



RIBA Business Benchmarking 2021

Report prepared for the RIBA by
The Fees Bureau



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Introduction

Revenue has fallen. This is an inevitable finding, given the impact of the pandemic. This year's benchmarks demonstrate Chartered Practices' resilience in the face of the myriad of challenges presented by the pandemic. Certainly benchmarks have turned negative: lower average practice revenue, reductions of over 30 per cent in revenue from work on offices, culture and entertainment, sports and leisure; a downturn in revenue from international work that was felt particularly hard by practices with 100+ staff. Yet Chartered Practices are working on just as many jobs as in 2020 (although these may be smaller jobs) and made bids for more work than in 2020 while maintaining their competitive success rate.

Chartered Practices have pivoted to where the work is: one-off houses, domestic extensions and alterations. Revenue from those work sectors has increased by 3 per cent, which is impressive compared with the 15 per cent fall in revenue from all sources.

But the survey reveals some surprises. Profits have stayed flat at a time when revenues have dropped. This seems to have been driven by 50-<100 and 100+ practices, whose median profits have increased. Diligent control of costs will have helped. The analysis shows the reduction in Chartered Practices' expenditure is greater than the loss of revenue. Payroll is the largest component of expenditure in practices with 10 or more staff and the survey found that payroll costs were

generally down. Part of this may be attributable to the support given through the Government's Coronavirus Job Retention Scheme, which contributed to the salaries of furloughed staff. Part is also due to the finding that salaries have stood still, while the number of staff employed has fallen back. The only meaningful growth in salaries has been restricted to Partners/Directors/Sole Principals, maybe reflecting the slight improvements recorded in profits. This year's fall in the number of staff employed by Chartered Practices is mainly due to a reduction in headcount in 100+ practices. That has led to another surprising benchmark. The average revenue per head in 100+ practices has actually increased in 2021 – the only practice size where this has happened. For most other practice sizes, average revenue per head has returned to 2019 levels, but this is still not as bad as the falls in average revenue per practice, where the figures are back to 2017 or 2018 levels.

Chartered Practices have moved towards tightening financial scrutiny as a consequence of the uncertainties brought on by the pandemic. More are extending their cashflow projections over a longer time period than in previous surveys, while the amount that the average practice writes off on bad debts is the lowest since this question was first asked three years ago.

Away from financial benchmarks, this year's survey shows progress is being made on the RIBA 2030 Climate Challenge. A total of 12 per cent of Chartered Practices have now signed up to the Challenge – a substantial improvement on last year's figure. This includes about 40 per cent of 50-<100 and 100+ practices, so there is scope for smaller practices to increase their participation in this scheme.

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Review of this year's survey

Adrian Malleson, Head of Economic Research & Analysis, RIBA

This year's Benchmarking report is the first comprehensive assessment of the effects of Covid on RIBA Chartered Practices. The reporting period includes the first full year of the pandemic.

Practice revenue is down by fifteen per cent, practice staff numbers have fallen by ten per cent, and income from international work has fallen by fourteen per cent. At first sight, this year's report is punishing reading.

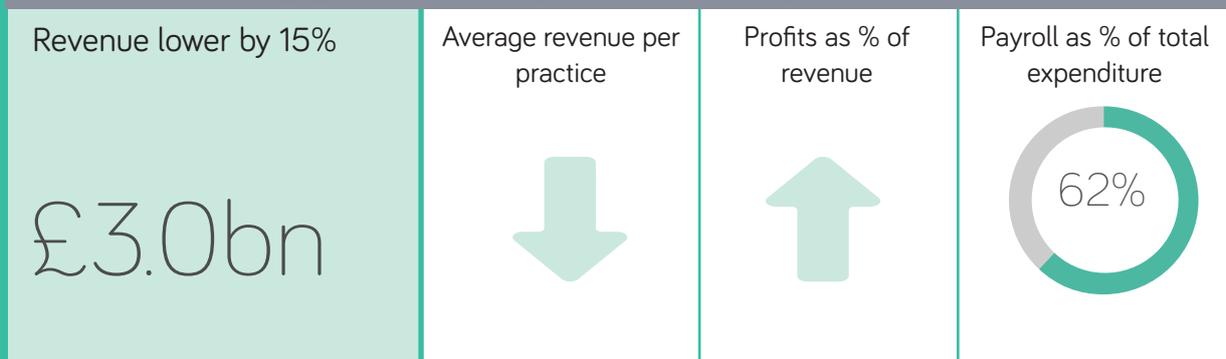
Yet practices have once again proven their ability to adapt to market changes. The pandemic has accelerated that adaptation; change to business' strategy was needed in weeks or days, rather than months or years. Practices rapidly and successfully responded to new client requirements, new markets, and a need for new ways of working. Through the worst economic and societal shock in memory, practices have preserved their profitability.

As we look forward, the RIBA Future Trends survey suggests there is reason for guarded optimism. Although the twin pressures of Covid and Brexit continue to weigh down upon the supply side of construction, the demand side is holding up. A recovery in architects' work has been led by private housing and is now broadening; as 2021 draws to a close, the commercial sector is also picking up. We hope the worst of the Covid storm is over, and practices can look forward to greater stability in 2022.

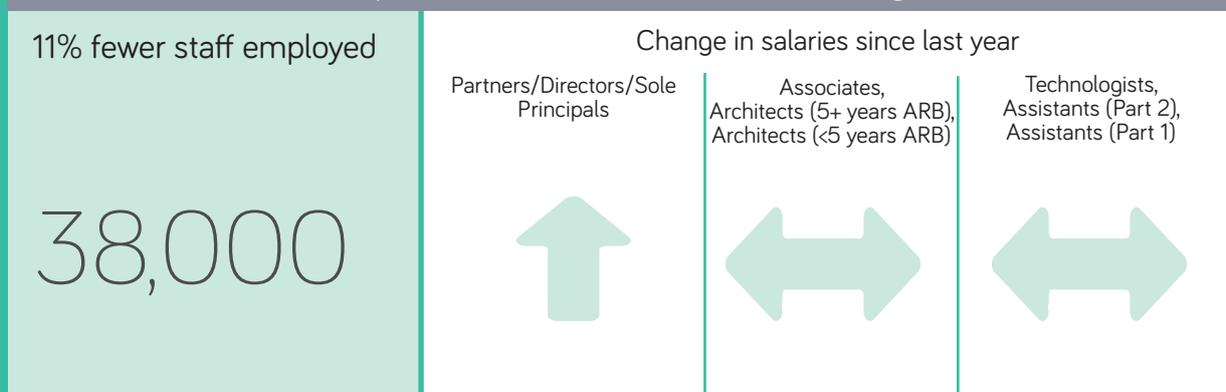
Once again a sincere thank you to the people who completed this year's survey. We appreciate the time and effort taken during what has been a challenging year.

RIBA Chartered Practices in 2021

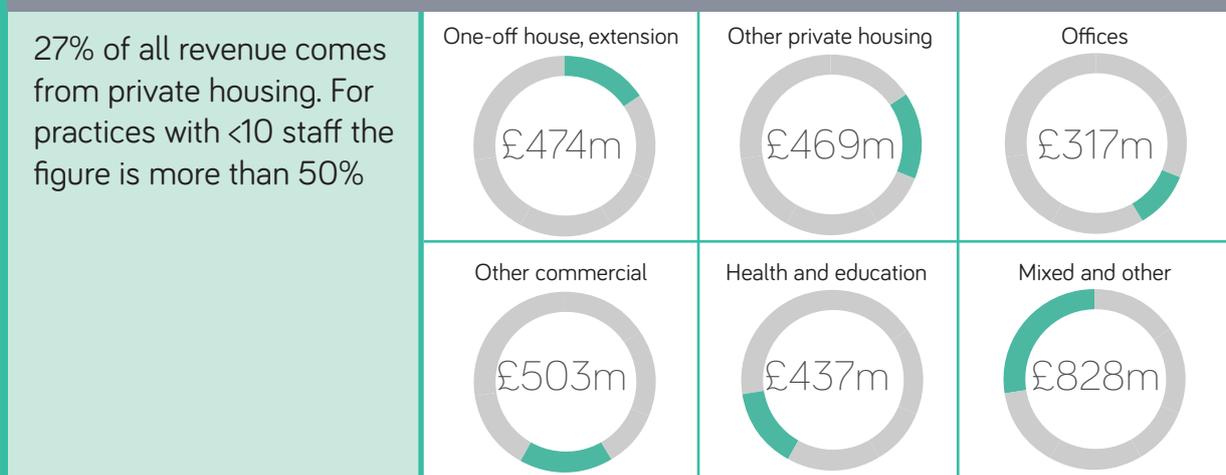
Revenue sharply down but profits hold up



Staff numbers drop, most salaries are unchanged



More one-off house, extension work



International work is down



Key benchmarks in 2021

Compared with all Chartered Practices:
 Below average
 Average
 Above average

Financial

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
RIBA Chartered Practices								
Number of practices	962	528	643	792	355	246	79	44
Revenue								
Revenue per practice	48,398	91,588	159,066	359,740	856,472	2,296,369	5,509,580	28.3m
Revenue per Partner/Director/Sole	46,478	61,454	110,538	207,892	374,991	637,238	1,227,516	3.0m
Revenue per all fee-earning staff	46,325	49,619	51,147	60,802	70,689	83,087	90,327	140,423
Expenditure & profits								
Expenditure per practice	20,288	47,386	101,959	257,606	648,285	1,810,545	4,642,731	22.8m
Profits per practice	25,546	41,236	46,967	89,172	175,970	346,832	714,479	3.3m

Talent

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Staffing								
Number of staff	935	1,050	2,282	5,256	4,827	7,556	5,376	10,533
Diversity								
% female	17	36	37	36	36	39	38	38
% mixed/multiple ethnic groups	0	2	2	2	2	4	2	2
% Asian/Asian British	2	3	3	5	5	5	9	9
% Black/African/Caribbean/Black British	1	0	4	2	1	2	3	2
% other ethnic group(s)	1	2	2	1	1	2	3	2
Salaries								
Partner/Director/Sole Principal	21,784	28,784	36,220	50,000	64,500	86,300	106,750	129,000
Architect (5+ years ARB registered)	n/a	n/a	36,000	38,750	40,000	42,000	41,813	44,384
Architect (<5 years ARB registered)	n/a	n/a	30,000	32,750	34,583	34,923	35,000	36,321

Workloads

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Projects worked on in 2021								
Number of projects	16	20	31	53	87	94	173	272
Bid success rate %	48	58	51	50	51	46	44	35
Workload contribution to revenue								
% private housing	82	76	70	61	43	29	25	18
% commercial	9	13	15	19	26	31	46	44
% other	9	11	15	20	31	40	30	38
Type of service contribution to revenue								
% building design	86	86	86	84	81	77	81	81
% partial services or consultancy	14	14	14	16	19	23	19	19

International

	1	2	3-<5	5-<10	10-<20	20-<50	50-<100	100+
Revenue								
% of revenue from outside UK	3	5	2	3	6	10	15	31
Average revenue from outside UK	1,462	4,661	3,534	10,542	53,536	220,493	822,075	8.7 m
Offices								
% with office(s) outside UK	1	0	2	2	3	5	27	51

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

Learn more about the interactive RIBA Benchmarking Tool
by watching the explanatory video:
<https://www.architecture.com/knowledge-and-resources/resources-landing-page/business-benchmarking>

For any queries about this report, please email bench@riba.org