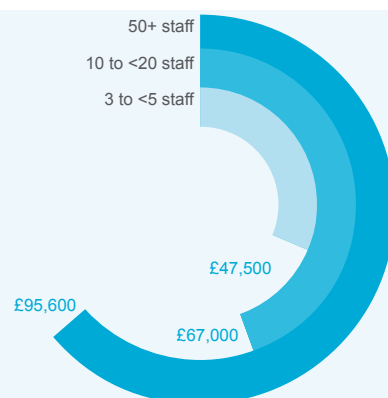
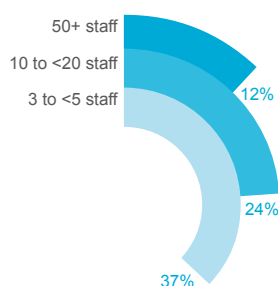


2 Key Statistics and Business Benchmarks

Revenue

RIBA Chartered Practices generated £2.5 billion worth of revenue in 2016. More than half of this is generated by practices with 50 or more staff, and over half comes from practices based in London. Average revenue increases by practice size. Average revenue per head also rises consistently by practice size, even when averaged across all fee-earning staff.

Average practice revenue per head, all fee-earning staff, selected practice sizes. See section 2, pages 14-21.



Profits

Total profits of £428m are reported for the last financial year. This is 17 per cent of revenue. Because 'profits' often include an element of pay for Partners, Directors or Sole Principals, the profit as a per cent of revenue figure varies widely between practices of different sizes, being considerably higher amongst small practices than for large ones.

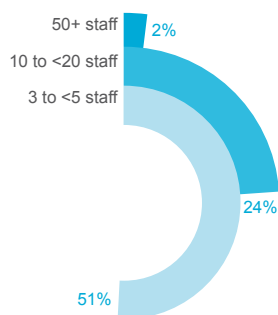
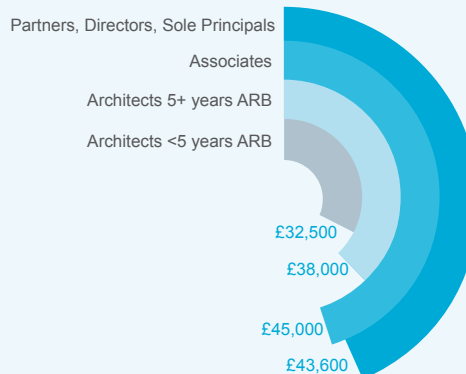
Average practice profits as a per cent of revenue, selected practice sizes. See section 3, pages 22-26.

2 Key Statistics and Business Benchmarks (continued)

Salaries

Salaries are the largest item of expenditure, accounting for over half of practice expenditure. Average salaries generally increase with practice size, for all staff types. Practices in London consistently pay the highest salaries.

Average earnings for selected staff, all practice sizes UK average. See section 5, pages 32-42.



Type of client

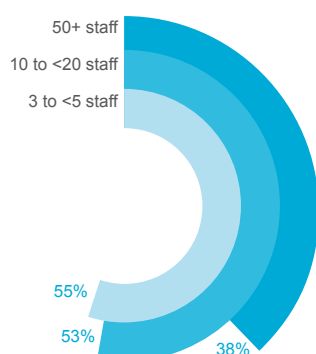
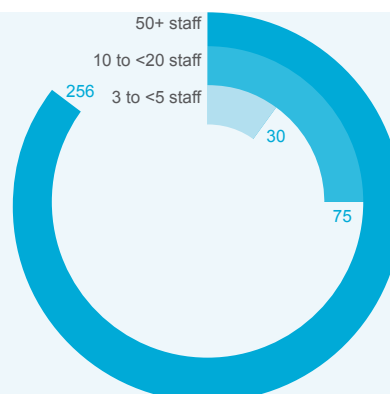
Private individuals account for over 50 per cent of practice revenue in practices with under 5 staff. Property developers are the largest client group in practices of 20 or more staff, followed by contractors.

Proportion of practice revenue from private individual clients, selected practice sizes. See section 2, pages 18-21.

Projects worked on

Average number of projects worked on in the year rises with practice size. Private housing dominates; 40 per cent of revenue comes from one-off housing, extensions, conversions, alterations; 14 per cent from other private housing.

Number of projects worked on - last 12 months, selected practice sizes. See section 7, pages 50-51.



Success at winning work

The average practice has worked on 58 different projects in the past year, bid for 40 new ones and won about half of these commissions. The success rate, on average, is 54 per cent. All figures vary by size; smaller practices have a higher success rate than larger ones.

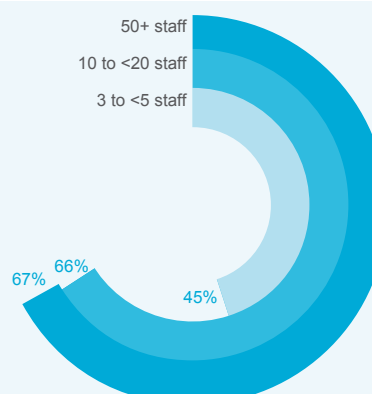
Proportion of bids won - last 12 months, selected practice sizes. See section 8, pages 52-53.

Business plans and policies

33 per cent of practices have a business plan which extends one year ahead, 54 per cent have a plan for at least the next two years. A quarter of practices with at least 10 staff have a plan for the next five years.

78 per cent of practices have a job description for all their fee earning staff (except Partners, Directors and Sole Principals).

Practices whose Business Plans extend to 2 years or more, selected practice sizes. See section 6, pages 43-47.

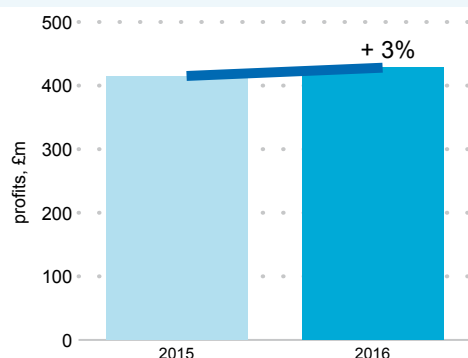
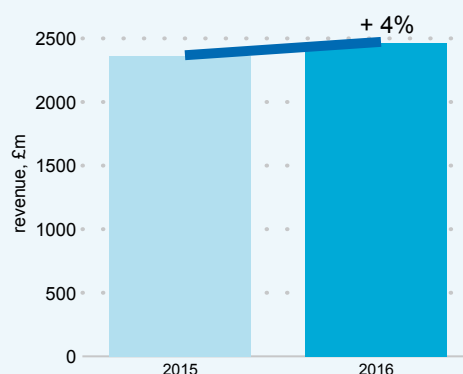


3 Changes 2015-16

Revenue

Total revenue generated by Chartered Practices is 4 per cent higher than in 2015. Although higher, the rate of growth has slowed markedly compared with last year's.

Total revenue earned by Chartered Practices, last two years.



Profits

Practices' profits are 3 per cent higher in 2016 than in 2015. Average profits per Partner/Director/Sole Principal are higher for most practice sizes.

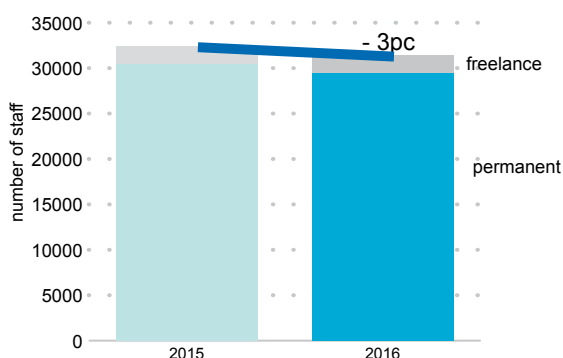
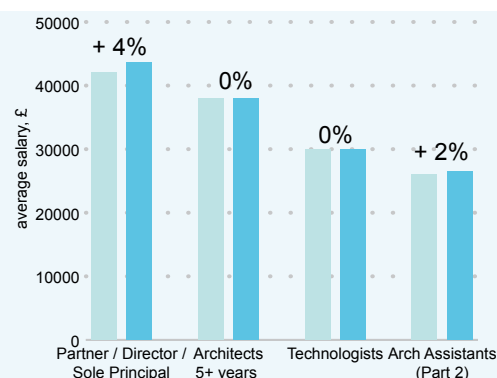
Total profits generated by Chartered Practices, last two years.

Salaries

Average earnings of Partners, Directors and Sole Principals are higher in 2016 but average salaries for most other staff are unchanged.

Average salaries for selected staff categories, last two years.

2015 2016



Workforce

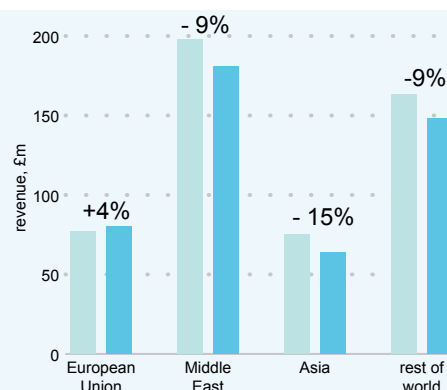
Total number employed by Chartered Practices is 3 per cent lower than last year. 36 per cent of staff are female (35 per cent last year). 6 per cent of staff are freelance/contract, the same as last year.

Total employment (full-time equivalent) in Chartered Practices separating permanent staff from freelance/contract staff, last two years.

International

Revenues earned from work outside the UK are 8 per cent lower this year. The Middle East remains the biggest source of international work.

Total revenue earned by Chartered Practices from international regions, last two years.



Royal Institute of British Architects
66 Portland Place, London W1B 1AD
T: 020 7580 5533
Website: www.architecture.com/benchmarking
Charity number: 210 566

Interact with the Benchmarking data at:
www.ribabenchmark.com

The next RIBA Benchmarking Survey opens on
02 May 2017

RIBA 
Architecture.com

