

ACE Benchmarking Report

Industry Overview

2017

Report prepared by



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About ACE

As the leading business association in the sector, ACE represents the interests of professional consultancy and engineering companies large and small in the UK. Many of our member companies have gained international recognition and acclaim and collectively employ over 250,000 staff worldwide.

ACE members are at the heart of delivering, maintaining and upgrading our buildings, structures and infrastructure. They provide specialist services to a diverse range of sectors including water, transportation, housing and energy.

The ACE membership acts as the bridge between consultants, engineers and the wider construction sector who make an estimated contribution of over £15bn to the nation's economy with the wider construction market contributing a further £90bn.

ACE's powerful representation and lobbying to government, major clients, the media and other key stakeholders, enables it to promote the critical contribution that engineers and consultants make to the nation's developing infrastructure.

Through our publications, market intelligence, events and networking, business guidance and personal contact, we provide a cohesive approach and direction for our members and the wider industry. In recognising the dynamics of our industry, we support and encourage our members in all aspects of their business, helping them to optimise performance and embrace opportunity.

Our fundamental purposes are to promote the worth of our industry and to give voice to our members. We do so with passion and vision, support and commitment, integrity and professionalism.

About CIFIC

The Centre for Interfirm Comparison (CIFIC) was one of the pioneers of benchmarking; it developed the concept of comparing company performance using management ratios in projects that range from a few simple measures to sophisticated analytical studies.

It was set up in 1959 by the Institute of Management with the support of the CBI and the British Productivity Council to meet the demand for a neutral specialist body to conduct interfirm comparisons and benchmarking projects on a confidential basis as a service to management.

Its objectives were to enable companies to assess their performance against that of their peers and so identify areas for improvement and to implement best practice.

Working with ACE

Since 2005, The Centre has worked with ACE to design and operate the benchmarking project for Engineering and Consultancy firms. Their significant experience and independence means that the ACE Benchmarking results are accurate and concise, providing an in depth analysis of companies performance.

Since 2010, CIFIC has attended the annual European CEO Conferences, as the Benchmarking exercise was expanded to include European Participants.

The Benchmarking report and their expertise helped ACE to deliver successful events with a wide variety of topics and key metrics explored by the participants over the two days.

Introduction

The ACE Benchmarking Project was launched in 2006 following earlier research carried out to examine the potential scope and content for benchmarking amongst ACE members. The ACE commissioned The Centre for Interfirm Comparison (CIFC) to carry out the Benchmarking Project and to report to members. CIFC was set up 58 years ago by the British Institute of Management as a specialist organisation to carry out confidential comparisons of business performance.

Participants provide data in confidence to CIFC. Definitions are provided so that all companies supply data on a common basis. The information is checked carefully for completeness and accuracy and where necessary, revisions are sought.

This document, "The Industry Overview", presents the results of the twelfth **Benchmarking for Engineering and Consultancy** study for ACE members. This is the eighth year in which companies from other European countries have been invited to join the Benchmarking Group.

The report examines general trends and wider conclusions about the group of participants as a whole. It also includes as an Appendix the summary results, giving the average and typical range of results from the 2017 benchmarking study for each of the sub-groups.

As in previous years, companies will also receive "The Interfirm Comparison" which compares their performance for a wide range of benchmarks against those of other firms. It includes an individual analysis and interpretation of the strengths and weaknesses of their results. The report is specific to each firm and totally confidential - it is seen by no other company.

This document also presents the results of the seventh annual **SME Benchmarking for Engineering and Consultancy** study for smaller ACE members. Although many smaller firms had taken part as a separate sub-group in the first 5 years of the main project, others found that the detailed information required was not readily available from their management accounts. To make benchmarking more accessible and relevant for smaller firms, a simplified project, SME Benchmarking, was designed specifically for firms with up to 250 employees.

This study examines general trends and wider conclusions about the group of participating SMEs. Where appropriate, the results for the SME firms are contrasted with the average performance of large and medium sized UK firms that have taken part in the main project this year.

SUMMARY OF RESULTS FOR ALL PARTICIPANTS

Large Company Summary

This report is in two sections:

1. The main Benchmarking project for Larger UK and European companies, now in its 12th year
2. A report for SMEs with fewer than 250 employees, which is now in its 7th year.

Profitability and Growth

- In total, 88% of Larger UK and European firms in the 2017 project increased their revenue net of sub-contract costs in the latest year. The median growth rate was 7.5% and the simple average increase was 8.4%. Some of the largest companies grew at a slower rate and the weighted average increase for UK and European firms was only 3.5%.
- For Larger UK firms (over 250 employees), the weighted average growth was 10.3% but 9.1% excluding acquisitions. For the European firms the simple average growth was 5.6% but the weighted average was lower at 0.4% (-0.5% excluding acquisitions).
- The median growth rates, which may be considered more typical and less affected by acquisitions were: 11.2% for the Larger UK group and 2.3% for the European group.
- In total, 90% of Larger UK and European firms increased their revenue in the latest year.
- The SME group also showed strong growth; 79% increased revenue in the latest year with a median growth rate of 10.3%.
- Growth remained strong in the first half of 2017; 75% of Large UK firms reported positive growth for the year to Q2 2017 (median 9.1%) as did 76% of the SMEs (median growth also 9.1%). Median growth for the European firms was 1.9% for the year to June 2017.
- Total aggregate profit of £465 million (€577 million) was 10.0% higher than the previous year. 65% of the Large UK and European companies increased their profits.
- With profit increasing at a faster rate than revenue, the average profit margin for Large UK and European firms improved from 5.8% to 7.4% in this year's report. 57% of companies reported higher profit margins. UK firms reported an increase in margin from 5.0% to 7.5%. The European firms reported a rise in margin from 6.8% to 7.2%.
- The weighted average SME profit margin improved from 10.7% to 12.8% in 2016/17. The simple average improved from 10.7% to 12.4%. Over 70% of SMEs improved their profit margins.
- The weighted average Return on Assets was 5.2% for UK firms but 5.8% for the European group.

Controlling Costs

- Fee earners' costs accounted for 62.7% of revenue for all firms (Larger UK and European), which was an increase of 0.4% points from the previous year. Total employment costs including support staff averaged 68.6% of revenue for UK firms, compared to the average for European firms of 70.0%.
- The average payroll cost per fee earner including partners and directors for UK companies was only 1.1% higher than 2015/16 at £53,600 (€66,500). There was a significant increase in full-time equivalent headcount between the last two financial years (+14%), with the biggest increase in the number of Engineers (2-5 years' experience), which may be part of the explanation for the modest overall increase in cost per head.
- The average fee earner (including directors) in the European firms cost €66,800 (£53,800), which was 6% higher than in the previous year's report but only 3% higher on a constant sample basis. The number of fee earners increased by 3.7% during 2016. The faster growing categories were Senior Professionals and Juniors/Graduates.
- Overheads and office expenses for the UK firms increased at the same rate as revenue and the average overhead cost ratio was unchanged at 19.9%. The average level of overhead costs for the European firms improved from 17.6% to 16.2% of net revenue. SMEs had slightly higher overheads than larger UK companies at 20.6% of revenue.

Productivity

- Revenue per Fee Earner showed a median result of £86,520 (€107,350) for all Large UK and European companies. The median result for UK companies improved by 3.3% to £87,740 but that converts into a 7% fall when measured in Euros as the £ fell by 9.9% against the Euro in 2016. European firms generated €105,220 of Revenue per Fee Earner, which was 1.7% lower on a constant sample basis.
- The level of revenue earned per £1 of employee costs (including directors'/partners' salaries) is a key factor in explaining the difference in firms' profit margins.
- Firms in this project produced a median value of £1.44 of revenue per £1 of employee cost or € per €1 of cost, which was down from £1.48 the previous year.
- Total fee income per project hour (not just hourly charged work) is more important than the number of hours booked to projects in explaining revenue per fee earner. The All Firms median this year was £64.1 (€78.4) compared to £64.4 (€79.9) last time (at constant exchange rates). The median for SMEs was £67.4.
- Billed project hours as a % of total paid hours improved slightly for the UK companies from 77.8% to 78.1%. Average utilisation for the European firms improved more significantly from 78.1% to 83.0% of paid hours.

Staffing

- The total number of UK employees increased by 11.6% (weighted average) during the latest financial year. European headcount increased by 1.9%. On a simple average basis, the average UK headcount grew by 10.6% and the European firms by 3.9%.
- As they had done in the previous year, UK fee earners continued to spend more time on training than they had in earlier years. Expenditure per employee was £540 (€670). On average, European firms spent less time on training in 2016 and training expenditure fell from €450 to €350 per employee.
- 14.5% of fee earners and 13.9% of support staff left during the year. The number of fee earners choosing to leave voluntarily was 10.9%, which was an improvement from 12.5% in the previous year.

Winning Work

- In the latest year, both UK and European fee earners spent less time on bidding and marketing activities. However, total investment in marketing was unchanged from the previous year at 4.3% of revenue for UK firms and 7.0% for the European Group.
- The average success rate for competitive tendering was unchanged this year for UK companies at 49% of the number of bids. The median success rate for European companies was lower in 2016 at 36% but only 45% of the European firms were able to provide that figure.
- The median growth in year-end order books was +11% for UK firms and +1.1% for the European group. The average order book was equivalent to 9.5 months' work for the UK group and 16.6 months for the European companies.
- The average debt collection period for UK companies was equivalent to 83.1 days' sales in 2016/17 which was an increase of over 7 days. However most of the increase was for invoices less than 30 days old. On a constant sample basis, debtors more than 30 days old improved by 1 day. The European firms' average improved by 6 days' sales to 86.3 days in 2016.. The average debt collection period for all firms was equivalent to 84.4 days' sales

SME Company Summary

Profitability and Growth

- In the 2017 SME Benchmarking project 79% of firms reported increased revenue, including 58% that reported double digit growth. The median increase in revenue from the previous financial year was 10.3%. The weighted average growth rate was 13.2%. Larger UK firms (over 250 employees) showed a weighted average revenue increase of 10.3%.
- Quarterly revenue growth rates compared to the same periods of the previous year were above 10% for 4 of the 5 quarters between April 2016 and June 2017. The exception was the most recent period, Q2 2017, where the median growth rate was only 3.7%, although it should be noted that the comparison is with Q2 2016, which had been a particularly strong quarter
- Total aggregate profits for the SME group (in £m) increased by 32% from the previous financial year. On the same weighted basis, the average profit margin improved from 10.7% to 12.8%. The unweighted (ie simple) average profit margin improved from 10.7% in the previous year to 12.4%.
- There was a slight improvement in the average debt collection period for SME Benchmarking firms. Total debtors were equivalent to 81.0 days' sales compared to 82.0 days in the previous year for the same group of companies. What was more encouraging, debtors over 60 days old were equivalent to only 23.8 days' sales compared to 34.1 days' sales in the previous year.
- Both SMEs and Larger UK firms provided data on late payment issues. On average, firms reported that 32% of all payments took longer to be paid than the contract terms which was a deterioration from last year's 27%.
- Several SME firms have indicated they now send Pre-action letters earlier than previously; 33% now only wait 30 days past the due date although a significant proportion wait as long as 90 days past due

Controlling Costs

- Fee earners' payroll costs accounted for 55.6% of revenue which was above the previous year's 55.0% but significantly better than the average for Larger UK firms (62.4%). On average, staff costs increased by 11% (in £s), mainly as a result of firms taking on more staff. SME support staff costs averaged 5.4% of revenue, which was 0.1% points higher than the previous year but low by the standards of Larger firms (6.2%), although the latter do employ more specialist IT, HR and Finance and Marketing Staff.
- 44% of SME firms achieved useful improvements in their overhead cost ratios (at least 2% points better) but the overall average did increase from 22.1% to 23.8% of revenue.

Productivity

- Revenue per Fee Earner averaged £89,150 (€110,620), which was 5.4% higher than the previous year on a constant sample basis. The average for the Larger UK firms increased by 2.9% to £87,740 (€108,900).
- Total fee income per project hour (not just hourly charged work) is more important than the number of hours booked to projects in explaining revenue per fee earner. The SME Benchmarking average was £67.4 (€83.6) per hour, which was 4.8% higher than the average (in £s) from the previous year's report.
- The level of revenue earned per £1 of employee costs (including directors'/partners' salaries) is a key factor in explaining the difference in firms' profit margins.
- Firms in the SME project averaged £1.61 of revenue per £1 of employee cost (or € per € of cost), which was an improvement from £1.55 in the previous year and significantly better than the £1.45 achieved by Larger firms.

Staffing

- The total aggregate number of employees including contract staff for the SME group increased by 9.6% during the course of the year. For Larger UK firms, total headcount was 11.6% higher. For SMEs average payroll costs per head were 3.5% higher than the previous year.

Winning Work

- The SME success rate for competitive tendering was 48%, which was close to the Larger UK firms' success rate of 49%.
- Including the estimated cost of fee earners' time, investment in bidding and marketing averaged 3.4% of revenue, which was significantly higher than the previous year (2.3%) but close to the average from two years ago (3.3%).
- The average order book improved from 5.7 months' work to 8.3 months

LARGE COMPANY RESULTS

Profitability and Growth

Revenue Growth

Total gross revenue during the financial year covered by this report for the UK companies (over 250 employees) was £2.92 billion, which was 7.6% higher than the previous year. Sub-contract costs, overseas outsourcing and design and build costs were lower than the previous year. Net of these costs, total revenue of £2.40 billion was 10.3% higher than the previous year.

Compared to the previous year, 2016/17 was a relatively quiet period for acquisitions amongst UK companies, accounting for just 1.2% of revenue. There was one major acquisition but that was well into the financial year and therefore had a lower impact on overall growth. Excluding acquisitions, the weighted average growth rate was 9.1%.

All the European companies had December 31st 2016 year-ends. Total gross revenue of €6.24 billion was 3.6% higher than 2015. The simple average growth rate in gross revenue was 9.4% in 2016. Subcontract costs were higher in 2016 and net revenue of €5.63 billion was just 0.4% higher than 2015. Two of the European firms made a total of 12 acquisitions during the year, accounting for 0.9% of the latest year's total revenue. Excluding acquisitions, the weighted average growth was -0.5%. The median growth rate for net revenue was 2.3%.

82% of the European firms reported higher revenue, but 36% only achieved growth of between 0 and 2.5%; 18% saw revenue fall by between 2% and 5%. If we look at all the UK and European firms, 88% increased their revenue; the median growth rate was 7.5%.

To present a more up-to-date picture of revenue trends we have collected each firm's gross revenue (before deducting subcontract, outsourcing etc.) quarter-by-quarter up to the 2nd quarter of 2017.

Chart 1 shows, in index number form, the average growth in gross revenue, using January – March 2015 as the base of 100. Revenue levels for UK firms have grown steadily over the two and a half years to Q2 2017. However, growth has flattened out in the 3 quarters from Q4 2016 to Q2 2017.

As in previous years, the average revenue trend for European firms shows larger peaks and troughs than for UK firms. We believe this is partly because all the European companies have the same December year-end whereas UK companies have a mixture of year-ends. Work billed tends to peak in the 2nd and 4th quarters of financial years. The peaks and troughs throughout 2015 and 2016 were on a rising trend. The Q2 2017 peak, however, was lower than Q2 2016.

**Chart 1 - Index of Revenue Growth
(Jan-Mar 2015=100)**

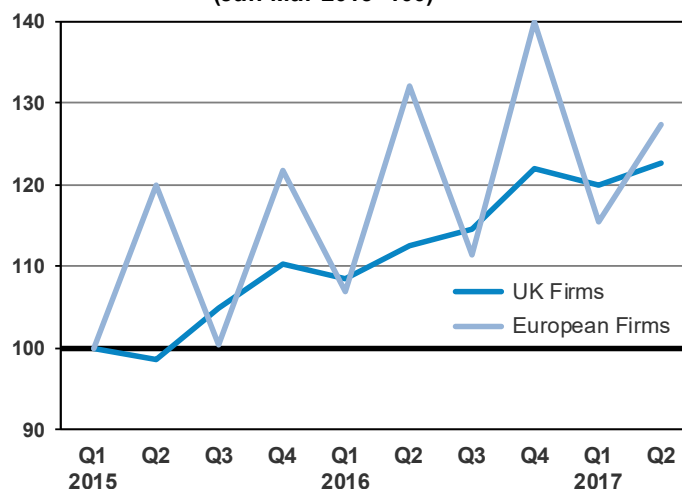
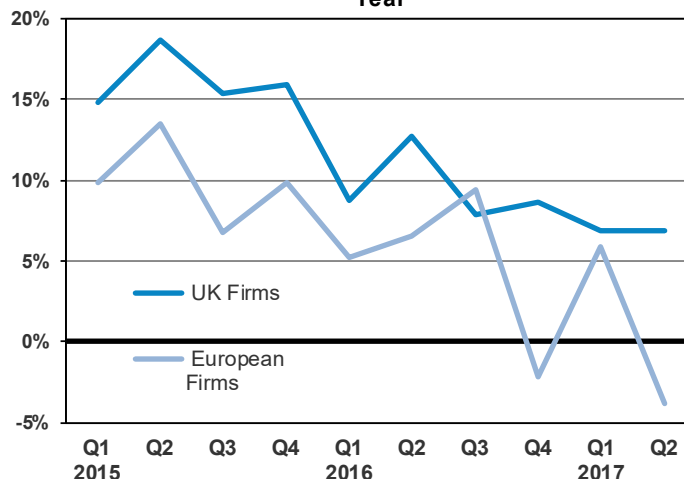


Chart 2 presents the quarterly revenue data in a different form; it shows for each of the last 10 quarters, the % increase or decrease in gross revenue compared to the same quarter of the previous year.

Chart 2 - Growth Over Same Quarter of Previous Year



The group of UK participants showed revenue growth of over 10% for 5 of the 6 quarters in 2015 and the first half of 2016. Growth rates have slowed since Q2 2016 and averaged 6.9% for the 6 months Jan-June 2017. However, growth in the 2nd quarter of 2017 is measured against a particularly strong period in Q2 2016.

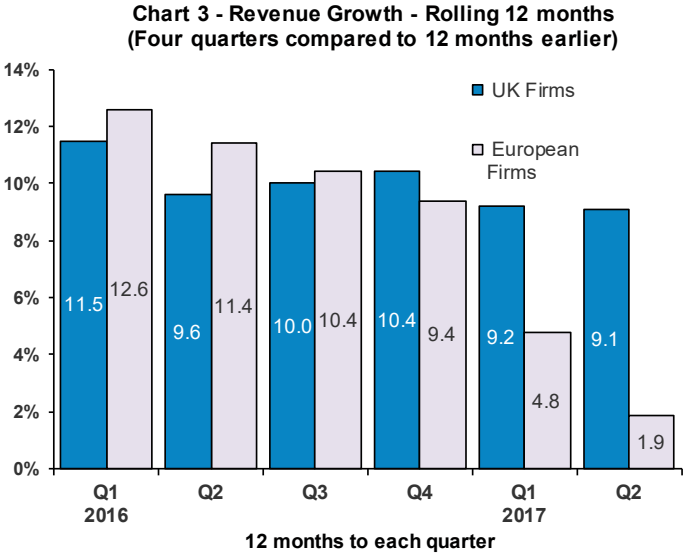
The average growth rate for the group of European companies in this year's Benchmarking report has also been slowing quite sharply and was actually negative in 2 of the 3 quarters up to Q2 2017.

Chart 3 shows the trend in "Rolling Annual Revenue". By this we mean the sum of the revenue for the four latest quarters at any point. For example, the Q2 2017 result compares total revenue for the four quarters Q3 2016 to Q2 2017 with the 4 quarters to Q2 2016.

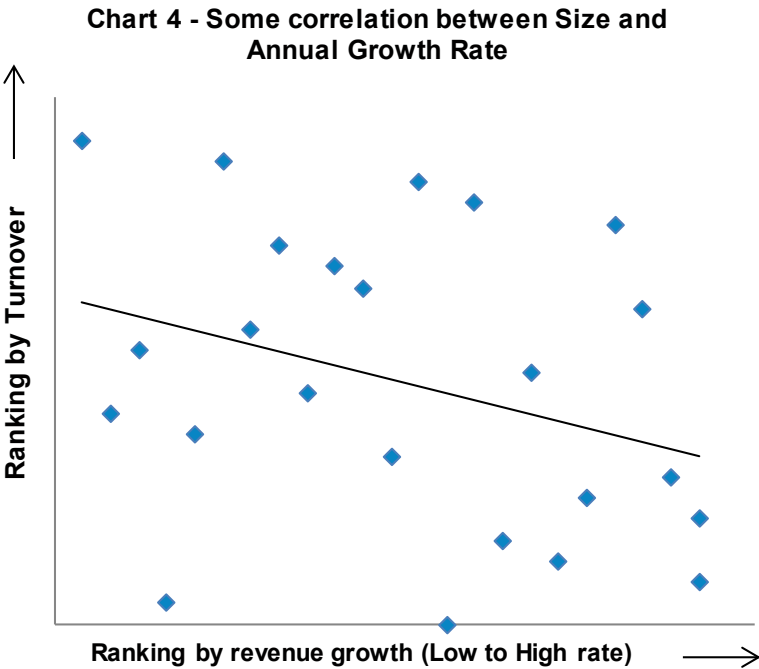
Year-on-year UK growth in Q1 2016 was the last period that was influenced by two very large acquisitions at the end of 2014. Growth rates have slowed slightly since that point but have remained above 9%.

All of the Large UK firms reported positive growth for the year to Q2 2017 as did 77% of the SMEs.

Average growth rates for the European firms remained strong throughout 2016 but declined sharply in the first six months of 2017. Average growth in the first half of 2017 was 3.3%.



The combined results for all UK and European firms showed a negative correlation between the relative size of each company and growth rates. Smaller firms grew faster. Last year the reverse was true (larger firms grew faster) but three of the last four years, including the latest year, have shown smaller firms growing faster.



Profitability

Profit margins in the Benchmarking report are calculated as Profit before Tax, Exceptionals and Goodwill write-off as a percentage of net revenue. Net revenue is total revenue minus sub-contract costs, overseas outsourcing and Design & Build Costs.

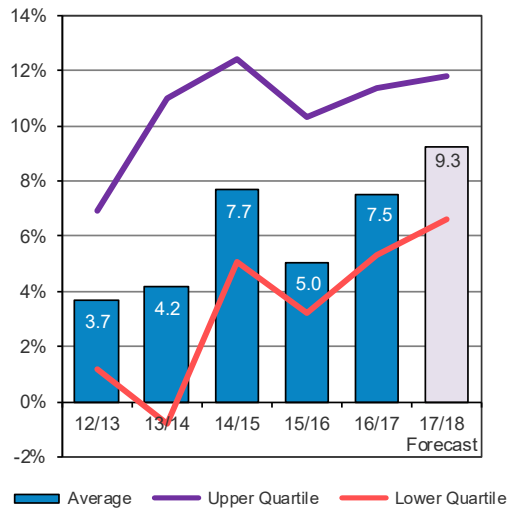
79% of UK companies reported higher profits in £s, and 21% lower profits. Each of the companies that increased their profits also improved their profit margin. The median increase in profits was 48%; even the lower quartile growth was 15%. With revenue rising by over 10%, the average UK profit margin improved from 5.0% to 7.5%.

55% of European firms increased their profits in Euros but only 45% improved their profit margins. However, although a (small) majority of companies faced lower margins, the average increased from 6.8% to 7.2% of net revenue.

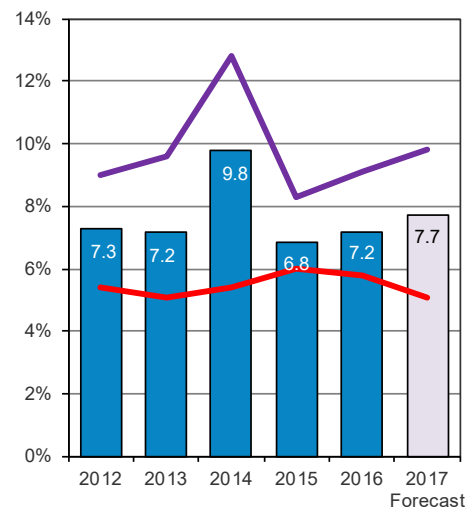
Note that on Chart 4 and subsequent charts, the latest year is described as 2016/17 for UK firms, but 2016 for European firms. The European firms all had December 2016 year-ends but several UK firms had years ending in the 1st or 2nd quarters of 2017. (The average UK year-end was February 2017.)

At the time that we were collecting data for last year's Benchmarking Report (Summer 2016) the UK firms were forecasting an average improvement in profit margin of 2.0% points, the actual outcome was a 2.5% point rise. The average target for revenue growth was 13% (actual outcome 10%) but costs rose at a slower rate than anticipated and profits outperformed the average forecast.

Chart 5 - Profit Margin - All UK Firms



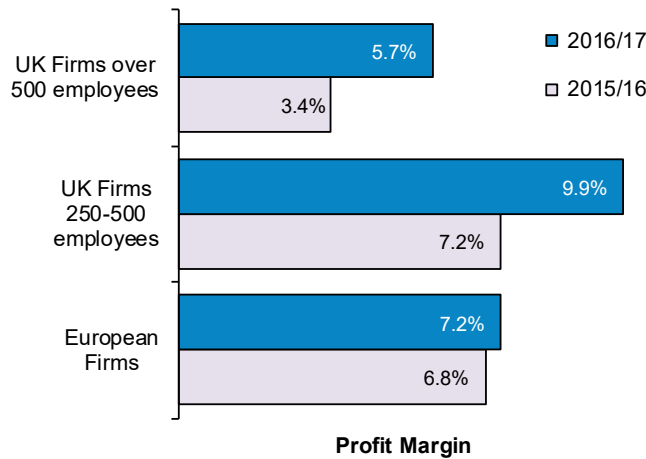
European Firms



In the previous report, the average 2016 forecast from European firms was for 12% growth in revenue. The outcome was that revenue grew at a much slower rate but the average profit margin was better than expected. Margins were only forecast to rise by 0.1% point on average; the actual improvement was +0.4% points.

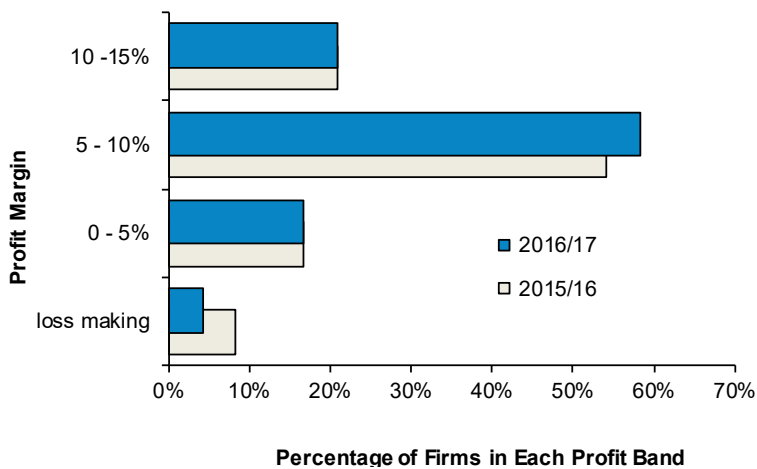
Chart 6 shows that the average margins for both UK firms with over 500 employees, and for medium-sized firms with 250 to 500 employees, improved by over 2% points.

Chart 6 - Average Profitability by Size Band



Profit margins were measured against net revenue after deducting the cost of subcontracted work, design and build costs, and overseas outsourcing (together about 19% of total gross revenue (weighted average) for the European companies and 18% for UK) but leaving in any profit on subcontracted work. Chart 7 shows the range of profit margins for the participating firms; all but one of the firms were profitable. 21% of UK and European firms achieved margins above 10%.

Chart 7 - Range of Results for Profit Margin - All Firms

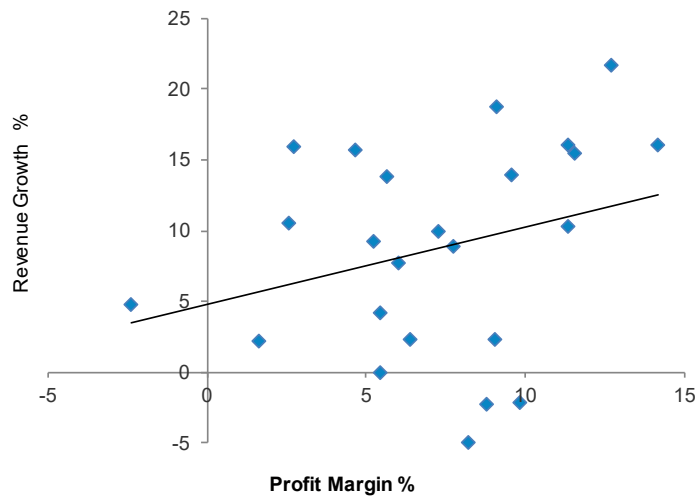


We asked for companies' forecasts of revenue and profit for the current year. For this year's group of UK and European firms, the combined forecast is for revenue to grow by over 5% with just 11% of firms forecasting lower revenue, 61% of UK and European firms expect a rise in profit margin. The median forecast was for an improvement in margin of 1.2% points, which would indicate an average margin in 2017/18 of 8.6%.

UK companies have, on average, forecast revenue to grow by 7% in 2017/18 and a 1.7% point improvement in profit margin. The European companies have forecast a 3.4% growth in revenue in 2017 and a 0.4% point increase in margin.

Analysing the 2016 (European) and 2016/17 (UK) results showed some correlation, but rather weak (0.23), between profit margins and the rate of growth in revenue that each company achieved. Several companies achieved good margins but poor growth and vice versa.

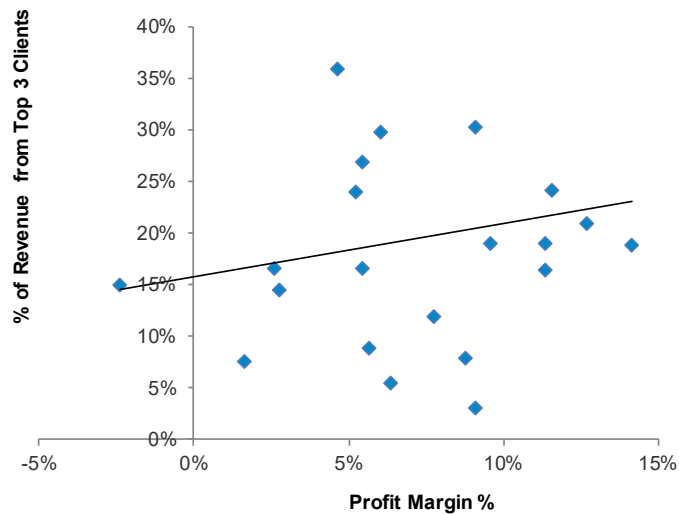
Chart 8 - Weak correlation between Revenue Growth and Profit Margin



The SMEs showed that the correlation between revenue growth and the increase/decrease in profit margin was stronger than simply comparing growth with current profit margin. However, for the Larger UK and European firms, the correlation between growth and profit improvement was much weaker.

In the previous year's report there was quite a strong positive correlation factor of 0.50 between each company's profit margin and the combined percentage of revenue received from their three biggest clients. This year the relationship was weak, perhaps suggesting that the results are random.

Chart 9 - Correlation between Profit Margin and % of Revenue from Top 3 Client



Return on Assets and Return on Equity

Profit Margin

Profit Margin in the Benchmarking report is after interest and measured against revenue net of sub-contract and outsourcing costs. The following table shows Profit before interest and tax (EBIT) as a % of gross revenue. For UK companies EBIT averaged 4.45% of gross revenue compared to the European average of 5.42%. Weighted averages are used in both cases.

Asset Turnover

Gross Revenue as a multiple of Total Fixed and Current Assets. This averaged 1.16 for UK firms and 1.07 for European firms. The UK weighted average was strongly influenced by companies with low rates of asset turnover (1.0 or less); the median was significantly higher at 1.67 times gross revenue for UK companies. The median asset turnover for European companies was 1.13 times revenue. The European companies had higher fixed assets relative to gross revenue than the UK companies.

Return on Assets

Profit before interest and tax (EBIT) as a % of Total Fixed and Current Assets. Despite the lower rate of asset turnover, European companies averaged a higher 5.8% return on assets than the 5.2% average for UK companies.

Leverage Multiplier

Total Fixed and Current Assets as a multiple of Shareholders Funds. UK companies had a slightly higher Leverage Multiplier (2.95) than the European average (2.90).

Return on Equity

Profit before interest and tax (EBIT) as a % of Shareholder funds. UK firms averaged 15.3%, which was below the European average of 16.8%.

TABLE 1 - RETURN ON ASSETS AND RETURN ON EQUITY					
	Profit Margin x	Asset Turnover =	Return on Assets x	Leverage Multiplier =	Return on Equity
	(EBIT/ Gross Revenue) %	(Gross Rev/ Assets)	(EBIT Assets) %	(Assets/ Equity)	(EBIT Equity) %
UK Firms - Average	4.45	1.16	5.17	2.95	15.27
UK Firms - Median	6.93	1.67	9.96	2.81	28.80
European - Average	5.42	1.07	5.81	2.90	16.81
European - Median	5.79	1.13	4.56	2.96	16.54
All Firms - Average	5.11	1.10	5.61	2.91	16.35
All Firms - Median	6.03	1.55	7.36	2.96	24.52

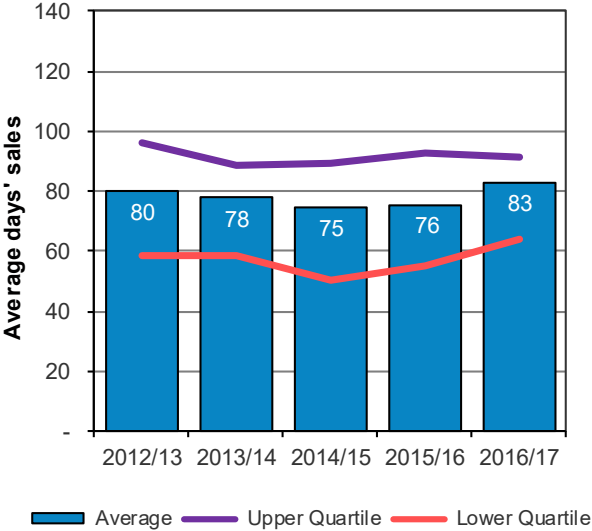
Debtors

The average debt collection period for UK companies was equivalent to 83.1 days' sales in 2016/17 which was an increase of over 7 days from the previous year's average of 75.5 days. The European firms' 2015 average was much higher than the UK average at 92.1 days' sales, but there was a useful improvement to 86.3 days in 2016.

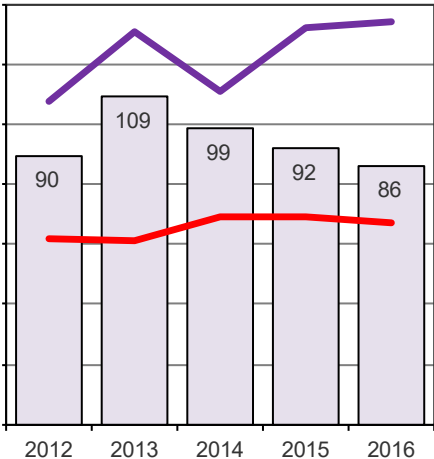
There were two mitigating factors for the rise in UK debtors. Firstly, 60% of the increase was due to a rise in debtors less than 30 days old. Debtors over 30 days were only 3.2 days higher in 2016/17. Secondly there were some changes in the sample of UK companies taking part this year. If we just look at those UK companies that took part in both years, debtors over 30 days old improved from 28.7 days' sales to 27.6 days.

The main reason for the improvement of 6 days' sales in the European average was a reduction of 6 days in the 0-60 days bracket (66.6 days' sales compared to 72.8 days in 2015), which is not a particularly significant issue. Debtors over 60 days old averaged 19.7 days' sales in 2016, which was marginally higher than the 2015 average of 19.4 days' sales. The UK average for debtors over 60 days was 19.5 days' sales.

**Chart 10 - Year End Debtors
All UK Firms**



European Firms



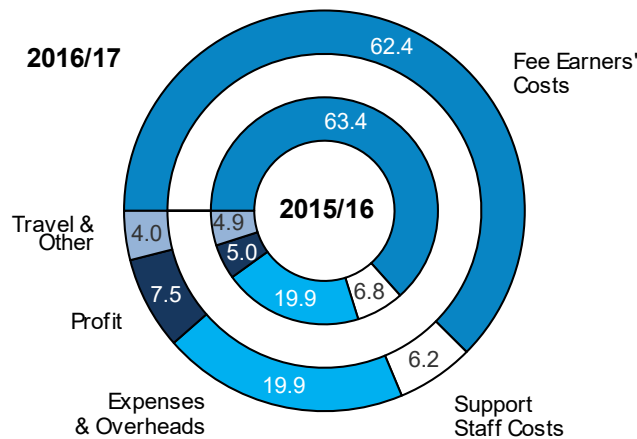
Controlling Costs

Revenue, Costs and Profit

Chart 11.1 shows the average breakdown of revenue into the principal cost headings and profit for this year and last year for UK firms, and Chart 11.2 does the same for the European companies. For UK firms the latest year is described as 2016/17, but as 2016 for the European firms as discussed earlier. The full results, together with the breakdown into different size groups for the UK firms, can be found on Tables 1-2 and 5 of the Appendix in this report.

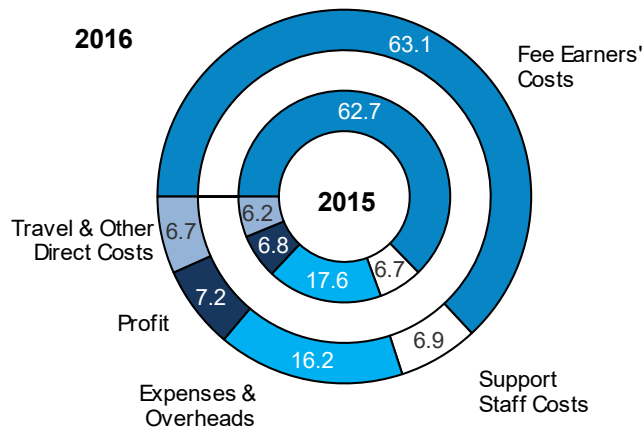
Comparison of the average UK results from last year's and this year's report, shows lower payroll costs for fee earners and support staff as well as lower travel and direct costs.

Chart 11.1 - Costs and Profit as a % of Revenue for UK Firms



For the group of European companies, payroll costs were higher in the 12 months to December 2016 relative to revenue than they had been in 2015, but the increase was only 0.4% of revenue. Support staff costs were also higher at 6.9% of revenue. Higher employee costs were offset by a useful reduction in Expenses and Overheads (-1.4% of revenue) whereas the UK average overhead cost ratio was unchanged.

Chart 11.2 - Costs and Profit as a % of Revenue for European Firms



Travel and Other Direct Costs

This cost heading includes travel, hotels and subsistence that have been booked to specific projects as well as car running costs (except where the car is provided largely as a 'perk'). It also includes other expenses such as official fees paid on behalf of the client.

Where these costs are recharged, they have been excluded both from costs and revenue but leaving any mark-up within revenue. Direct costs accounted for 4.0% of net revenue for UK firms, which was down from 4.9% in the previous year but closer to the 3.9% average from 2 years ago. Direct costs for European firms accounted for 6.7% of net revenue, compared to 6.2% in the previous year.

Fee Earners Costs

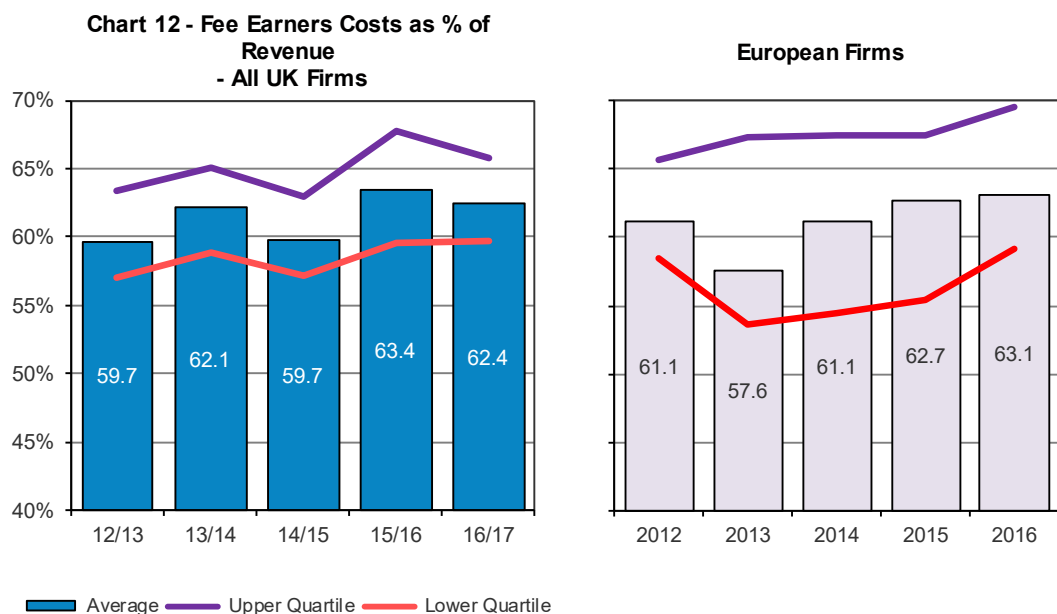
Averaged over all firms (UK and European), the employment cost of fee earners equalled 62.7% of revenue, which was lower than the previous year's average of 63.1%. That includes partners and directors, as well as all other fee earning staff including contract staff and trainees.

UK firms were very active in recruiting more staff. The simple average increase in total headcount between the beginning and end of the latest year was 10.6%. Total headcount (ie weighted average) growth was 11.6%. Acquisitions accounted for 4.9% of that growth. The UK average payroll cost per employee (including support staff) rose by 2.8%. UK fee earners' costs averaged 62.4% of revenue, which was 0.9% lower than the previous year.

In contrast, the average for European companies increased by 0.4% points to 63.1% of revenue. The lower growth in revenue in 2016 was a key factor. Costs per head for fee earners (excluding directors and partners) was 2.7% higher than the previous year. Total headcount increased by 3.3% during 2016.

UK support staff costs averaged 6.2% of revenue, which for the first time was lower than the average for European firms of 6.9%. Total employment costs averaged 68.7% of revenue for UK firms compared to the average for European firms of 70.0%.

The ratio of fee earners' costs to revenue depends on how many staff each firm has, the mix of seniority and qualifications, salary levels and, most importantly, the revenue they achieve.



Salary Levels

The average payroll cost per fee earner including partners and directors for UK companies was 1.1% higher than the previous year at £53,600 (€66,500). There was a significant increase in FTE headcount during the year with the biggest increases amongst Engineers (2-5 years' experience), which may be part of the explanation for the modest overall increase in cost per head.

Table 2 shows median costs per head in £s and Euros. UK results were lower in 2016/17 when measured in Euros as the £ was weaker in 2016 than 2015 (£1 = €1.317 in 2015 but €1.241 in 2016).

The average fee earner (including directors) in the European firms cost €66,800 (£53,800), which was 6% higher than in the previous year's report. However, on a constant sample basis, payroll costs per fee earner for 2016 were 3% higher than in 2015. On a constant sample basis, the number of fee earners increased by 3.7% during 2016. The faster growing categories were Senior Professionals and Juniors/Graduates.

UK companies reported paying an average bonus to employees (excluding partners and directors) of £1,500 (€1,850) in the year under review. The corresponding figure for the previous year was £1,000. Five European firms reported a separate figure for bonus payments with a median value of €2,620 (£2,110).

Medical Insurance, Pension Contributions and Other Staff Benefits averaged £2,540 (€3,150) per employee for UK firms and €5,670 (£4,560) per employee for European firms.

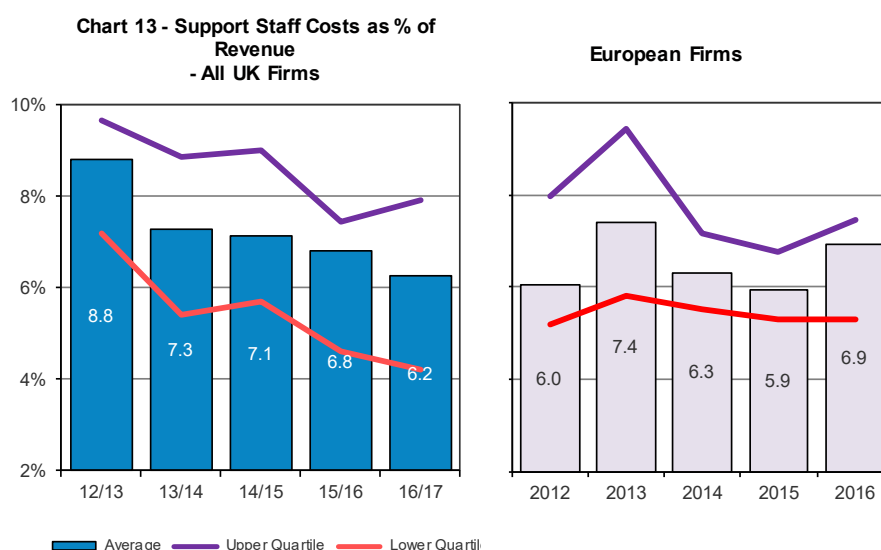
		All UK 2016/17	European 2016
Salaried Partners/Other Directors/ Department Heads	£	107,000	107,200
Salaried Partners/Other Directors/ Department Heads	€	132,800	133,100
Senior Professionals	£	62,400	68,400
Senior Professionals	€	77,400	84,900
Engineers	£	40,200	48,800
Engineers	€	49,900	60,500
Senior Technicians	£	37,200	42,100
Senior Technicians	€	46,200	52,200
Junior & Graduate Engineers	£	28,800	41,300
Junior & Graduate Engineers	€	35,800	51,300
Technicians & Trainees	£	20,900	30,500
Technicians & Trainees	€	25,900	37,900
Other Fee Earners	£	45,600	56,400
Other Fee Earners	€	56,600	70,000
Average - All Fee Earners	£	53,600	53,800
Average - All Fee Earners	€	66,500	66,800

Support Staff Costs

Total numbers of support staff employed at the end of the year were 4.3% higher (weighted average) for UK companies than at the beginning of the year. Median costs per head were 4.5% higher than the previous year. The overall staff cost ratio improved from 6.5% to 6.2% of revenue.

Support staff headcount for the European companies at December 2016 was on average 0.6% higher than at the beginning of the year. Costs per head for support staff were 3.2% higher on a constant sample basis. The average cost ratio rose from 5.9% to 6.9% of revenue. Part of the increase was due to changes in the sample of companies between the 2 years.

Median UK support staff costs per head were £40,300 (€50,000). Costs per head for IT staff and Quality and Health & Safety employees were sharply higher this year. Costs per head for the European firms were €55,000 (£43,300). European companies also faced increased costs per head for IT, and also Quality and Health & Safety employees.

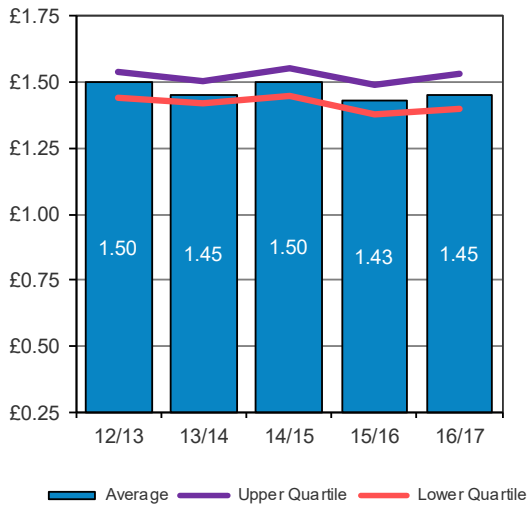


Relative salary levels do not explain high or low profitability, but what is clear-cut is that the balance between how much employees are paid and the level of fees generated is a very significant factor in determining profit margin.

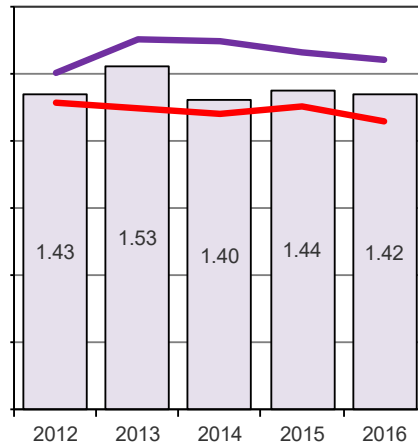
With revenue increasing faster than staff costs, UK companies generated £1.45 (£1.43 in the previous year) of revenue for every £ of employee costs (including salaries for Directors and Partners). Upper and lower quartile values were £1.53 and £1.40. This is a key ratio that correlates more closely with profit margin than almost any other. It is also a measure that remains valid from year to year. As payroll costs increase, it is hoped that revenue will increase at least as fast.

For the European firms, the increase in staff costs was, on average, greater than the rise in revenue and the median result fell from €1.44 to €1.42 of revenue. For this benchmark, the currency factor is irrelevant; the same result would be shown whatever currency is used.

Chart 14 - Revenue per £/€ of Staff Costs - All UK Firms



European Firms



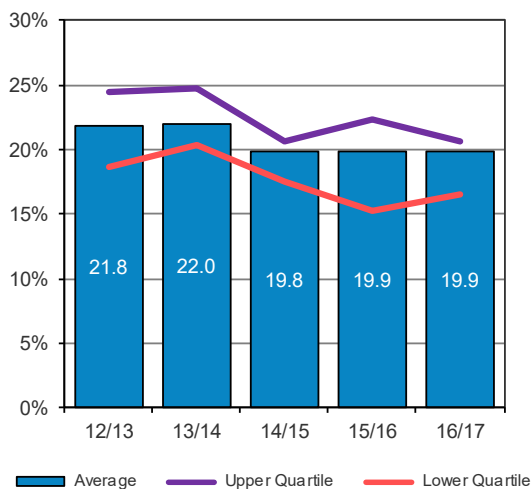
Office Expenses and Overheads

Most UK and European firms were successful in controlling overheads in the latest year. The average cost ratio for all UK firms was unchanged from the previous year at 19.9% of revenue.

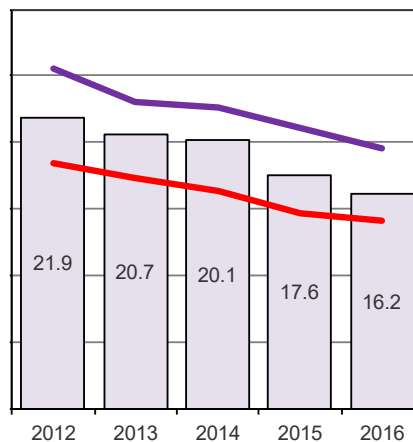
Average expenditure for UK companies on Legal & Professional and the residual category of “Other Office Expenses” grew at a faster rate than revenue, but there were reductions in Premises costs, Recruitment costs and Bad Debts.

The average level of overhead costs for the European firms improved from 17.6% to 16.2% of net revenue. On a constant sample basis overheads and office expenses were 7% lower than in 2015. Premises costs, marketing costs and the residual category of “Other Office Expenses” were significantly lower as a % of revenue. IT, Professional Indemnity Insurance and Travel & Subsistence costs were higher. The average European bad debt charge of 0.32% of revenue was higher than the UK average of 0.15% of revenue.

Chart 15 - Overheads & Office Expenses as % of Revenue - All UK Firms



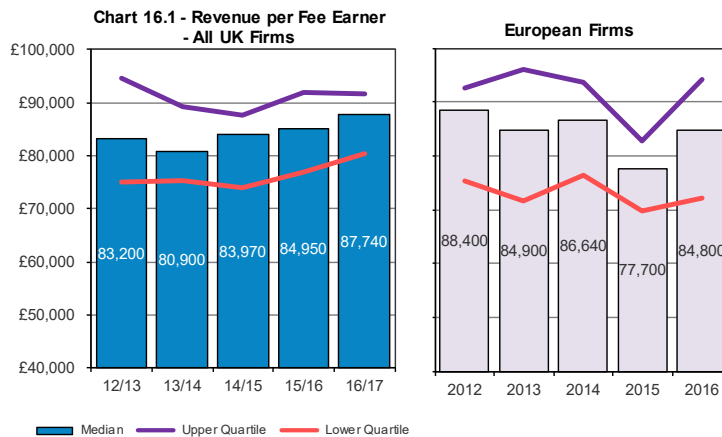
European Firms



Productivity

Revenue per Fee Earner

Revenue per Fee Earner is calculated as Net Revenue (ie excluding subcontractor costs, overseas outsourcing and Design and Build costs) divided by the number of Fee Earners. The median result for UK companies improved by 3.3% from £84,950 to £87,740. Fee earners include directors and partners even though some may have little direct involvement in specific project work. At the other end of the scale, trainees are included but not students. Any part-time workers and temporary staff are adjusted to full-time equivalents.



The average annual value of the £ fell by 9.9% against the Euro in 2016 to £1 = 1.241 Euros, although it was unchanged over the 2 year period from 2014 to 2016. Clearly 2017 will show an even lower exchange rate. The average rate for the first 300 days of 2017 was £1 = 1.144 Euros, which is 7.8% lower than the 2016 average.

Consequently the median UK revenue per fee earner (3.3% higher in £s) was 7% lower when measured against the Euro.

The median revenue per fee earner for the European firms in this year's report was 1.7% lower than the previous year at €105,220.

The rise of the Euro against the £ in 2016 meant that the European average revenue per fee earner in £s was 9% higher than in 2015.

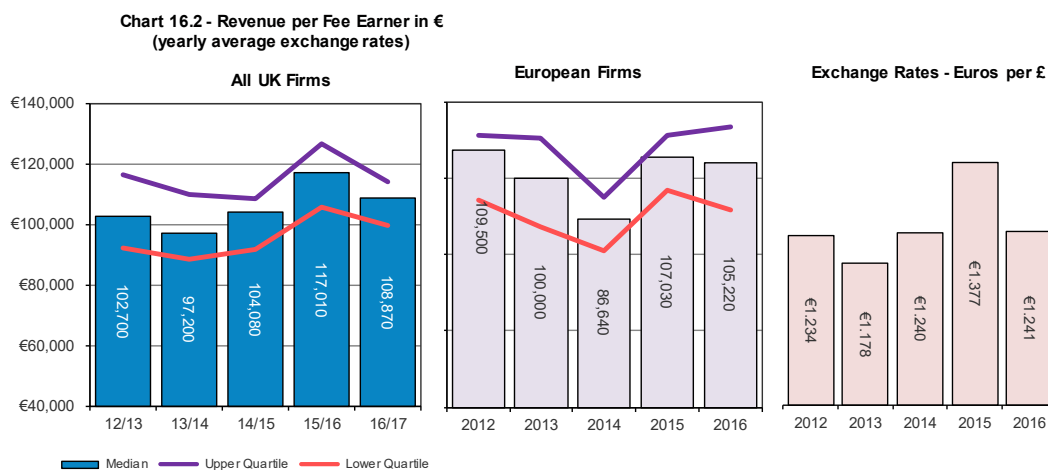
		Upper Quartile	Median	Lower Quartile
UK - Over 500 employees	£	92,290	87,230	82,370
	€	114,520	108,240	102,200
UK - 250 to 500 employees	£	91,230	88,410	84,010
	€	113,200	109,700	104,240
European Firms	£	94,230	84,800	72,110
	€	116,920	105,220	89,480
All Firms	£	91,230	86,520	75,650
	€	112,860	107,350	89,980

A similar pattern was shown by the results for Revenue per Staff Member including support staff. The 2016/17 All UK Firms median of £76,530 was 3.0% above the 2015/16 result in £s but 7.2% lower in euros at €94,960. The European median of €93,700 was 1.4% lower than 2015.

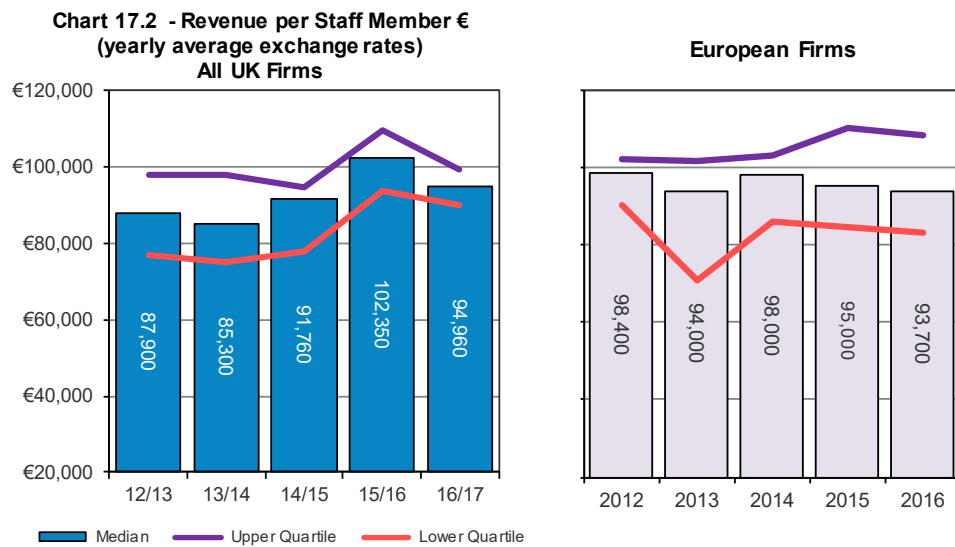
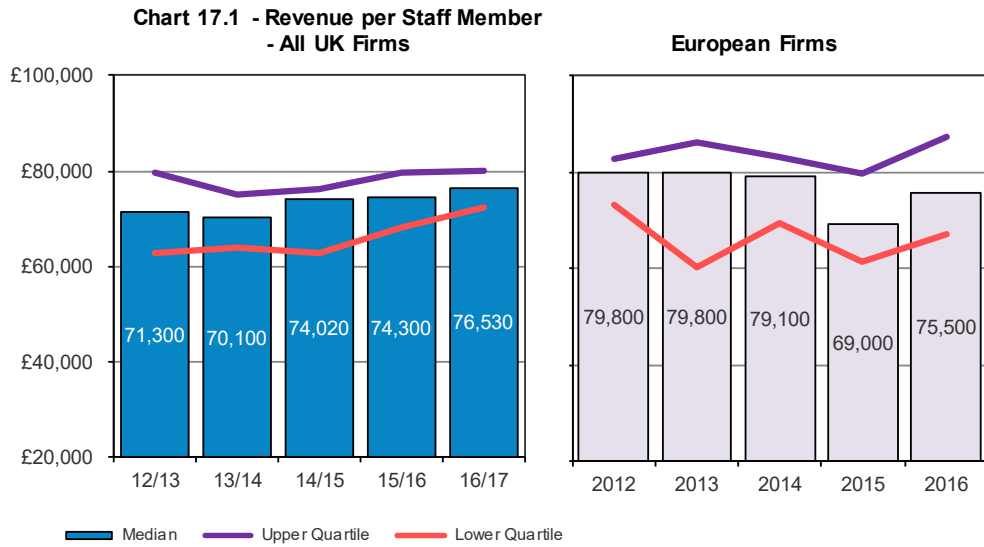
TABLE 4 - REVENUE PER STAFF MEMBER INCLUDING PARTNERS/DIRECTORS				
		Upper Quartile	Median	Lower Quartile
UK - Over 500 employees	£	79,300	76,100	72,700
	€	98,500	94,400	90,200
UK - 250 to 500 employees	£	79,900	77,100	73,500
	€	99,200	95,700	91,200
European Firms	£	87,200	75,500	66,900
	€	108,200	93,700	83,100
All Firms	£	82,800	76,100	69,200
	€	102,100	94,400	83,100

Chart 16.2 shows the daily exchange rate averaged over each year. Averaged over the 12 months of 2016, the exchange rate was €1.241 = £1. The 2015 average was €1.377 = £1. Several of the UK companies had March or June year-ends but we have converted all UK firms at the calendar 2016 exchange rate.

Chart 16.2 also shows what the UK average level of Revenue per Fee Earner would have been over the last five years if we convert each year's result at the exchange rate for that particular year.



In calculating both Revenue per Fee Earner and per Staff Member we use the full-time equivalent (FTE) number of employees including contract staff. We also estimate an FTE for each firm's expenditure on temporary staff by reference to that company's payroll costs per head for its own staff.



In Summary, Revenue per Fee Earner improved by 3.0% for UK firms as measured in £s. For the European group, Revenue per Fee Earner was down 1.4% measured in Euros.

Revenue per Fee Earner is driven by two factors; Revenue per Billed Project Hour and Project Hours per Fee Earner. Revenue per billed project hour is the total fees earned (whether fixed fee or hourly charged) divided by total project hours worked.

Revenue per Billed Project Hour for UK companies ranged from £53 - £88 per billed hour with a median value of £66.4 (€82.4) compared to the previous year's median of £65.4 per hour.

For the European participants the median revenue per billed hour was €72.7 (£60.9) per project hour, which was 3.5% lower than the previous year on a constant sample basis.

The link between revenue per fee earner and revenue per project hour is the number of billed project hours per fee earner. The UK average of 1,346 billed hours per fee earner per year was 0.6% lower than the previous year. The European average was 1,416 billed hours per fee earner, which was 2.6% higher than the previous year.

We make a distinction between 'billed' and 'unbilled' project hours. 'Unbilled' hours are intended as a measure of project time for which in effect, the client does not pay you. This could cover time spent in excess of budget on fixed fee contracts or in the case of hourly/daily paid work, time that you feel, for whatever reason, unable to bill to the client.

Not all firms measure 'unbilled hours' but of those that do, it was equivalent to 22 hours per fee earner per year or 1.3% of paid hours for all UK and European firms.

Utilisation of Fee Earners Time

In this project, utilisation of staff time (project hours, time spent on bidding and marketing, training etc.) is measured against Total Paid Hours. This is defined as contractual hours less holidays and Bank Holidays plus any paid overtime.

For example, if the basic working week is 37 hours and after deducting holidays and bank holidays, an employee works for 46 weeks a year, then paid hours would be just over 1,700 hours a year. If the average employee works paid overtime of 2 hours a week (say 100 hours a year) then Total Paid Hours would be 1,800. However, if the 100 hours overtime are unpaid, then Total Paid Hours would be only 1,700. The actual average this year was 1,724 paid hours per fee earner for UK firms and 1,705 hours for the European companies.

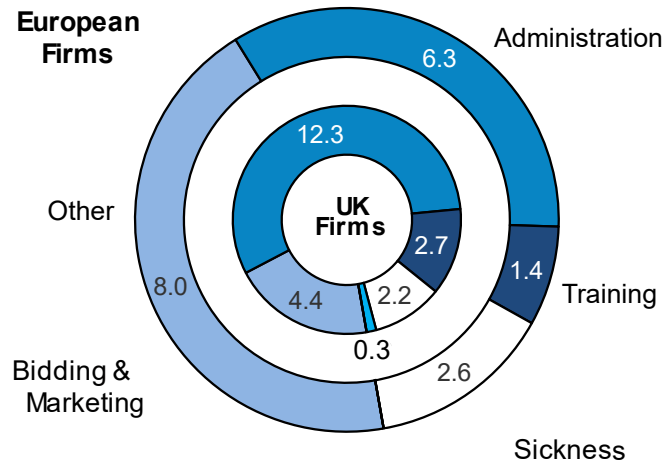
On this basis, billed project hours were equivalent to 78.1% of Paid Hours for UK companies, which was just above than the 2015/16 average of 77.8%. Average utilisation for the European firms improved from 78.1% in 2015 to 83.0%.

With UK companies reporting strong growth in revenue, it is perhaps understandable that less time was spent on marketing activity last year. The average UK fee earner spent 4.4% of total hours on preparing bids and more general marketing activities in 2016/17, compared to 4.8% in the previous year.

The average European company allocated 8.0% of total fee earner hours to bidding and marketing in 2016, lower than the unusually high average of 9.2% recorded in 2015. The 2014 average was 7.2%.

Chart 18 shows how the time that fee earners spent on activities other than project work was allocated.

Chart 18 - Fee Earners' Non-Project Hours as % of Total Paid Hours



UK firms continued to spend more time and money on staff training. In the latest year, 2.7% of UK fee earners' time was spent on training, which was the same as the previous year but higher than in any of the five years up to 2014/15. Average expenditure also increased slightly from 0.61% of revenue to 0.64%, or £540 (€670) per employee. Staff time allocated to training for European firms was lower in 2016 at 1.4% of total fee earner hours (1.3% in 2015). The average European firm spent €350 (£280) on staff training, which was a reduction from €450 in 2015.

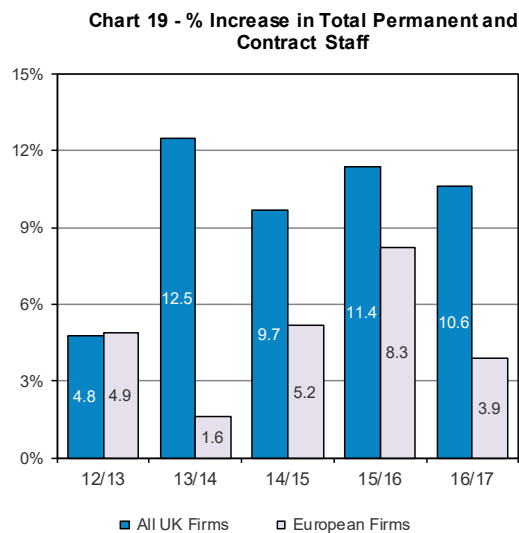
Time lost through absenteeism improved from 2.5% in the previous year to 2.2% for UK firms. Time lost through absenteeism increased for the European companies from 2.0% to 2.6% of paid hours.

Staffing

Staff Turnover

The revenue productivity ratios discussed in the previous section are measured against the average number of full-time equivalent employees for each firm during the course of their financial year.

We also ask each firm for their total headcount (permanent plus contract staff) at the beginning and end of each financial year. The averages shown on Chart 19 are simple averages (all firms' results are equally significant). These show growth of 10.6% for UK firms (8.1% excluding acquisitions in 2016/17) and 3.9% for European firms (2.9% excluding acquisitions).



It may also be useful to look at the actual numbers employed for all firms (ie a weighted average). This showed an increase in permanent staff numbers of 9.5% for all UK firms. Total contract staff numbers were 27.4% higher, giving a total increase in headcount of 11.6%. 86% of UK firms increased their total headcount during the year. For the European firms, total permanent staff increased by 1.5% during 2016. Contract staff numbers were 21.1% higher, giving a total increase in headcount of 1.7%. All of the European firms increased their headcount during the year.

27% of all UK fee earners were female (weighted average). Larger firms had a higher proportion of female fee earners; the median proportion for all UK firms (over 250 employees) was 22%. 32% of fee earners in the European companies were female, the median was 30%.

Graduate Sponsorship

Companies are maintaining their involvement in graduate sponsorship.

100% of the UK firms in this year's Benchmarking project run undergraduate or postgraduate sponsorship schemes. The UK firms in the benchmarking project currently sponsor a total of 218 undergraduates or postgraduates. 64% of the European companies have sponsorship arrangements for a total of 226 undergraduates or postgraduates.

All of the UK and European companies have arrangements with educational establishments to offer work experience except for one European firm.

Voluntary Staff Turnover

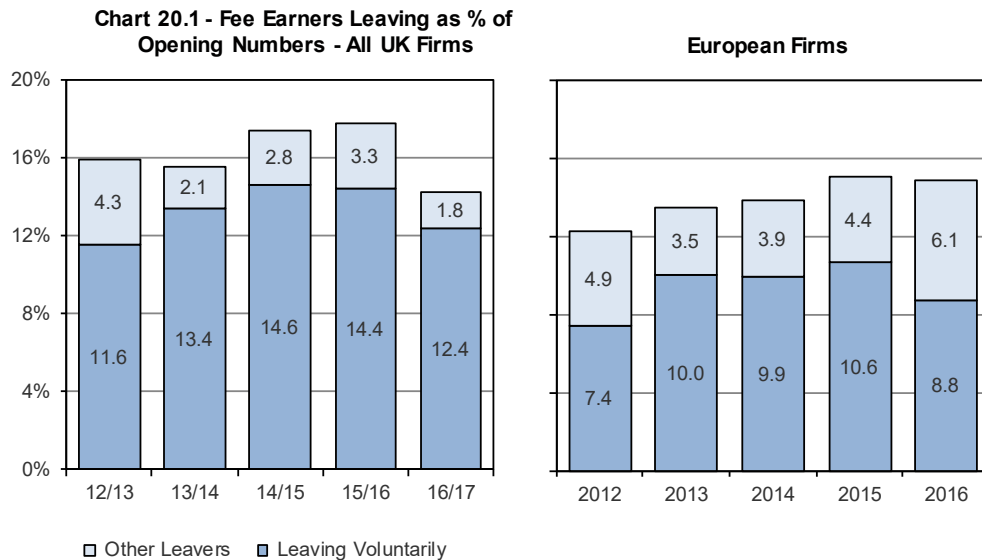
UK fee earners leaving voluntarily averaged 12.4% of the numbers employed at the start of the year (14.4% in the previous year). Including fee earners leaving for other reasons, the total turnover rate for fee earners decreased from 17.7% to 14.2%. The number of fee earners joining was equivalent to 25.9% of the headcount at the start of the year giving an average net increase of 11.7%.

The total headcount figures for all UK firms (ie weighted averages) showed 15.4% of fee earners leaving (13.4% voluntarily), 25.6% joining and a net increase of 10.2%.

For the European firms, fee earners leaving for all reasons averaged 15.0% of opening staff numbers, which was close to the previous year's average of 15.1%. The number leaving voluntarily decreased from 10.6% to 8.8%. Fee earners joining averaged 18.5% giving a net increase of 3.6%.

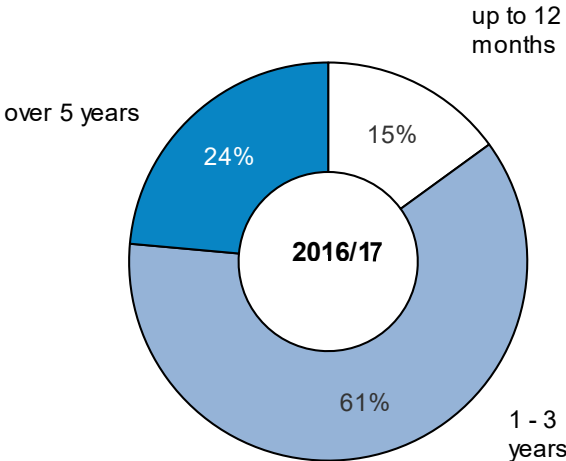
If we look at total staff numbers for the European firms (weighted averages) the percentage leaving voluntarily of 11.0% was higher than the simple average. Staff joining totalled 18.1% of the opening headcount. Total fee earners increased by 1.5%.

Support staff turnover rates were 13.1% for UK firms (10.2% leaving voluntarily) and 15.0% for European firms (11.0% leaving voluntarily). The net increase for support staff was 7.6% for UK firms and 0.6% for European firms.



The average length of service for those UK fee earners that left voluntarily was 3.5 years (unchanged from the previous year's report). Fee earners leaving European companies had an average length of service of 3.9 years in 2016 compared to 4.0 years in 2015.

Chart 20.2 - Length of Service of Fee Earners leaving Voluntarily
All Firms - UK and European



Diversity & Inclusion

This is the second year this Benchmarking initiative has included questions about Diversity & Inclusion and we are pleased so many firms have responded.

TABLE 5 - DIVERSITY & INCLUSION		Large UK	SMEs	European Firms	
1	Do you consider diversity and/or inclusion to be business priorities?	Yes	100%	79%	91%
		No	0%	21%	9%
2	If Yes, when did this become a business priority?	In the last year	0%	7%	10%
		In the last 3 years	50%	40%	30%
		Over 3 years ago	50%	53%	70%
3	What are the main business imperatives for your work on D/I?				
	a) Tackling skills shortages		100%	87%	44%
	b) Improving retention and reducing turnover/staff absence		86%	53%	33%
	c) Improving employee engagement and performance		93%	67%	100%
	d) Better reflecting our customers/community		71%	60%	89%
	e) Gaining a competitive edge when bidding for contracts		50%	40%	56%
	f) Other		36%	27%	0%
4	What is the current focus of your work?	Diversity	21%	14%	11%
		Inclusion	0%	0%	0%
		Both	79%	86%	89%
5	This work specifically addresses the following:	Age	57%	64%	67%
		Disability	64%	50%	67%
		Ethnicity	79%	79%	56%
		Gender	100%	100%	100%
		Religion/belief	43%	36%	22%
		Sexuality	57%	36%	22%
		Other	14%	7%	11%
6	What are the greatest challenges to making progress on D/I?				
	a) Not enough diverse candidates		100%	100%	90%
	b) Managers in our organisation regard diversity as a distraction		7%	0%	30%
	c) Our working environment is not suitable for all people		0%	31%	20%
	d) Concern about the potential for additional costs to the business		14%	38%	30%
	e) Not enough time or resources to tackle this issue at the moment		43%	31%	60%
	f) We don't fully understand the issues around diversity/inclusion		36%	19%	20%
	g) Other		21%	0%	0%
7	Who is responsible for delivering the plan/strategy on a day-to-day basis?				
		HR	92%	41%	70%
		Directors	100%	100%	80%
		Senior Managers	77%	41%	30%
		Line Managers	77%	41%	40%
		A diversity team	31%	6%	20%
		Other	15%	0%	0%
8	Does your plan/strategy include measureable targets for diversity and inclusion?				
		Yes	29%	6%	30%
		No	71%	94%	70%
9	Do you report on your diversity and/or inclusion to your employees or publically?				
		Yes	50%	22%	67%
		No	50%	78%	33%

Winning Work

Marketing and Work Won

UK companies maintained their level of investment in marketing in 2016/17. Including the cost of staff time, the average UK investment in bidding and marketing was unchanged at 4.3% of revenue. European companies invested the same amount in 2016 (7.0% of revenue) as they had in the previous year.

Those UK companies with a marketing department employed, on average, 1.4 marketing staff for every 100 employees (weighted average 0.8 per 100 employees). The total number of marketing employees for European companies was equivalent to 1.4 marketing staff per 100 employees.

Payroll costs for marketing staff averaged 0.84% of revenue for UK firms and 1.53% for European firms.

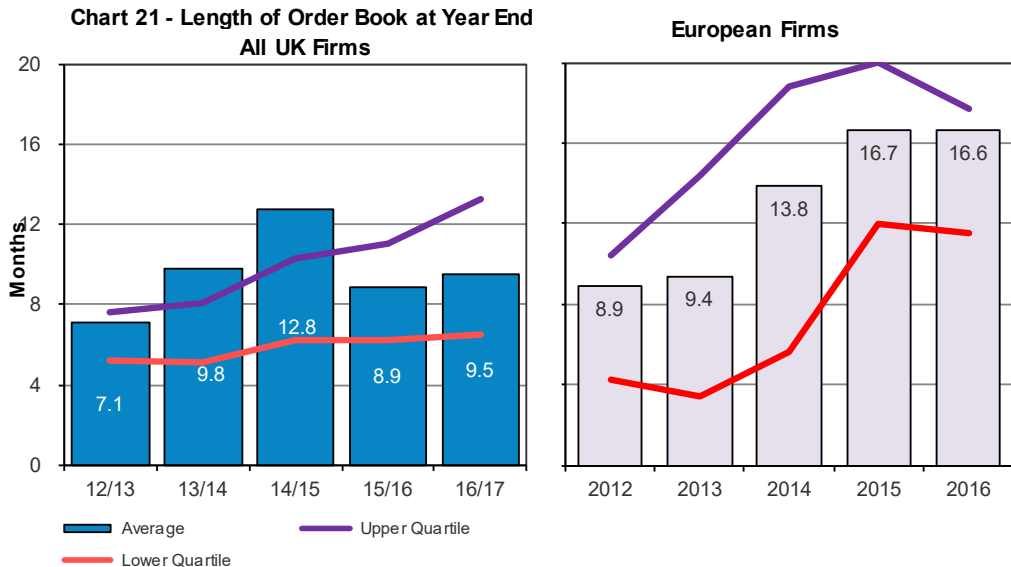
The median cost per head for marketing staff was £47,890 (€59,400) for UK firms compared to £59,300 (€73,600) for European companies. The cost of UK fee earners' time spent on bidding and marketing was equivalent to 2.6% of revenue (2.8% in the previous year). The corresponding cost for European companies was 4.9% of revenue (5.5% in 2015). European firms were able to allocate more time to marketing activities, which carries the potential for future revenue growth.

The average success rate for competitive tendering was unchanged this year for UK companies at 49% of the number of bids. The median success rate for European companies was lower in 2016 at 36% but only 45% of the European firms were able to provide that figure.

Order Book

For UK firms the median growth in order books was 11% at the end of the latest year; 79% of firms reported a higher order book. The median growth in order books for European firms was only 1.1% but 62% of companies increased their order book.

In terms of month's work, the average UK order book improved from 8.9 to 9.5 months' work. The European average order book was almost unchanged at 16.6 months' work.



Environmental and Sustainability Issues

Over the last 5 years' benchmarking reports, companies have given details of initiatives to deal with energy management and reducing energy consumption within their own businesses. The following specific new actions and comments were reported this year:

- We have achieved ISO:14001 accreditation
- We have completed ESOS Phase 1. As part of on-going office refurbishments we have sought to implement energy efficient equipment
- We improved our floor space utilisation from 8.7 m²/FTE to 8.0 m²/FTE
- We reduced our energy consumption from 262 kWh/m² to 235 kWh/m²
- Our office locations are under review to move to more sustainable premises within the next 5 years where practicable. We have made significant reductions on fuel cards.
- We are obliged by EU regulations - Energy Opportunities Saving Scheme - to record, baseline and set out a strategy for reducing emissions but this is in the early stages of development
- Office management are taking steps to reduce energy use in offices through better building management and driving changes in staff behaviour. We have replaced lighting and improved HVAC systems in some of our key offices to reduce energy use. We also included office energy performance as part of our criteria for selecting new offices.
- The ongoing automatic monitoring & targeting of utility usage supports our business
- We identify wastage and unnecessary consumption
- We have increased staff training to reduce energy consumption
- Our research for a new headquarters building has prioritised one with the lowest environmental impact
- We have decreased the number of printed copies using a user's identification system
- We have improved our energy consumption by occupying more efficient office space, setting up an environmental champion network and positively influencing behavioural change.
- We have reduced business travel by expanding use of Skype for Business and discouraging unnecessary business travel.
- We pursue environmental measures in terms of energy efficiency: in two years we have reduced by 30% our energy consumption and; set up a mileage allowance program for bikes (to reduce commuter travel)

Of this year's participants, 2 companies (both UK firms) are required to participate in emission trading schemes and 1 other is likely to do so in the future. 55% of all companies (UK and European) currently measure the carbon footprint of their staff. A further 13% are working toward being able to measure this. The average results for emissions per person are shown in Table 6.

This year's average of 2.780 tonnes of CO₂ per person is 9.2% lower than the average figure supplied to us last year.

TABLE 6 - TYPE OF EMISSION (TONNES CO₂ E PER EMPLOYEE)	
	Average all firms
Scope 1 – Direct (Gas emission and Owned Transport)	0.145
Scope 2 – Indirect (Purchased electricity and heat)	0.796
Total – Standard Practice Emissions/person	0.940
Scope 3 – Indirect (Business Travel)	1.369
Scope 3 – Indirect (Commuter Travel)	0.226
Scope 3 – Indirect (Other- suppliers, waste, hotels, etc.)	0.134
Total – Best Practice Emissions/person	1.840
Total Carbon Emissions (Scope 1+ 2 + 3)	2.780
Carbon offsets/Green Tariff	-0.122

Liability

This is the second year this Benchmarking initiative has included questions about Liability and we are pleased so many firms responded.

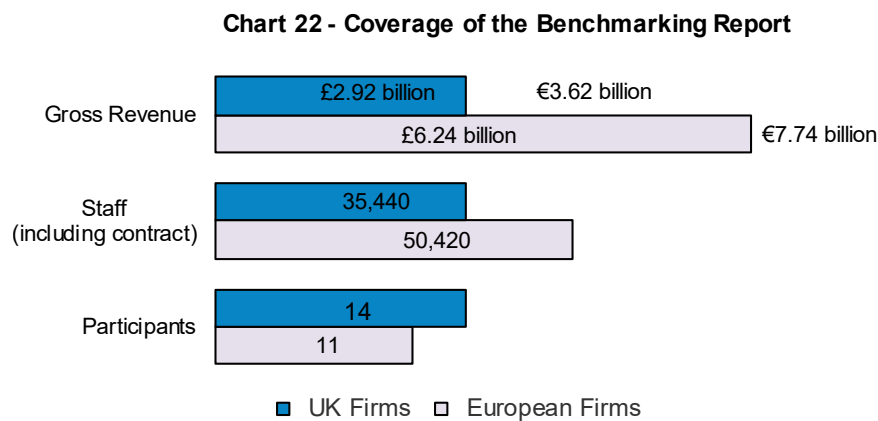
TABLE 7 - LIABILITY		Large UK	SMEs	European Firms
1	Clients insist that the professional appointment contains no financial cap on liability			
	Rarely	31%	42%	60%
	Frequently	69%	47%	40%
	Nearly always	0%	11%	0%
2	Clients to require that their professional appointments contain no financial cap on liability. This is			
	Increasing	15%	37%	30%
	Decreasing	15%	16%	10%
	Staying the same	69%	47%	60%
3	Which type of client is most likely to insist on no financial cap on your firm's liability?			
	Public Sector	62%	33%	80%
	Contractors	15%	28%	10%
	Developers	46%	56%	0%
	Other private sector	23%	11%	10%
4	How often will your clients engage in a reasoned negotiation as to the appropriate financial cap on liability?			
	Rarely	8%	39%	11%
	Fewer than half	31%	31%	44%
	More than half	39%	0%	22%
	Mostly	31%	31%	22%
5	How often will your clients agree to include a "net contributions clause"?			
	Rarely	69%	59%	67%
	Fewer than half	23%	18%	22%
	More than half	8%	0%	11%
	Mostly	0%	24%	11%
6	How often will your clients agree to include a clause which excludes your firm's liability in respect of certain types of loss?			
	Rarely	54%	56%	0%
	Fewer than half	39%	13%	30%
	More than half	8%	6%	20%
	Mostly	0%	25%	50%

The Firms Taking Part

Of this year's Benchmarking Group 78% are UK members and all but one have taken part regularly in the past. This continuity has enabled us to identify important trends on a constant sample basis. The European companies include 2 each from Denmark, France and Spain and 1 each from Iceland, Ireland, Italy, and The Netherlands. Most have taken part previously.

As in previous years, the results for UK companies cover the operations of their UK offices only. For the European companies, their figures are not restricted to their domestic operations.

Some facts about the size of the sample are shown in Chart 22. Year-ends were December 2016 or earlier for 54% of UK firms and March–July 2017 for 46% of UK participants. The average year-end for UK firms was February 2017. All the European companies had December 2016 year-ends.



Type of Work

Total gross revenue for the UK firms was £2.92 billion (€3.62 billion). Net of subcontracted and outsourced work UK revenue was £2.40 billion (€3.0 billion). Gross revenue for European firms was £6.24 billion (€7.74 billion) and net of subcontract etc. £4.54 billion (€5.63 billion). The overall analysis of total professional fees by type of service that participants provide is shown in Table 6 following.

Compared to last year's report, Engineering Services provided a lower proportion (46.7%) of total revenue for UK firms. Consultancy revenue generated a higher proportion (52.3%) than in 2015/16 (48.1%).

For European firms Engineering Services generated a lower proportion (51.2%) of total revenue in this year's report compared to 58.3% last year. This was mainly due to a much lower proportion of structural engineering work at 1.5% compared to 15.5% in 2015/16.

Consultancy revenue was proportionally higher for European firms at 33.6% (26.2% in 2015), due to increased contributions from the environmental and project management sectors.

TABLE 8 - SOURCES OF REVENUE		
	All UK %	European %
Structural Engineering	9.0	1.5
Civil Engineering	18.3	12.8
Mechanical & Electrical	10.9	2.2
Other Engineering	8.4	34.7
Total Engineering	46.7	51.2
Environmental Consultancy	6.9	15.1
Transport Planning	13.0	1.0
Project Management	12.4	10.7
Construction supervision	0.7	5.1
Other Consultancy	19.4	1.8
Total Consultancy	52.3	33.6
Other Services	1.0	15.3
Total Professional Fees	100.0	100.0

Overseas Work

When the ACE Benchmarking project was set up 12 years ago, UK members decided that they would submit data for their UK offices only and exclude international operations except where the work is carried out by UK offices. Not surprisingly, as much as 89.5% of revenue was for work carried out for UK projects, with a further 5.2% for other European projects carried out by UK offices. Of the balance, 2.5% was in the Middle East, 1.4% in Africa, 0.8% Asia/Pacific, 0.3% South America, 0.2% North America and 0.2% Australia.

For the European companies, 50.3% of revenue was for projects in their domestic market and a further 16.7% for the rest of Europe, 10.5% in the Middle East, 9.4% in South America, 5.9% Africa, 4.1% Asia/Pacific and 2.1% in North America.

Public/Private Sector Clients

UK firms earned 65% of their revenue from Private Sector clients. For the European firms, private sector work accounted for 47% of total revenue which was a slightly higher proportion than the previous year.

TABLE 9 - REVENUE FROM PUBLIC AND PRIVATE SECTORS		
	UK Firms	European Firm
Local Government	10.6	19.2
Central Government	24.4	34.2
Private Sector	64.9	46.7

Sector Analysis

Charts 23 and 24 analyse total revenue for all firms by the sector in which clients are working. Total Infrastructure revenue dwarfs all other categories so we have split the analysis into two charts. Chart 23 analyses Infrastructure in detail adding up to 55.4% of total UK revenue and 62.0% of total revenue for European companies. The balance (44.6% of UK revenue, 38.0% Europe) is analysed in Chart 24.

The European firms generated a lower proportion of their revenue from Infrastructure than in the previous year (78%), but more from Buildings/Property (24% compared to 16% in 2015).

UK companies generated a higher proportion of revenue from Water, Sewerage, River and Sea Defences but Infrastructure revenue accounted for a lower proportion of total revenue than last year (61.4%). Commercial Property including Retail generated a higher proportion (13.1%) than the previous year (11.8%).

The majority of firms (83%) also took part in the previous year's Benchmarking report but there were some changes to the sample.

Chart 23 - Infrastructure by Sector as % of Total Revenue

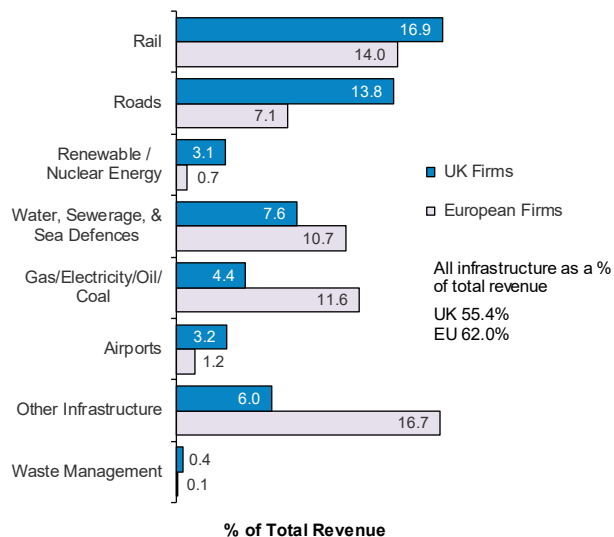
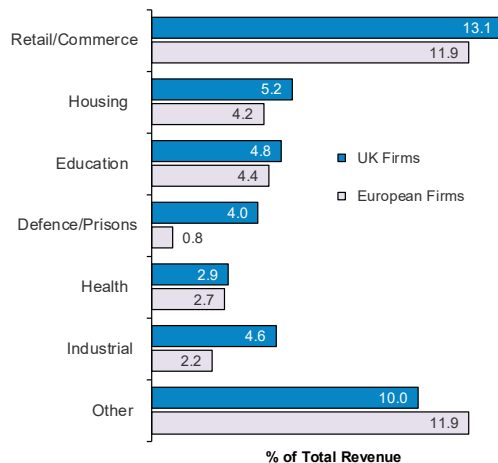


Chart 24 - Work by Sector (excluding Infrastructure)



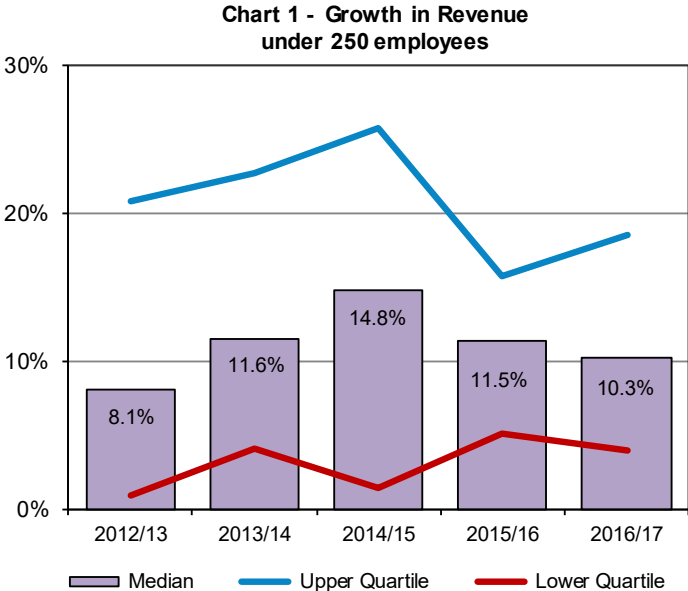
SME COMPANY RESULTS

Profitability and Growth

Revenue Growth

Most (79%) of the SME firms in the Benchmarking project reported higher revenue than the previous year. The median increase in revenue net of subcontract costs was +10.3%. The median is used because the average can be affected by outlying results. However, this year the simple average produced a similar result of +10.8%. Some of the smaller SMEs achieved good growth rates but the top quarter by size averaged over 13% growth in revenue. The weighted average growth rate for all firms was 13.2%.

The median growth rate for Larger UK firms (over 250 employees) in the main benchmarking project was 11.2%. There were fewer acquisitions in the latest year; for UK firms over 250 employees, only 0.7% of growth was attributable to acquisitions. In summary, strong growth has been achieved across all size bands of UK firms.



The average financial year for both the SME and Larger UK firms was the 12 months to February 2017. However within each group, there were variations in year-ends. To present a more consistent and up-to-date picture of revenue trends we have collected each firm's quarter-by-quarter revenue growth up to the 2nd quarter of 2017.

Chart 2 shows, in index number form, the average growth in revenue quarter-by-quarter using January - March 2015 as the base of 100. It compares the average growth trend for SME Benchmarking firms with the corresponding average for UK firms of over 250 employees in the Main Benchmarking report.

Over the whole two and a half year period (January 2015 to June 2017) growth has been strong both for SMEs and Larger UK firms, but cumulative growth for the larger firms (23%) has outpaced the SME growth (18%). Growth for the SME group has been flat for the 3 quarters between Q4 2016 and Q2 2017.

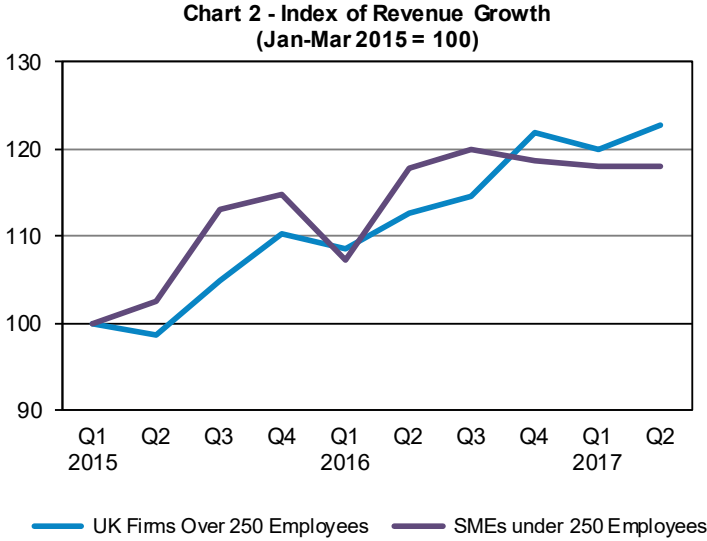


Chart 3 presents the quarterly revenue data in a different form; it shows for each of the 10 quarters up to June 2017 the % increase or decrease in net revenue compared to the same quarter of the previous year. Growth rates have been slowing, particularly for the SME group but growth was still in positive territory in Q2 2017.

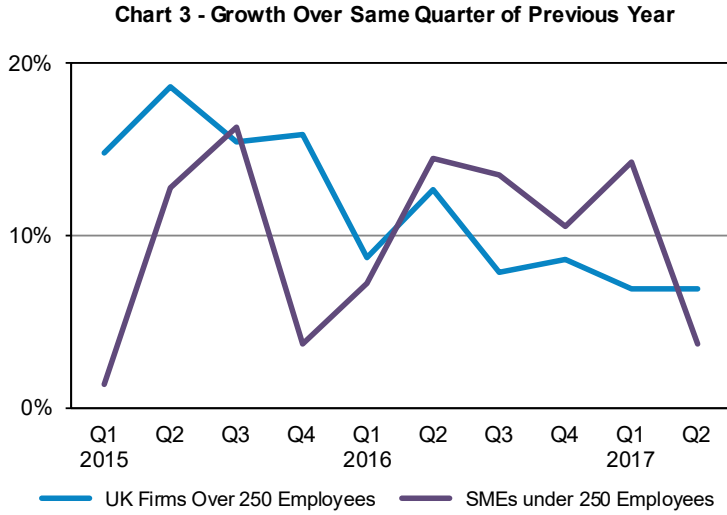
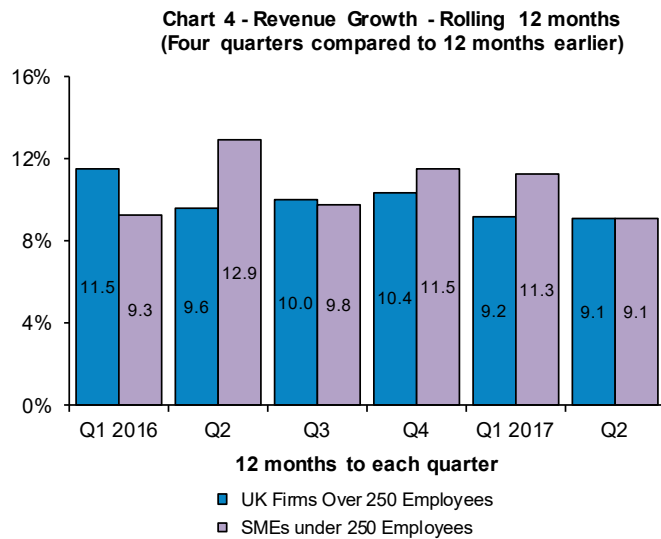


Chart 4 shows the trend in “Rolling Annual Revenue”. By this we mean the sum of the revenue for the four latest quarters at any point. For example, the Q2 2017 result compares total revenue for the four quarters Q3 2016 to Q2 2017 with the 4 quarters to Q2 2016.

For the current group of SME Benchmarking firms, the year-on-year growth rate up to June 2017 of 9.1% still at a strong level but is the lowest quarterly result for 2 years. The Larger UK firms average growth rates have followed a similar trend to the SME group.



Profitability

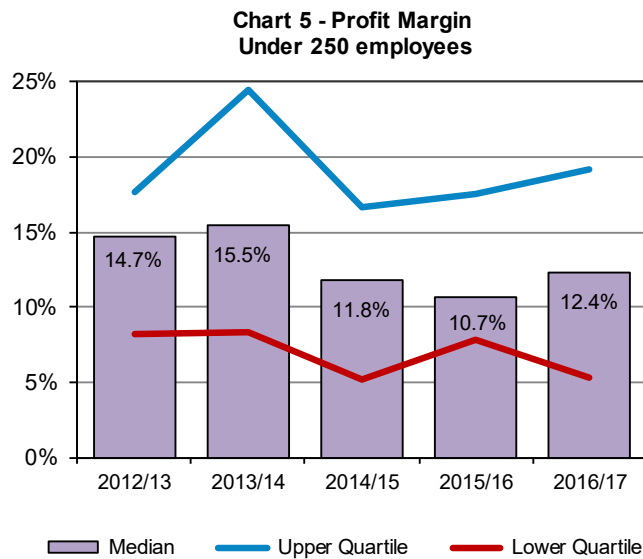
Firms taking part in the Benchmarking project are self-selected and it may be that those doing well are more inclined to take part. This may partly explain why average SME profit margins are better than the average performance for larger firms. Firms operating in niche markets may also be better able to withstand price pressures.

If we combine all SME's reported profit figures (before tax and exceptional items and write-off of goodwill) the overall growth in profit from the previous year was 32%. That is a weighted average, the median increase was +31%.

On a weighted basis, the average SME profit margin improved from 10.7% to 12.8% in 2016/17. The simple average improved from 10.7% to 12.4%. Almost 71% of SMEs improved their profit margins and although 29% faced lower margins, they were typically starting from an above average level so that despite the poorer result in 2016/17, their average margin was still higher than the overall margin for all SMEs.

The averages for the two most recent years are based on a constant sample of firms from this year's SME Benchmarking group. The years before will include many of the firms in the latest report but there will be some changes in sample. Note that on Chart 5 and subsequent charts, the latest year is described as 2016/17 which is correct for 63% of the firms but for the other 37% their financial years ended in 2016 (principally November/December 2016).

The average margin for UK firms of over 250 employees improved from 5.0% to 7.5%.



Profit margins were measured after deducting the cost of subcontracted work and outsourcing (together about 29% of total revenue) from both costs and revenues, but leaving in any profit on subcontracted work.

42% of the SMEs are partnerships. To allow comparisons with companies, the partnerships were asked to include in staff costs a "salary" for partners that reflects their age and experience and the wage structure within the firm, but excluding what might be considered as drawings of profit. The median salary for partners was £92,000 compared to £88,000 for directors in SME Benchmarking companies.

Chart 6 shows the range of profit margins for participating SME firms for the report year and the prior year; 85% of firms were profitable in the latest year (94% in the previous year - 2 firms were unable to provide prior year data).

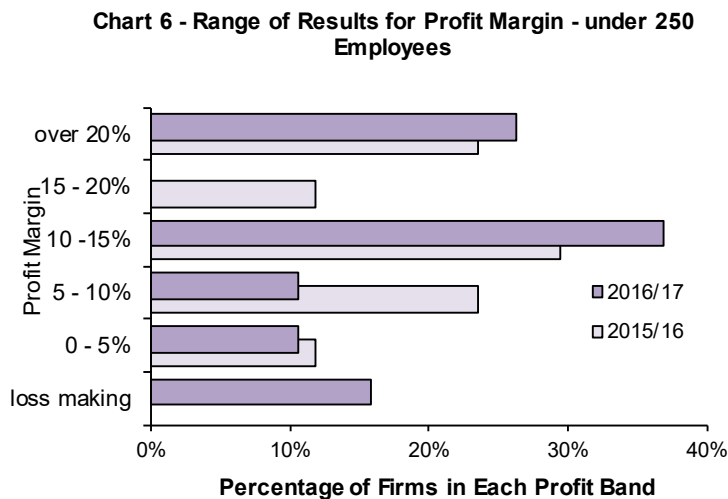


Chart 7a compares each company's profit margin with the growth in net revenue that they achieved during the year. The axes cross at the median value of 11.4% for profit margin 10.3% for growth.

This gives four sectors of either high or low growth combined with high or low profit margin. The most desirable combination is obviously High Growth/High Margin.

In the 2016 ACE Benchmarking Report, there was some indication of a positive relationship between growth and profitability eg. higher growth generating higher above average margins). However, this year the trend-line is flat (at best) and in fact slightly negative. As with the previous year, a better relationship is shown by Chart 7b, which compares revenue growth with the improvement in profit margin over the previous year. The median change in profit margin was +1.7% points.

Chart 7a Profit Margin & Revenue Growth

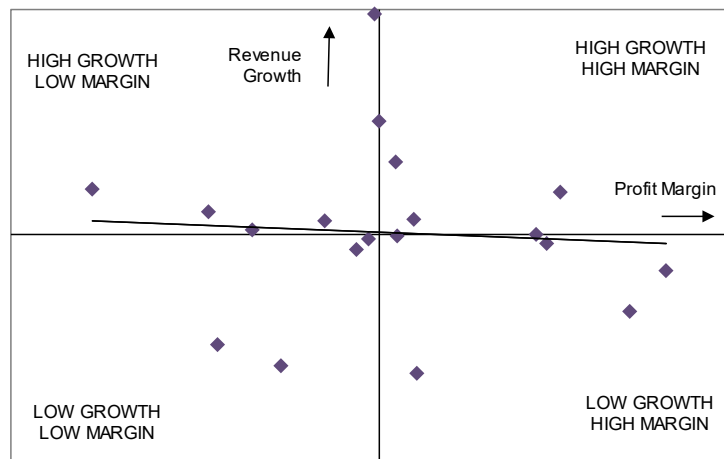
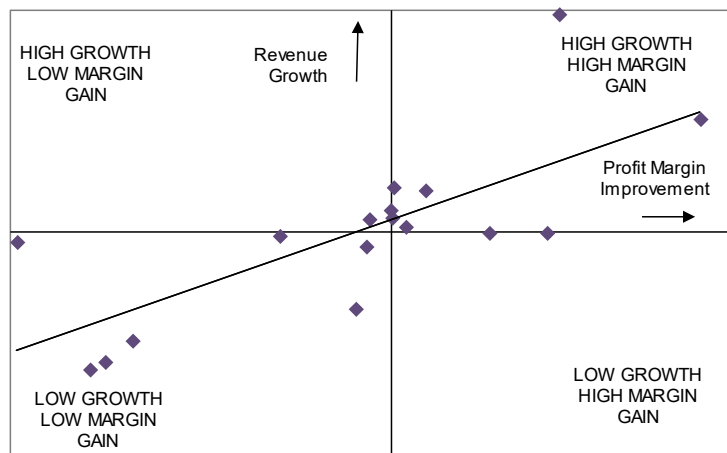


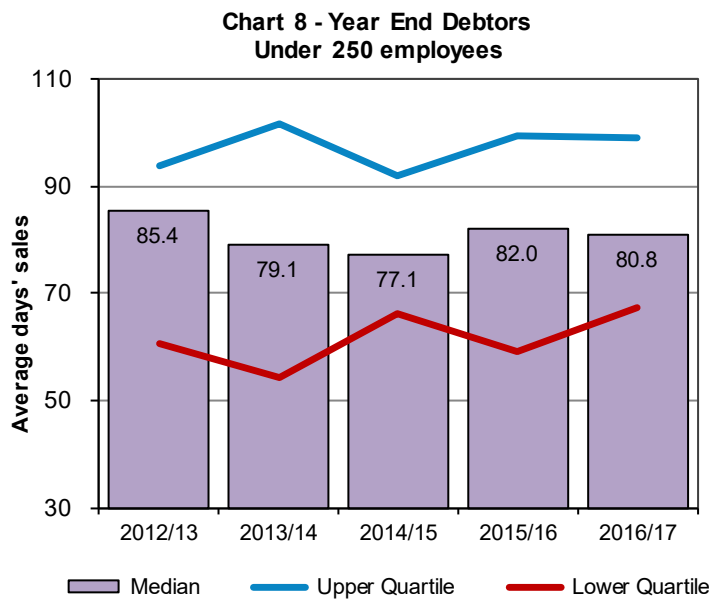
Chart 7b Margin Improvement & Revenue Growth



Debtors

There are encouraging signs in this year's report that SME firms are improving their credit control. The median collection period was 81 days which was a small improvement from 82 days in the previous year. However, the most significant improvement was that whilst, in the previous year, 7 firms had a level of debtors equivalent to over 100 days' sales, in this year's report only 3 had debtors equivalent to more than 100 days. Debtors over 60 days past their due date were equivalent to 23.8 days' sales, a big improvement from 34.1 days in the previous year.

The median debt collection period for larger UK companies (over 250 employees) was equivalent to 83.1 days' sales in 2016/17, which was higher than the previous year's median of 75.5 days. However, there were mitigating factors of which a significant increase in debtors less than 30 days old was the most important. Differences between the 2016 and 2017 sample of firms also partly explains the sharp increase.



Late Payments

Companies taking part in the SME Benchmarking project (up to 250 employees) and UK companies in the Main Benchmarking project were asked to provide information on the subject of Late Payments.

Speed of Payments - Public Sector versus Private Sector

We asked each firm whether they perceived any difference in speed of payments between public and private sector clients. About 60% of firms thought that the public and private sector were about the same in promptness. The 40% that thought there was a difference were asked to quantify the difference. UK firms with over 500 employees thought that public sector clients paid about 4 days more promptly on average, but firms of up to 500 employees thought the reverse. Taking all firms together, the verdict was that private sector clients were more prompt by just 2 days.

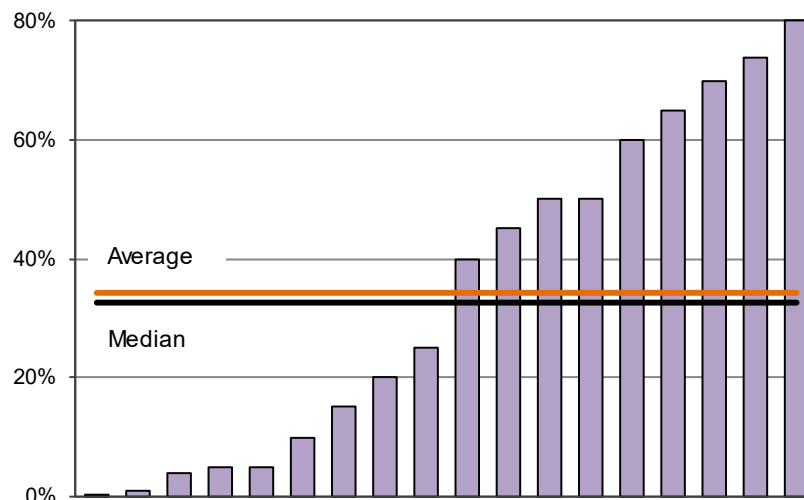
In the 2016 report, we asked the question in a slightly different way and got a different answer; private sector clients were slower in paying by 9 days.

How widespread is the problem of late payment?

We asked 'on what percentage of your turnover did you experience problems getting payment within the contract terms'.

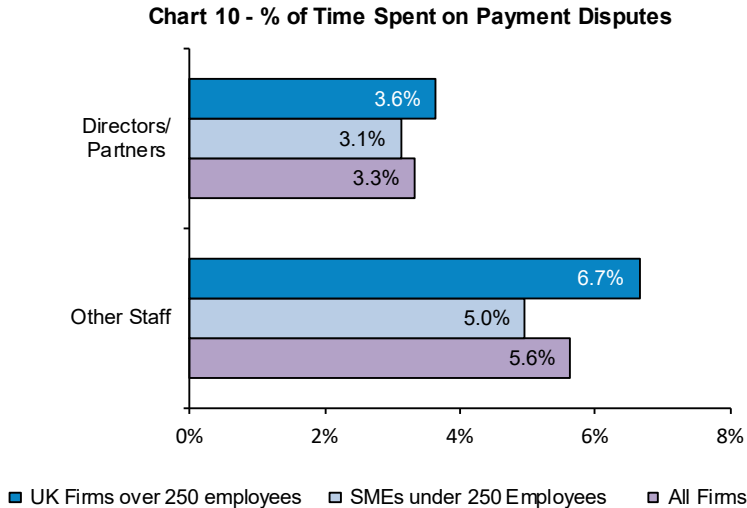
Answers varied widely but averaged 32%, which was an increase from 27% in the previous year. 39% of SMEs reported that 50% or more of their revenue was received outside the contract terms, which continued a deteriorating trend from 16% in 2015, 35% in 2016 and now 39%.

Chart 9 - % of Turnover with problems getting payment within contract terms - Individual Firms' answers



How much time was spent on settling late payment disputes?

We asked how much time Directors or Partners and Senior Professionals spent on settling late payment disputes. Taking the SME Benchmarking and Larger UK Firms together, an average of 3.3% of Directors'/Partners' time was spent on payment disputes. 28% of firms thought that 5-10% of their principals' time was spent on late payment issues. Other staff spent 5.6% of their time on this task.



Recovery Costs

Of the SMEs and Larger UK firms which answered the question on the percentage of payments that incurred recovery and legal costs, 25% reported zero costs. On average, including those reporting zero, 0.7% of payments incurred recovery costs; excluding zeros, the average was 1.0%.

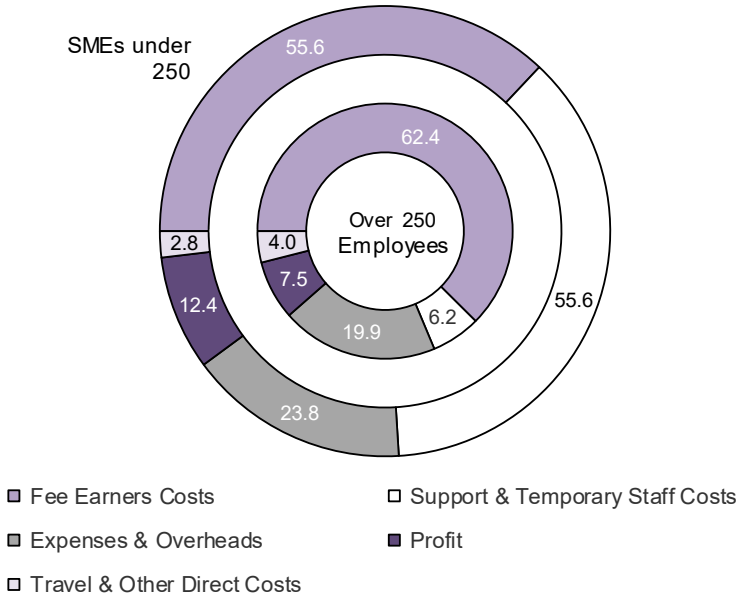
Recovery costs averaged 0.029% of gross revenue for SMEs (0.061% excluding zeros) and 0.010% for Larger UK firms (0.012% ex zeros).

Controlling Costs

Revenue, Costs and Profit

Chart 13 below shows the average breakdown of revenue into the principal cost headings and profit for SME Benchmarking firms, and the corresponding figures for the Larger UK firms that took part in this year's main ACE Benchmarking project.

Comparison of the results suggests that the typical SME firm had lower staff cost ratios than Larger UK firms for both fee earners and support staff (a combined difference of 7.7% of revenue). Average overheads for the SMEs were 3.9% points higher than the Larger UK firms but most of the lower staff costs fed straight through into higher average profit margins for the SME firms.



Travel and Other Direct Costs

This cost heading includes travel, hotels and subsistence that have been booked to specific projects as well as car running costs (except where the car is provided largely as a 'perk'). It also includes other expenses such as official fees paid on behalf of the client.

Where these costs are recharged, they have been excluded both from costs and revenue but leaving any mark-up within revenue. Direct costs averaged 2.8%, which was below both the previous year SME average (3.3%) and the 4.0% average of Larger UK firms.

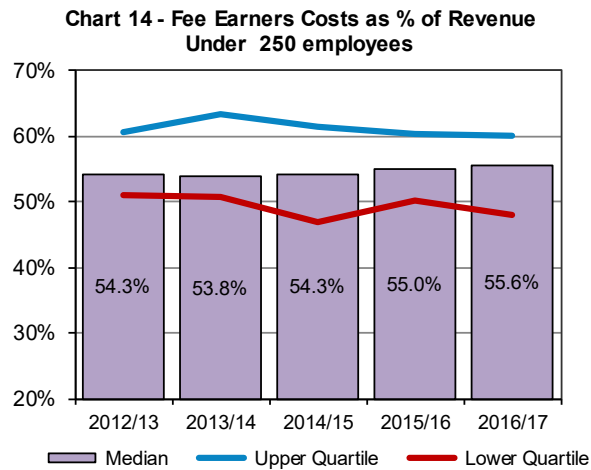
Fee Earners Costs

The employment cost of fee earners averaged 55.6% of revenue. That includes directors and "salaries" for partners (as discussed earlier), as well as all other fee earning staff including contract staff, trainees and temporary fee earners.

The 2017 SME average was 0.6% higher than the previous year but if we just look at the firms that took part in both 2016 and 2017 the average cost ratio improved by 0.4% of revenue. SME costs were significantly lower than the average for Larger UK firms (62.4%).

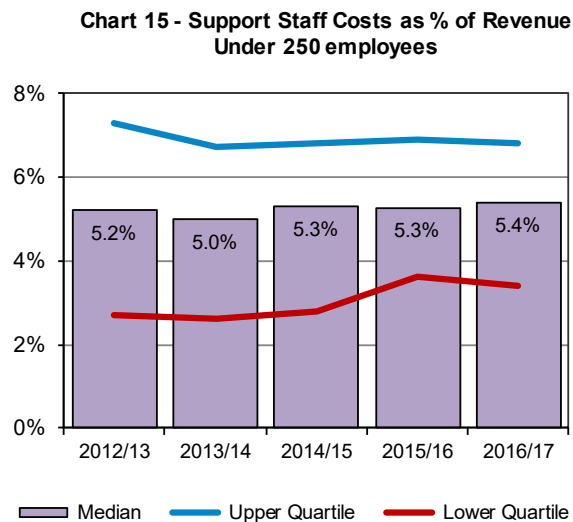
Fee earners' payroll costs increased in absolute terms principally as a result of firms taking on more staff; costs per head showed only a modest rise.

The ratio of fee earners' costs to revenue depends on how many staff each firm has, the mix of seniority and qualifications, salary levels and, most importantly, the revenue they achieve.



Support Staff Costs

Support staff costs for SME Benchmarking firms averaged 5.4% of revenue, which was marginally higher than the previous year but well below the average for Larger UK firms of 6.2%.



The (simple) average growth in staff costs (in £s) was 11.0%. Some of the largest SMEs grew at a faster rate and the weighted average increase was 13.4%. On average, revenue was 10.3% higher, and so there was an increase in the average cost ratio. Total staff costs averaged 61.0% of net revenue compared to 60.3% in the previous year for the same group of firms.

Of the firms that provided data for the prior year, 50% faced higher staff costs relative to revenue whilst 50% achieved lower staff cost ratios. Not surprisingly, the firms that achieved lower staff cost ratios were predominantly those that enjoyed above average revenue growth (+12% on average) whilst those facing higher cost ratios only averaged 7% revenue growth.

The 11% rise in staff costs was a result of increases in headcount and higher costs per head. On a constant sample basis, the weighted average cost per head for fee earners increased by 3.8% and 3.5% for all employees including support staff. The full-time equivalent number of employees averaged over the 2016/17 financial year was 8.8% higher than the prior year. Total headcount including contract staff increased on average by 6.5% during the course of the latest financial year. Amongst SMEs, 74% increased their headcount, 10% were unchanged and 16% reduced staff numbers.

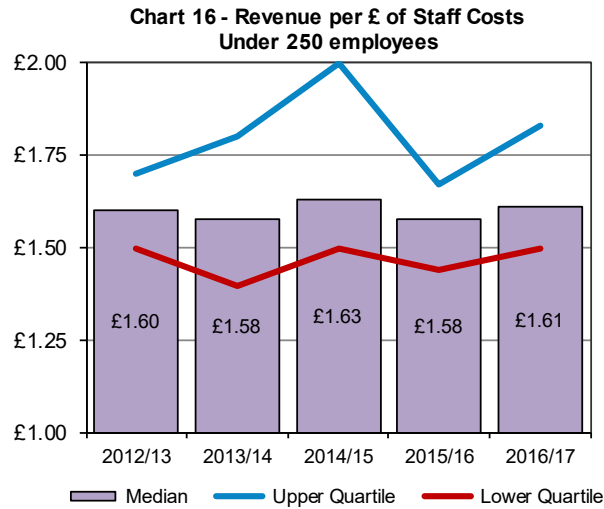
Support staff numbers increased by 5.3% compared to the previous year. The weighted average payroll costs were £30,700 per head of support staff for SMEs. The median cost per head for SME support staff of £26,650 was significantly lower than the weighted average; the median was pulled down by some of the very smallest firms. Larger UK firms had higher costs at £40,300 per head but this will include more highly paid staff such as Marketing, IT and HR professionals. Very few SME Benchmarking firms employ these types of specialists and would be more likely to buy in these services where necessary.

Relative salary levels do not explain high or low profitability, but what is clear-cut is that the balance between how much employees are paid and the level of fees generated is a very significant factor in determining profit margin.

The Larger UK companies (over 250 employees) generated £1.45 of revenue for every £ of employee costs (or € per € of cost), including salaries for directors and partners, with an upper quartile value of £1.53.

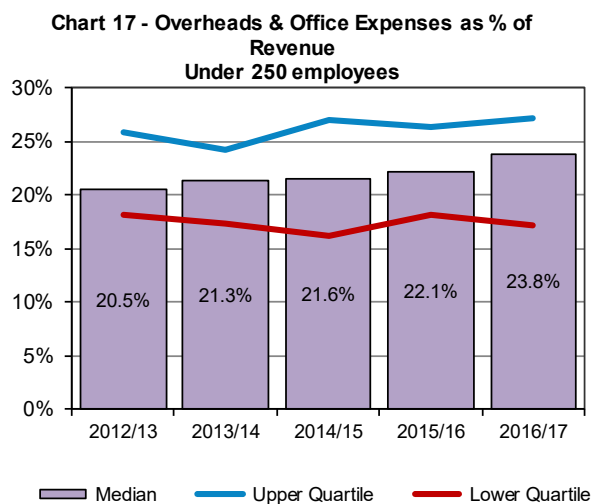
SME Benchmarking firms performed more strongly with 84% of firms beating the Larger UK firms result of £1.45. The median result for SME firms was £1.61 with an upper quartile of £1.83 per £ of staff cost.

This is a key ratio that correlates more closely with profit margin than almost any other. It is also a measure that remains valid from year to year. As payroll costs increase, it is hoped that revenue will increase at least as fast.



Office Expenses and Overheads

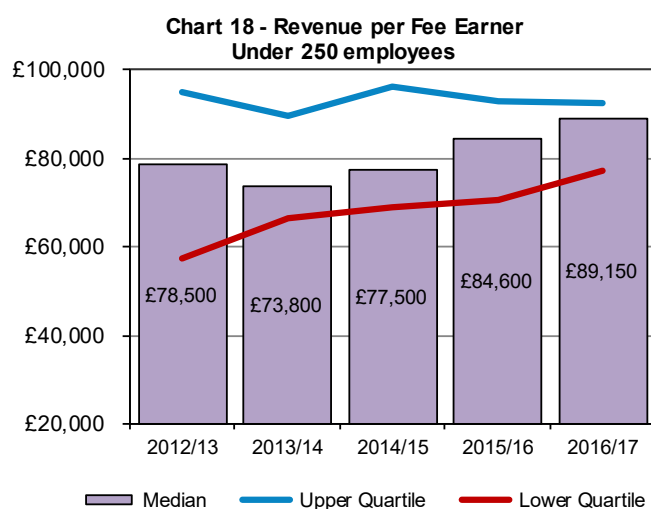
Some SMEs benefitted from good control of overheads. In the latest year, 44% of firms saw an improvement in their overhead cost ratios. All the firms that improved did so by more than 2% of revenue. However, the average cost ratio increased by 1.7% points to 23.8% of revenue.



Productivity

Revenue per Fee Earner

Net Revenue (ie excluding subcontracted costs) divided by the number of Fee Earners averaged £89,150 (€110,620) for SME Benchmarking firms. This year's average (in £s) was 5.4% higher than the previous year, although that was partly influenced by changes in sample. On a constant basis, productivity was 4.0% higher. Fee earners include directors and partners even though they may not be involved full-time on specific project work. At the other end of the scale, trainees are included but not students. Any part-time workers and temporary staff are adjusted to full-time equivalents.



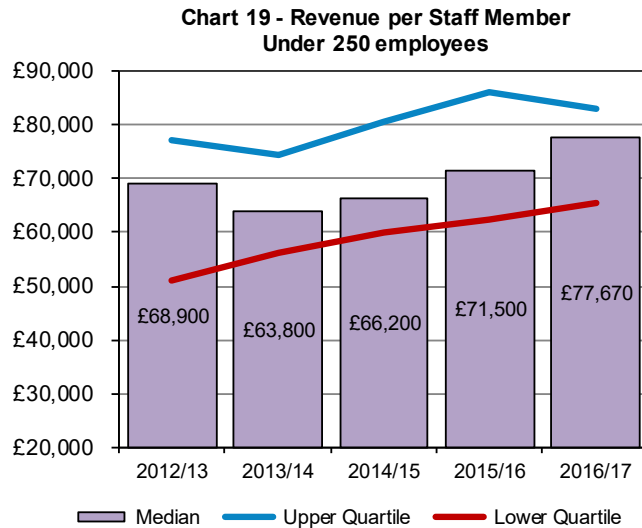
The range of results was quite wide for the SMEs; the top 25% of firms produced revenue per fee earner greater than £92,360 (€114,600) whilst the bottom 25% achieved less than £77,340 (€95,970) per fee earner. Average Revenue per Fee Earner for Larger UK firms was £87,740 (€108,900), which was 2.9% higher than the previous year.

TABLE 1 - REVENUE PER FEE EARNER INCLUDING PARTNERS/DIRECTORS			
	Upper Quartile	Average	Lower Quartile
	£	£	£
SMEs under 250 employees	92,360	89,150	77,340
UK Firms over 250 employees	91,760	87,740	80,380

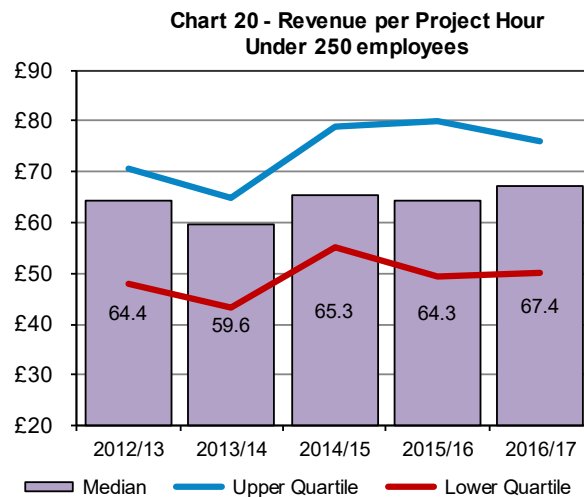
This year's group of SMEs has overtaken the Larger UK firms in terms of revenue productivity. Average revenue per fee earner for UK companies over 250 employees was 1.6% lower than the corresponding figure for the SME group. Including support staff, revenue per Staff Member averaged £77,670 for SMEs, which was an improvement of 7% from the previous year and 1.5% higher than the average for UK firms of over 250 employees.

TABLE 2 - REVENUE PER STAFF MEMBER INCLUDING PARTNERS/DIRECTORS			
	Upper Quartile	Average	Lower Quartile
	£	£	£
SMEs under 250 employees	83,000	77,670	65,280
UK Firms over 250 employees	80,130	76,530	72,480

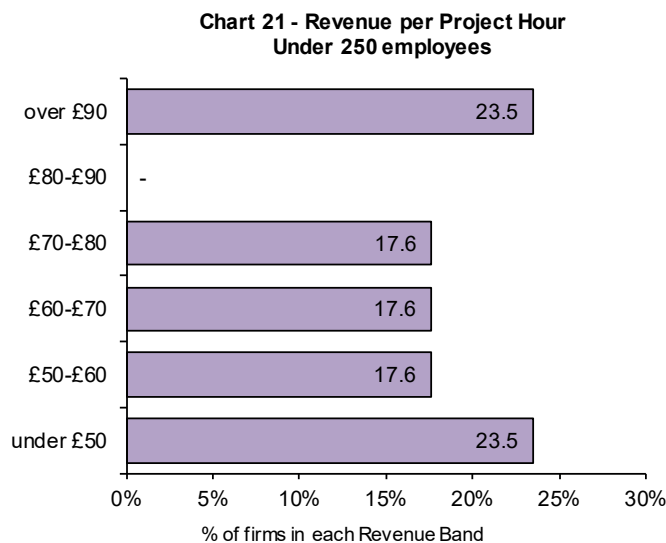
In calculating both Revenue per Fee Earner and per Staff Member we use the full-time equivalent (FTE) number of employees including contract staff. We also estimate an FTE for each firm's expenditure on temporary staff by reference to that company's payroll costs per head for its own staff.



Revenue per Fee Earner is driven by two factors; Revenue per Billed Project Hour and Project Hours per Fee Earner. Revenue per billed project hour is the total fees earned (whether fixed fee or hourly charged) divided by total project hours worked.



Revenue per Billed Project Hour ranged widely; 70% of the individual results fell within a range of £45-£90 per project hour with an average of £67.4 (€83.6) per hour. Chart 21 shows the proportion of firms that are achieving revenue per hour in the different bands. For example, almost 41% of SMEs generated over £70 (€87) of revenue for every project hour worked. The average result for Larger UK companies was £66.4 (€82.4) per hour.



The link between Revenue per Fee Earner and Revenue per Project Hour is the number of Billed Project Hours per Fee Earner. The SME average of 1,381 billed hours per fee earner per year was 5% higher than the previous year (1,316 hours) and 2% higher than the average for Larger UK firms of 1,346 hours.

We make a distinction between 'billed' and 'unbilled' project hours. 'Unbilled' hours are intended as a measure of project time for which in effect, the client does not pay you. This could cover time spent in excess of budget on fixed fee contracts or in the case of hourly/daily paid work, time that you feel, for whatever reason, unable to bill to the client.

Unbilled hours were equivalent to 150 hours per fee earner per year or 8.3% of hours worked. The average for Larger UK firms was only 27 hours per fee earner. It may be that smaller firms find it more difficult to bill clients for the full value of the work done, or perhaps are more inclined to underestimate the time needed in order to win new contracts.

Utilisation of Fee Earners' Time

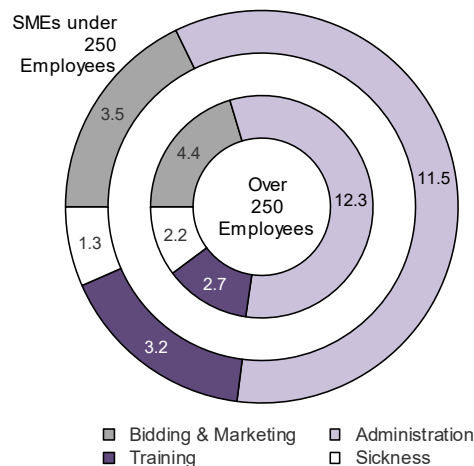
In this project, utilisation of staff time (project hours, time spent on bidding and marketing, training etc.) is measured against Total Paid Hours. This is defined as contractual hours, less holidays and Bank Holidays, plus any paid overtime.

For example, if the basic working week is 37 hours, and after deducting holidays and bank holidays an employee works for 46 weeks a year, then paid hours would be just over 1,700 hours a year. If the average employee works paid overtime of 2 hours a week (say 100 hours a year) then Total Paid Hours would be 1,800. However, if the 100 hours overtime are unpaid, then Total Paid Hours would remain at 1,700. The actual SME average this year was 1,823 paid hours per fee earner, which was 3.7% higher than the previous year's average and well above the average of 1,724 paid hours for Larger UK firms.

On this basis, total project time was equivalent to 84.8% of Paid Hours for SMEs, which was well above the average of 79.7% for Larger UK firms. However, that is based on total hours including unbilled projects hours. Billed project hours averaged 76.5% for SME Benchmarking, which was 1.6% points below the 78.1% average for Larger UK firms. In summary, SME firms spend more of their time working for their clients, but are less successful at ensuring that time is fully billed.

In total, SME fee earners spent 19.5% of paid time on other activities than project work; the equivalent figure for Larger UK firms was 21.6%. Note that where total time exceeds 100% of paid hours, the balance is made up by unpaid overtime. How the non-project time was spent between Marketing, Administration, Training and Sickness is shown on Chart 22. SME firms spent slightly less time on bidding and marketing than Larger firms. Absenteeism rates were lower for SMEs than Larger firms.

Chart 22 - Analysis of Fee Earners' Non-Project Time



Time spent on staff training was equivalent to 3.2 % of total hours, which was an increase from 2.9% in the previous year, perhaps reflecting the increase in new staff recruited during the year. The average for Larger UK firms was 2.7%. Expenditure on training was 0.71% of revenue or £510 (€630) per employee, which was unchanged from the previous year and in-line with the £500 per employee average for Larger UK firms.

Time lost through absenteeism improved for Larger UK firms from 2.5% to 2.2%. The SME average increased from the previous year, but was still impressive at only 1.3% of paid hours.

Staffing

Staff Turnover

The revenue productivity ratios discussed in the previous section are measured against the average number of full-time equivalent employees for each firm during the course of their financial year.

We also ask each firm for their headcount at the beginning and end of the latest financial year. 74% took on extra staff in 2016/17, 10% were unchanged and 16% reduced their headcount, although in most cases by modest amounts. The simple average increase was 6.5%, the weighted average rise was 9.6%.

86% of the Larger UK companies increased headcount during the year; the weighted average increase was 11.6%.

Salary Levels

The average payroll cost per employee (including National Insurance, pensions etc.) for SMEs increased by 3.5% to £43,900 (€54,500) compared to £52,300 (€64,900) for Larger UK firms. The average cost for fee earners including partners, directors and department heads was 3.8% higher at £48,700 (€60,500).

37% of SMEs indicated that they paid a bonus to employees in the year under review with an average value (excluding any payments to directors or partners) of £1,348 per employee, which was close to the average for the previous year of £1,365.

TABLE 3 - 2016/17 AVERAGE PAYROLL COST PER EMPLOYEE FOR SMEs WITH UNDER 250 EMPLOYEES		
	£	€
Equity Partners	92,900	115,250
Salaried Partners	87,500	108,550
Other Directors	73,850	91,600
Senior Professionals	53,800	66,800
Engineers	42,400	52,700
Senior Technicians	40,200	49,900
Junior & Graduate Engineers	28,200	35,000
Technicians & Trainees	22,650	28,100
Other Fee Earners	34,200	42,400
Average - All Fee Earners	48,700	60,500
Support Staff	26,650	33,100
Average - All Employees	43,900	54,500

Winning Work

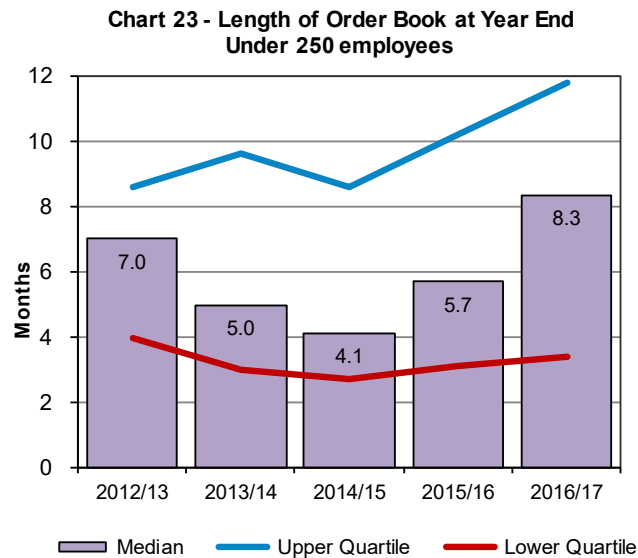
Marketing and Work Won

Including the cost of staff time, the median investment in marketing was 3.4% of revenue for SMEs, which was significantly higher than the previous year's average of 2.3%. The average for Larger UK firms was 4.3% of revenue.

The median success rate for competitive tendering for SME firms was 48% by the number of bids, compared to 67% in the previous year. The SME average for the two previous years had been over 60% but before that, the average was 48%, the current level. The success rate for Larger companies was unchanged from the previous year at 49%.

Order Book

The strong growth in revenue in the latest year has also had an impact on order books with a median 12% rise between the year end of the previous year and the latest financial year. The median for SMEs was equivalent to 8.3 months' work compared to 5.7 months last year for the same group of firms. The average order book for Larger UK firms also reported an increase from 8.9 to 9.5 months' work.



The Firms Taking Part

The financial years covered by firms in the SME group were split, with 63% having year-ends in the first half of 2017 (most commonly March), with 37% having 2016 year-ends (principally November or December) The average year-end was February 2017.

Type of Work

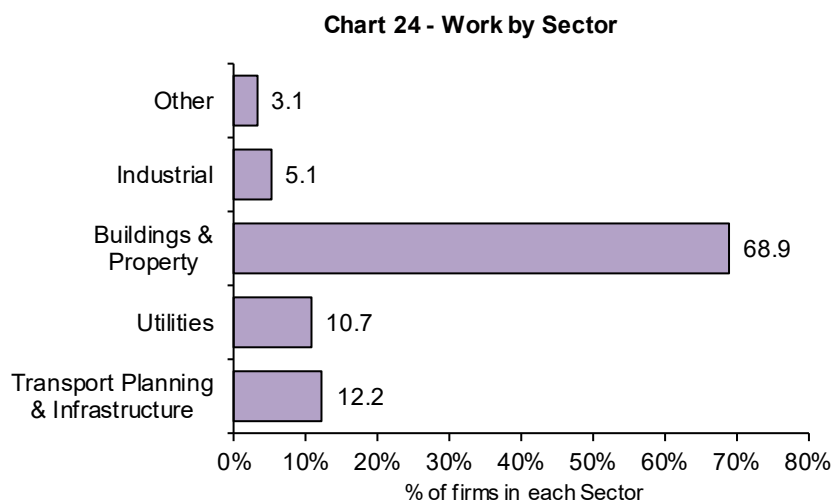
Total gross revenue for the SME group was £183m (average £9.6m). The overall analysis of revenue by type of service that participants provide is shown in Table 4 below. 21% of firms generated more than half of their revenue from Structural Engineering, 21% were predominantly Civil Engineers, 32% specialised in Mechanical & Electrical Engineering and 16% gained most of their revenue from Consultancy Services.

Within SME Benchmarking, Engineering Services provided a higher proportion of total revenue (86.1%) than the Larger UK firms (49.6%); that derived a much greater proportion of their fees from Consultancy.

TABLE 4 - SOURCES OF REVENUE		
	SMEs up to 250 employees	UK Firms over 250 employees
Structural Engineering	21.6	9.0
Civil Engineering	19.8	18.3
Mechanical & Electrical	31.1	10.9
Other Engineering	7.9	8.4
Total Engineering	80.4	46.7
Total Consultancy Services	18.1	52.3
Other Services	1.5	1.0
Total Professional Fees	100.0	100.0

Sector Analysis

Chart 24 analyses total revenue for the SME group by the sector in which clients are working. 74% generated at least half of their revenue from Buildings/Property which includes Housing, Commercial Property, Education, Health, Defence and Leisure.



RESULTS TABLES

– LARGE COMPANIES

Summary Ratios

TABLE 1 MAJOR COSTS AND PROFIT ANALYSIS		UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			ALL UK FIRMS OVER 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE		
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile
Overall Profitability																
1	Profit as a % of Net Revenue	8.8	5.7	2.8	12.1	9.9	7.2	11.4	7.5	5.3	9.1	7.2	5.8	9.4	7.4	5.3
2	Profit per Fee Earner	£ 8,100	£ 4,610	£ 2,790	£ 10,740	£ 9,200	£ 6,360	£ 10,000	£ 7,440	£ 4,000	£ 8,230	£ 6,270	£ 4,260	£ 8,780	£ 6,950	£ 3,890
2	Profit per Fee Earner	€ 10,050	€ 5,730	€ 3,460	€ 13,320	€ 11,420	€ 7,890	€ 12,400	€ 9,230	€ 4,970	€ 10,210	€ 7,780	€ 5,280	€ 10,310	€ 8,630	€ 4,830
3	Net Revenue per Fee Earner	£ 92,290	£ 87,230	£ 82,370	£ 91,230	£ 88,410	£ 84,010	£ 91,760	£ 87,740	£ 80,380	£ 94,230	£ 84,800	£ 72,110	£ 91,230	£ 86,520	£ 75,650
3	Net Revenue per Fee Earner	€ 114,520	€ 108,240	€ 102,200	€ 113,200	€ 109,700	€ 104,240	€ 113,860	€ 108,870	€ 99,730	€ 116,920	€ 105,220	€ 89,480	€ 112,860	€ 107,350	€ 89,980
4	Increase/Decrease in Revenue from the Previous Year	13.9	9.2	4.8	15.8	13.8	9.8	15.8	11.2	9.0	10.1	2.3	1.1	14.7	7.5	2.3
Principal Costs as % of Net Revenue																
5	Gross Revenue	123.3	121.9	118.3	116.0	114.5	111.8	123.0	118.7	113.4	133.0	154.9	113.6	126.5	136.5	113.4
6a	less Sub Contract/Domestic Outsourcing / Design & Build Costs/Disbursements	(21.6)	(18.4)	(12.4)	(14.8)	(14.2)	(11.8)	(21.3)	(16.6)	(12.1)	(27.7)	(49.5)	(13.6)	(21.9)	(32.5)	(12.8)
6b	less Overseas Outsourcing	(8.3)	(3.5)	-	-	(0.3)	-	(3.8)	(2.2)	-	-	(5.4)	-	(3.3)	(4.0)	-
7	Net Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
8	Travel & Subsistence	1.7	1.4	1.1	2.1	1.9	1.1	2.2	1.6	1.1	4.2	3.0	1.2	2.8	2.2	1.1
9	Other Project Direct Costs	2.9	3.6	1.1	0.9	0.7	-	2.8	2.4	-	7.8	3.7	-	3.0	2.9	-
10	Fee Earners Staff Costs (including temporary staff costs)	65.3	62.8	59.7	65.5	62.0	59.4	65.8	62.4	59.7	69.5	63.1	59.1	67.4	62.7	59.4
11	Support Staff Costs (including temporary staff costs)	8.9	6.9	4.5	6.1	5.3	4.3	7.9	6.2	4.2	7.5	6.9	5.3	7.8	6.5	4.8
12	Gross Margin	26.4	25.3	23.7	31.6	30.1	28.6	30.1	27.3	24.2	26.1	23.4	20.6	27.7	25.7	22.8
13	Overheads & Office Expenses	23.7	19.6	14.6	20.6	20.1	18.2	20.7	19.9	16.5	19.6	16.2	14.2	20.4	18.3	14.6
1	Profit Margin (before Tax, Exceptionals & Goodwill Write-Off)	8.8	5.7	2.8	12.1	9.9	7.2	11.4	7.5	5.3	9.1	7.2	5.8	9.4	7.4	5.3
1b	Profit Margin - Prior Year	8.7	3.4	1.3	9.5	7.2	5.0	10.3	5.0	3.2	8.3	6.8	6.0	9.1	5.8	5.0

Fee Earners & Support Staff Costs

TABLE 2		UK GROUP 1 over 500 EMPLOYEES					UK GROUP 2 250 - 500 EMPLOYEES					ALL UK FIRMS over 250 EMPLOYEES					EUROPEAN FIRMS					ALL FIRMS WHO TOOK PART IN THE INITIATIVE				
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile
		Fee Earners Staff Costs as a % of Net Revenue																								
14	a)	Partners, Directors & Department Heads	%	12.9	9.9	5.1	18.5	15.3	12.8	17.7	12.2	6.9	8.7	7.0	2.8	16.6	10.1	4.0								
	b)	Senior Professional Staff	%	34.3	28.4	20.1	25.7	21.9	17.7	30.1	25.6	19.2	32.2	23.7	15.7	32.5	24.8	16.2								
	c)	Engineers	%	13.6	10.8	7.9	16.2	13.8	10.2	14.3	12.1	8.0	19.5	15.9	9.5	17.6	13.7	8.0								
	d)	Senior Technicians	%	4.0	3.1	1.3	4.0	4.5	2.5	5.1	3.7	2.3	6.7	4.5	2.8	7.5	4.0	2.3								
	e)	Junior & Graduate Engineers	%	5.7	5.1	3.1	3.7	3.8	2.8	5.1	4.5	2.3	5.7	5.1	1.8	5.8	4.8	2.3								
	f)	Technicians & Trainees	%	2.7	1.8	1.0	3.2	2.1	0.7	2.8	2.0	0.5	4.1	3.1	1.5	3.5	2.4	1.2								
	g)	Other Fee Earners	%	0.1	1.8	-	-	0.0	-	-	1.1	-	4.6	2.3	-	2.5	1.6	-								
	h)	Temporary Fee Earners	%	3.4	1.7	-	-	0.6	-	-	3.0	1.3	0.8	1.5	-	2.1	1.4	-								
		Total Fee Earners Staff Costs (Ratio 10, Table 1)	%	65.3	62.8	59.7	65.5	62.0	59.4	65.8	62.4	59.7	69.5	63.1	59.1	67.4	62.7	59.4								
Support Staff Costs as a % of Net Revenue																										
15	a)	Finance & Accountants Staff	%	1.80	1.29	0.90	1.50	1.23	0.90	1.80	1.26	0.70	1.70	1.25	0.80	1.80	1.26	1.10								
	b)	Marketing Staff	%	1.10	0.67	0.30	1.40	1.02	0.60	1.20	0.82	0.50	1.80	1.64	0.60	1.40	1.16	0.50								
	c)	IT Staff	%	1.10	0.75	0.70	0.70	0.54	0.40	0.90	0.66	0.40	0.90	0.68	0.40	0.90	0.67	0.40								
	d)	HR Staff	%	0.80	0.76	0.70	0.80	0.56	0.20	0.80	0.68	0.40	0.80	0.56	0.30	0.90	0.63	0.40								
	e)	Quality & H&S Staff	%	0.30	0.23	0.10	0.20	0.15	0.10	0.20	0.20	0.10	0.50	0.51	0.20	0.40	0.33	0.20								
	f)	General Admin & Other Support Staff	%	3.50	3.02	2.20	2.20	1.81	1.40	3.30	2.50	1.40	1.90	2.12	0.80	2.80	2.34	1.00								
	g)	Temporary Support Staff	%	0.30	0.22	-	-	0.01	-	0.20	0.13	-	0.20	0.16	-	0.20	0.14	-								
		Total Support Staff Costs (Ratio 11, Table 1)	%	8.90	6.95	4.50	6.10	5.32	4.30	7.90	6.25	4.20	7.50	6.93	5.30	7.80	6.53	4.80								
16		Bonuses (contractual or discretionary) as a % of Total Staff Costs	%	3.8	3.9	0.5	4.9	3.0	1.4	5.4	3.5	0.5	3.7	3.1	-	4.1	3.3	-								
17	a)	Contract Fee Earners as a % of Total Fee Earners	%	9.1	6.1	2.1	11.1	8.5	2.2	9.6	7.1	2.1	11.4	7.1	-	9.5	7.1	-								
	b)	Contract Support Staff as a % of Total Support Staff	%	15.8	12.2	2.4	2.6	1.3	-	13.4	7.6	2.7	4.8	3.0	-	11.8	5.6	3.7								

Staff Structure

TABLE 3 STAFF STRUCTURE		UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			ALL UK FIRMS OVER 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE					
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile			
18	a)	Partners, Directors & Department Heads	%	11.3	7.3	3.2	14.8	11.5	8.5	13.5	9.1	5.1	6.6	4.9	1.5	11.3	7.3	2.6	
	b)	Senior Professional Staff	%	40.8	32.6	23.9	33.0	27.6	22.8	40.1	30.4	23.7	43.9	28.1	16.3	40.2	29.4	17.5	
	c)	Engineers	%	24.0	19.7	15.8	28.9	23.8	18.2	26.8	21.5	16.1	34.8	26.6	16.5	27.9	23.6	14.8	
	d)	Senior Technicians	%	6.9	6.4	3.2	7.7	8.1	5.4	9.2	7.1	4.2	11.9	7.7	3.4	12.4	7.4	4.0	
	e)	Junior & Graduate Engineers	%	14.0	12.5	10.0	10.5	9.8	7.0	13.0	11.4	8.7	11.3	9.6	3.3	13.0	10.7	5.2	
	f)	Technicians & Trainees	%	8.6	6.2	4.0	11.2	7.1	2.8	9.6	6.6	2.1	9.3	7.4	3.1	10.0	6.9	3.3	
	g)	Other Fee Earners	%	0.8	3.1	-	-	0.0	-	-	1.8	-	6.8	3.8	-	3.2	2.6	-	
	h)	Total Fee Earners	%	88.1	87.8	86.0	89.1	87.9	86.6	89.1	87.8	86.2	91.4	88.0	86.3	91.4	87.9	86.4	
	i)	Finance & Accounts Staff	%	2.9	2.4	1.5	3.0	2.4	1.8	2.8	2.4	1.7	2.2	1.8	1.2	2.8	2.1	1.3	
	j)	Marketing Staff	%	1.7	1.1	0.4	2.3	1.6	1.0	2.0	1.4	0.6	2.5	2.8	0.5	2.3	2.0	0.5	
	k)	IT Staff	%	1.5	1.3	1.0	1.2	0.9	0.7	1.5	1.1	0.6	1.4	1.1	0.3	1.5	1.1	0.3	
	l)	HR Staff	%	1.5	1.3	1.1	1.3	1.0	0.5	1.4	1.2	0.7	0.9	0.8	0.3	1.4	1.0	0.5	
	m)	Quality & H&S Staff	%	0.4	0.3	-	0.4	0.3	0.2	0.4	0.3	0.1	0.6	0.8	0.2	0.5	0.5	-	
	n)	General Administration & Other Support Staff	%	6.7	5.8	2.8	6.5	5.8	5.4	6.6	5.8	3.5	5.6	4.7	1.5	6.2	5.4	1.9	
	o)	Total Support Staff	%	14.0	12.2	11.9	13.4	12.1	10.9	13.8	12.2	10.9	11.7	12.0	8.6	13.6	12.1	8.6	
	p)	Total Staff	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Number of Staff per Partner/ Director/Department Head																			
19	a)	Senior Professional Staff	no.	7.2	5.5	3.1	3.6	2.4	1.6	5.0	4.2	1.8	25.1	2.8	2.7	16.7	3.6	1.9	
	b)	Engineers	no.	8.7	4.3	1.9	2.3	2.0	1.8	6.8	3.3	1.6	9.2	5.5	4.4	9.4	4.2	2.3	
	c)	Senior Technicians	no.	2.2	1.0	0.3	1.1	0.7	0.4	1.3	0.9	0.4	4.9	1.0	0.6	3.1	0.9	0.5	
	d)	Junior & Graduate Engineers	no.	4.5	2.5	1.2	1.0	0.9	0.5	2.5	1.8	0.8	7.9	1.3	0.6	5.4	1.6	0.8	
	e)	Technicians & Trainees	no.	2.3	1.3	0.6	1.0	0.7	0.3	1.3	1.0	0.4	2.8	1.7	0.7	2.8	1.3	0.7	
	f)	Other Fee Earners	no.	0.3	1.2	-	-	-	-	-	0.7	-	1.7	0.8	-	1.4	0.7	-	
	g)	Total Fee Earners	no.	26.7	15.8	7.3	9.3	6.6	5.2	16.5	11.9	5.5	70.8	13.0	13.0	35.8	12.3	8.2	
	h)	Total Support Staff	no.	3.6	2.2	1.1	1.5	1.1	0.9	2.1	1.7	0.9	8.2	2.8	1.8	4.6	2.2	1.3	
	i)	Total staff per Partner/ Director/Dept. Head	no.	31.1	18.0	7.8	10.7	7.7	5.8	18.6	13.6	6.4	76.2	15.8	14.5	40.7	14.5	10.4	
	j)	Number of Support Staff per Fee Earner	no.	0.20	0.13	0.10	0.20	0.14	0.10	0.20	0.13	0.10	0.10	0.20	0.10	0.20	0.16	0.10	

Staff Costs per Head

TABLE 4 - STERLING		UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			ALL UK FIRMS OVER 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE			
		Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	
Staff Cost per Head (including bonus, employer NI & pension contribution)																	
20	a)	£	128,800	111,000	103,000	103,000	88,200	83,500	117,600	107,000	86,000	136,800	107,200	80,600	128,600	107,000	84,700
	b)	£	73,600	64,600	62,400	64,100	60,300	56,900	71,100	62,400	58,600	74,300	68,400	62,700	74,200	64,500	60,300
	c)	£	42,400	38,900	37,600	45,100	40,600	39,400	44,000	40,200	38,000	58,000	48,800	44,600	49,100	41,100	38,000
	d)	£	40,200	36,300	32,400	45,900	38,100	36,100	43,800	37,200	35,200	55,300	42,100	38,100	51,700	38,500	35,600
	e)	£	29,700	28,500	27,900	30,700	29,000	27,600	31,300	28,800	27,500	48,400	41,300	30,500	40,500	34,300	28,000
	f)	£	22,800	20,100	19,100	23,100	21,400	20,100	22,400	20,900	19,300	40,300	30,500	22,900	30,900	22,500	19,700
	g)	£	56,500	45,600	36,300	-	27,000	-	56,500	45,600	36,300	58,400	56,400	55,100	59,000	50,400	46,700
	h)	£	57,900	53,700	49,900	54,500	53,400	51,500	57,200	53,600	50,100	66,000	53,800	48,000	59,600	53,400	48,400
	i)	£	54,000	46,800	44,700	49,100	45,900	43,200	52,800	45,900	44,500	63,600	49,500	46,400	57,700	47,500	44,500
	j)	£	47,800	43,000	41,500	46,000	40,200	36,700	47,600	42,700	39,600	62,500	56,400	54,200	56,100	50,200	42,700
	k)	£	56,200	49,600	44,800	54,300	45,600	44,300	57,500	47,890	44,600	66,600	59,300	54,500	60,500	55,700	45,400
	l)	£	51,900	46,500	44,100	50,100	47,000	41,800	51,000	46,500	44,100	67,300	55,000	40,800	55,100	48,800	43,700
	m)	£	55,400	50,800	42,700	47,800	47,000	40,200	54,300	47,300	41,900	58,600	54,500	42,700	56,600	50,100	42,500
	n)	£	68,300	65,400	60,400	45,100	40,300	35,300	65,700	52,100	40,600	69,300	66,100	60,500	69,100	64,700	56,400
	o)	£	45,200	42,100	35,400	30,300	28,400	21,000	44,500	35,200	28,400	52,300	37,500	25,900	47,200	35,500	25,000
	p)	£	48,500	43,600	40,600	38,900	35,000	32,700	45,700	40,300	34,000	60,500	44,300	40,200	50,200	43,600	35,800
	q)	£	53,900	52,400	49,700	52,900	52,100	48,100	53,800	52,300	47,300	65,700	52,100	47,500	57,700	52,100	46,500
	r)	£	2,900	1,230	940	2,480	1,850	1,250	2,730	1,500	940	3,220	2,110	1,970	2,730	1,800	1,170
Employee Benefits per Head																	
21	s)	£	470	390	280	470	350	250	470	370	260	3,770	350	220	500	400	210
	t)	£	3,740	2,480	1,970	2,540	1,750	1,610	3,000	2,170	1,680	4,960	4,210	1,490	4,470	2,760	1,610

Staff Costs per Head

TABLE 4 - EURO		UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 UP TO 500 EMPLOYEES			UK FIRMS OF ALL SIZES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE		
		Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile
		Staff Cost per Head (including bonus, employer NI & pension contribution)														
20	a)	€	159,800	137,800	127,800	127,800	103,600	146,000	132,800	106,700	169,800	133,100	100,000	159,500	132,800	105,100
	b)	€	91,200	80,200	77,400	79,600	70,500	88,200	77,400	72,700	92,100	84,900	77,800	92,000	80,000	74,600
	c)	€	52,600	48,200	46,600	55,900	48,900	54,600	49,900	47,100	72,000	60,500	55,300	60,900	50,400	46,600
	d)	€	49,900	45,100	40,200	56,900	44,900	54,400	46,200	43,700	68,700	52,200	47,300	64,200	47,800	43,600
	e)	€	36,800	35,400	34,700	38,100	34,300	38,800	35,800	34,200	60,100	51,300	37,800	50,300	42,300	34,800
	f)	€	28,400	24,900	23,600	28,700	25,000	27,900	25,900	24,000	50,000	37,900	28,400	38,400	27,900	24,000
	g)	€	70,100	56,600	45,100	-	33,500	70,100	56,600	45,100	72,500	70,000	68,400	73,200	62,200	58,000
	h)	€	71,800	66,600	61,900	67,600	64,000	71,000	66,500	62,200	81,900	66,800	59,600	73,900	65,000	58,300
	i)	€	67,000	58,100	55,500	60,900	53,600	65,500	57,000	55,300	78,900	61,400	57,600	71,600	57,100	50,600
	j)	€	59,300	53,300	51,400	57,100	49,800	59,100	53,000	49,100	77,600	70,000	67,300	69,600	62,300	51,400
	k)	€	69,700	61,500	55,500	67,400	55,000	71,400	59,400	55,300	82,600	73,600	67,600	75,100	69,100	55,500
	l)	€	64,300	57,700	54,800	62,200	52,000	63,200	57,700	54,700	83,500	68,300	50,700	68,300	60,500	54,200
	m)	€	68,800	63,100	53,000	59,300	49,900	67,400	58,700	52,000	72,700	67,600	53,000	70,200	62,200	52,300
	n)	€	84,800	81,100	75,000	56,000	43,800	81,500	64,600	50,300	85,900	82,000	75,100	85,700	80,300	70,000
	o)	€	56,100	52,200	44,000	37,600	26,000	55,200	43,700	35,300	64,800	46,500	32,100	58,600	44,100	30,400
	p)	€	60,100	54,100	50,400	48,300	40,600	56,700	50,000	42,100	75,000	55,000	49,900	62,300	54,100	40,600
	q)	€	66,900	65,000	61,700	65,700	59,700	66,700	64,800	58,700	81,500	64,600	58,900	71,500	62,000	57,500
	r)	€	3,600	1,520	1,160	3,070	1,550	3,390	1,850	1,170	4,000	2,620	2,450	3,200	2,200	1,450
Employee Benefits per Head																
21	s)	€	580	480	350	580	440	580	460	320	4,680	440	280	620	500	270
	t)	€	4,640	3,080	2,440	3,160	2,170	3,720	2,690	2,080	6,150	5,230	1,800	5,550	3,430	1,890

Operating Expenses as a % of Net Revenue

TABLE 5	UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			ALL UK FIRMS OVER 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE		
	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile
22	Overhead & Office Expenses as % of Net Revenue														
a)	%	6.30	5.93	4.80	6.40	5.90	5.20	6.30	5.92	4.90	5.80	4.40	6.30	5.48	4.80
b)	%	3.20	2.95	2.10	2.90	2.81	2.10	3.00	2.89	2.10	2.90	1.10	3.10	2.53	2.00
c)	%	1.30	0.74	-	1.50	1.08	0.50	1.30	0.89	0.10	0.40	-	0.90	0.60	-
d)	%	0.70	0.60	0.50	1.60	1.10	0.40	0.70	0.82	0.40	0.80	0.20	0.80	0.72	0.30
e)	%	2.10	1.45	1.00	2.20	1.77	1.20	2.10	1.59	1.20	1.10	0.30	2.00	1.32	0.40
f)	%	1.60	1.12	0.60	1.00	1.04	0.60	1.50	1.08	0.60	1.50	0.30	1.70	1.01	0.40
g)	%	0.70	0.51	0.30	0.80	0.72	0.60	0.70	0.60	0.30	0.20	0.00	0.70	0.42	0.10
h)	%	0.70	0.59	0.50	0.90	0.70	0.50	0.80	0.64	0.40	0.50	0.00	0.70	0.50	0.20
i)	%	1.50	1.22	1.20	1.40	1.24	0.90	1.50	1.23	0.90	1.60	0.70	1.50	1.22	0.90
j)	%	0.30	0.17	0.00	0.70	0.12	0.00	0.40	0.15	0.00	0.80	0.00	0.60	0.22	0.00
k)	%	5.70	3.45	2.70	3.50	2.78	1.00	5.10	3.17	1.40	6.20	1.10	5.30	3.35	1.10
l)	%	0.40	0.21	0.00	0.50	0.35	0.10	0.50	0.27	0.00	0.20	0.00	0.30	0.20	0.00
m)	%	1.20	0.70	0.00	0.60	0.53	0.20	1.10	0.63	0.00	1.10	0.30	1.20	0.74	0.10
n)	%	23.70	19.63	14.60	20.60	20.15	18.20	20.70	19.85	16.50	19.60	14.20	20.40	18.32	14.60
o)	%	0.00	(0.79)	0.00	0.00	0.05	0.00	0.00	(0.43)	0.00	0.00	0.00	0.00	(0.22)	0.00
p)	%	0.00	0.23	0.00	0.80	0.78	0.00	0.60	0.47	0.00	1.00	0.00	0.70	0.51	0.00
q)	£	1,820	1,030	830	1,900	1,500	1,100	1,810	1,231	1,050	820	410	1,770	870	440
q)	€	2,300	1,300	1,000	2,300	1,900	1,300	2,250	1,557	1,300	1,020	510	2,200	1,080	550

Staff Productivity & Education

TABLE 6		UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			ALL UK FIRMS OVER 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE				
		Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile		
Staff Productivity																		
23	a)	Net Revenue per Fee Earner per year	£	92,290	87,230	82,370	91,230	88,410	84,010	91,760	87,740	80,380	94,230	84,800	72,110	91,230	86,520	75,650
23	a)	Net Revenue per Fee Earner per year	€	114,520	108,240	102,200	113,200	109,700	104,240	113,860	108,870	99,730	116,920	105,220	89,480	112,860	107,350	89,980
	b)	Net Revenue per Fee Earner per Billed Project Hour	£	73.2	69.7	65.1	68.3	62.6	56.5	72.9	66.4	59.7	74.3	60.9	46.2	73.4	64.1	57.2
	b)	Net Revenue per Fee Earner per Billed Project Hour	€	90.9	86.5	80.7	84.7	77.7	70.1	90.5	82.4	74.1	92.2	72.7	57.4	91.2	78.4	66.7
	c)	Equity Partner/Directors' Project Hrs as % of Available Hrs	%	59	48	43	51	48	36	53	48	31	71	70	59	66	57	35
	d)	Net Revenue per Fee Earner (excl. Equity Partners/Directors)	£	99,500	87,200	82,400	97,600	93,200	88,000	98,530	89,770	83,230	97,000	84,800	75,400	97,000	87,700	78,600
	d)	Net Revenue per Fee Earner (excl. Equity Partners/Directors)	€	123,500	108,200	102,200	121,100	115,700	109,200	122,300	111,410	103,200	120,300	105,200	93,600	118,800	108,800	96,300
	e)	Net Revenue per Staff Member (inc. partners/directors)	£	79,300	76,100	72,700	79,900	77,100	73,500	80,130	76,530	72,480	87,200	75,500	66,900	82,800	76,100	69,200
	e)	Net Revenue per Staff Member (inc. partners/directors)	€	98,500	94,400	90,200	99,200	95,700	91,200	99,500	94,960	89,900	108,200	93,700	83,100	102,100	94,400	83,100
	f)	Net Revenue per £ of Staff Costs (inc. partners & temporary staff)	£	1.49	1.42	1.39	1.54	1.49	1.44	1.53	1.45	1.40	1.55	1.42	1.32	1.54	1.44	1.36
	f)	Net Revenue per € of Staff Costs (inc. partners & temporary staff)	€	1.49	1.42	1.39	1.54	1.49	1.44	1.53	1.45	1.40	1.55	1.42	1.32	1.54	1.44	1.36
EDUCATION																		
24		Do you work with educational establishments to offer work experience?	%	100	0	0	100	0	0	100	0	0	100	0	100	0	0	0
25		Do you offer sponsorship for undergraduate or postgraduate students?	%	100	0	0	100	0	0	100	0	0	64	36	82	17	0	0

Utilisation of Staff Time – Project Hours

TABLE 7		UK GROUP 1 over 500 EMPLOYEES					UK GROUP 2 250 - 500 EMPLOYEES					All UK FIRMS over 250 EMPLOYEES					EUROPEAN FIRMS					ALL FIRMS WHO TOOK PART IN THE INITIATIVE				
		Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile	Median	Lower Quartile	Upper Quartile			
Total Project Hours (Billed & Unbilled) per year per Fee Earner																										
26	a)	Equity Partners / Statutory Directors	hrs	907	645	139	938	800	588	938	711	373	1,044	400	-	938	581	-	-	-	-	-	-			
	b)	Other Partners / Directors and Department Heads	hrs	1,042	865	637	1,254	1,042	929	1,186	941	771	1,371	1,209	760	1,308	1,052	734	734	734	734	734	734			
	c)	Senior Professional Staff	hrs	1,375	1,325	1,199	1,552	1,520	1,353	1,524	1,409	1,259	1,498	1,420	1,322	1,483	1,414	1,210	1,210	1,210	1,210	1,210	1,210			
	d)	Engineers	hrs	1,522	1,435	1,369	1,703	1,601	1,512	1,612	1,506	1,417	1,560	1,489	1,428	1,584	1,499	1,404	1,404	1,404	1,404	1,404	1,404			
	e)	Senior Technicians	hrs	1,538	1,503	1,483	1,679	1,603	1,536	1,606	1,546	1,485	1,482	1,420	1,405	1,603	1,494	1,414	1,414	1,414	1,414	1,414	1,414			
	f)	Junior & Graduate Engineers	hrs	1,472	1,266	1,241	1,600	1,470	1,372	1,509	1,353	1,265	1,598	1,450	1,403	1,550	1,393	1,284	1,284	1,284	1,284	1,284	1,284			
	g)	Technicians & Trainees	hrs	1,385	1,251	1,211	1,443	1,305	1,143	1,403	1,274	1,200	1,479	1,381	1,244	1,466	1,318	1,211	1,211	1,211	1,211	1,211	1,211			
	h)	Other Fee Earners	hrs	1,457	1,246	1,153	-	1,246	-	1,457	1,246	1,153	1,422	1,362	1,305	1,447	1,294	1,244	1,244	1,244	1,244	1,244	1,244			
	i)	Total Fee Earners	hrs	1,414	1,286	1,207	1,523	1,476	1,370	1,470	1,367	1,233	1,550	1,436	1,405	1,465	1,396	1,268	1,268	1,268	1,268	1,268	1,268			
	j)	Unbilled Project Hours per Fee Earner included above	hrs	87	68	58	70	68	52	72	68	47	60	35	20	80	54	38	38	38	38	38	38			
Project Hours (Billed & Unbilled) as a % of Paid Hours Worked																										
27	a)	Equity Partners / Statutory Directors	%	58.7	48.1	42.7	51.4	48.0	35.9	53.3	48.0	30.7	70.6	70.0	59.0	65.8	57.2	34.7	34.7	34.7	34.7	34.7	34.7			
	b)	Other Partners / Directors and Department Heads	%	59.9	50.6	37.8	71.8	59.9	51.3	70.2	55.0	46.5	83.1	80.5	46.7	80.2	65.6	42.5	42.5	42.5	42.5	42.5	42.5			
	c)	Senior Professional Staff	%	80.8	77.9	71.3	91.9	84.4	78.2	85.8	81.0	74.4	87.7	84.4	77.2	84.9	82.4	73.9	73.9	73.9	73.9	73.9	73.9			
	d)	Engineers	%	88.1	82.1	79.4	99.2	92.9	90.0	94.3	87.0	81.7	90.2	85.4	81.5	91.7	86.3	80.8	80.8	80.8	80.8	80.8	80.8			
	e)	Senior Technicians	%	89.3	89.2	84.0	98.5	96.0	90.2	96.6	92.0	87.3	89.9	86.5	83.4	94.8	89.7	83.8	83.8	83.8	83.8	83.8	83.8			
	f)	Junior & Graduate Engineers	%	81.6	76.7	74.1	91.0	84.3	80.0	88.2	80.0	76.4	89.3	86.4	84.2	88.9	82.6	77.1	77.1	77.1	77.1	77.1	77.1			
	g)	Technicians & Trainees	%	79.0	73.3	71.8	82.1	79.0	68.3	82.1	76.0	70.9	90.2	80.5	68.9	88.0	77.9	70.6	70.6	70.6	70.6	70.6	70.6			
	h)	Other Fee Earners	%	81.4	63.9	63.0	-	63.9	-	81.4	64.0	63.0	84.1	81.0	77.5	84.4	71.1	69.9	69.9	69.9	69.9	69.9	69.9			
	i)	Total Fee Earners	%	80.8	75.9	71.2	90.0	82.6	80.9	83.7	79.0	73.5	89.5	85.8	80.3	84.7	81.8	75.1	75.1	75.1	75.1	75.1	75.1			

TABLE 8	UK GROUP 1 OVER 500 EMPLOYEES				UK GROUP 2 250 - 500 EMPLOYEES				ALL UK FIRMS OVER 250 EMPLOYEES				EUROPEAN FIRMS				ALL FIRMS WHO TOOK PART IN THE INITIATIVE			
	Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile	
	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	hrs	
28	Analysis of Hours Worked per Fee Earner																			
a)	1,341	1,279	1,207	1,505	1,435	1,370	1,471	1,346	1,216	1,534	1,416	1,381	1,465	1,375	1,218					
b)	52	28	0	52	25	-	47	27	-	12	15	-	20	22	-					
c)	105	91	66	65	55	47	89	75	51	246	138	48	128	101	54					
d)	349	246	158	230	170	78	253	214	111	147	105	60	230	169	102					
e)	48	42	35	74	54	32	54	47	34	31	24	7	50	37	25					
f)	56	50	31	29	22	16	48	38	18	63	44	16	60	41	22					
g)	-	8	-	-	-	-	63	5	-	-	0.1	-	-	3	-					
h)		1,746			1,762			1,753			1,743			1,749						
i)	57	44	29	51	33	-	56	39	-	55	39	-	58	39	-					
j)	1,750	1,726	1,706	1,780	1,722	1,639	1,758	1,724	1,675	1,763	1,705	1,648	1,760	1,716	1,661					
29	Analysis of Fee Earners' Hours as a % of Paid Hours																			
a)	77.6	74.1	71.2	88.0	83.4	78.8	82.2	78.1	72.9	89.5	83.0	78.7	83.7	80.1	73.2					
b)	3.1	1.7	-	3.1	1.5	-	2.7	1.6	-	0.8	0.9	-	1.2	1.3	-					
c)	6.1	5.3	3.6	3.6	3.2	2.9	5.2	4.4	3.0	13.8	8.0	2.8	7.4	5.9	3.3					
d)	19.2	14.2	9.4	13.7	9.7	4.6	14.8	12.3	6.4	8.6	6.3	3.6	13.7	9.8	5.8					
e)	3.0	2.4	2.0	4.0	3.1	2.0	3.4	2.7	2.0	1.9	1.4	0.4	3.1	2.2	1.4					
f)	3.3	2.9	1.8	1.7	1.3	1.0	2.8	2.2	1.1	3.7	2.6	1.0	3.5	2.4	1.3					
g)	-	0.5	-	-	-	-	3.7	0.3	-	-	-	-	-	0.2	-					
h)		101.1			102.2			101.6			102.2			101.9						
i)	3.4	2.5	1.7	2.8	1.9	-	3.3	2.2	-	3.4	2.3	-	3.4	2.2	-					

Staff Turnover & Reasons for Leaving

TABLE 9		UK GROUP 1 over 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			All UK FIRMS over 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE				
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile		
Staff Turnover																		
Leavers as a % of Staff at beginning of year																		
30	a)	Fee Earners	%	19.9	15.6	9.6	17.7	12.4	7.0	19.6	14.2	9.2	19.2	14.9	9.3	19.8	14.5	9.7
	b)	Support Staff	%	18.9	13.6	10.2	14.0	12.4	9.7	17.7	13.1	10.5	19.7	15.0	10.5	18.1	13.9	9.6
	c)	All Staff	%	19.7	15.4	9.7	16.8	12.4	8.7	18.8	14.1	9.4	19.2	15.1	9.9	19.4	14.5	9.8
Fee Earners - changes compared with beginning of year																		
31	a)	Left voluntarily	%	18.1	13.4	8.7	14.9	11.0	7.0	17.5	12.4	8.6	12.4	8.8	4.3	15.5	10.9	7.0
	b)	Left for other reason	%	2.9	2.2	0.8	2.7	1.4	0.2	2.9	1.8	0.4	8.1	6.1	2.9	5.7	3.6	0.7
	c)	Total fee earners leaving	%	19.9	15.6	9.6	17.7	12.4	7.0	19.6	14.2	9.2	19.2	14.9	9.3	19.8	14.5	9.7
	d)	Fee earners joining	%	26.1	25.1	16.9	36.4	27.0	19.0	35.3	25.9	17.4	22.6	18.5	13.8	26.5	22.8	15.0
	e)	% Increase in number of fee earners	%	13.9	9.5	(0.3)	21.0	14.6	8.3	17.2	11.7	5.6	5.3	3.6	0.8	12.3	8.3	0.8
Support Staff - changes compared with beginning of year																		
32	a)	Left voluntarily	%	13.3	9.6	6.1	14.0	11.0	6.0	13.6	10.2	6.2	19.7	11.0	2.7	13.5	10.5	4.8
	b)	Left for other reason	%	5.7	4.1	1.8	2.1	1.4	-	5.5	2.9	-	7.7	4.0	-	5.6	3.4	-
	c)	Total support staff leaving	%	18.9	13.6	10.2	14.0	12.4	9.7	17.7	13.1	10.5	19.7	15.0	10.5	18.1	13.9	9.6
	d)	Total support staff joining	%	28.2	20.4	15.6	22.3	21.0	16.4	22.7	20.7	15.7	22.0	15.6	11.9	22.6	18.6	12.4
	e)	% Increase in number of support staff	%	10.0	6.8	3.7	9.4	8.6	7.1	9.6	7.6	4.0	4.4	0.6	(4.1)	9.4	4.7	(1.9)
	f)	% Increase in total permanent and contract staff	%	12.2	10.0	2.6	15.3	11.5	7.2	14.4	10.6	3.9	5.1	3.9	1.6	12.1	7.8	2.0
	g)	% Increase in Total Permanent Staff through mergers or acquisitions	%	-	3.9	-	-	0.7	-	-	2.5	-	-	1.0	-	-	1.9	-
Length of Service of Fee Earners Leaving Voluntarily																		
33	a)	Up to 12 months	%	26.2	12.9	5.1	29.0	15.6	10.4	26.8	14.0	9.4	37.5	16.4	5.9	27.7	15.0	7.2
	b)	1 - 5 years	%	66.7	60.1	53.1	76.4	69.8	54.3	68.2	64.2	51.3	60.2	57.6	39.0	64.1	61.4	50.0
	c)	Over 5 years	%	28.2	27.0	16.5	17.7	14.7	10.7	23.4	21.8	12.5	34.3	26.1	15.1	28.7	23.6	11.0
	Total		%	100.0	100.0			100.0		100.0	100.0			100.0			100.0	
	d)	Average length of service of leavers	years	4.3	3.7	3.2	3.6	3.3	3.0	3.7	3.5	3.1	4.6	3.9	2.8	4.3	3.7	3.0
Gender																		
34		Female Fee Earners as a % of Total Fee Earners	%	29	26	23	22	16	15	28	22	18	36	30	23	33	25	18

TABLE 10		UK GROUP 1 over 500 EMPLOYEES					UK GROUP 2 250 - 500 EMPLOYEES					All UK FIRMS over 250 EMPLOYEES					EUROPEAN FIRMS					ALL FIRMS WHO TOOK PART IN THE INITIATIVE					
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile				
Marketing & Bidding Costs as % of Net Revenue																											
35	a)	Marketing Staff Costs	%	1.1	0.7	0.3	1.4	1.0	0.6	1.2	0.8	0.5	1.8	1.5	0.6	1.4	1.2	0.5									
	b)	Fee Earners' Cost - Bidding & Marketing	%	3.5	3.1	2.1	2.2	2.0	1.7	3.1	2.6	2.0	8.5	4.9	1.7	4.4	3.7	2.1									
	c)	Marketing, PR, Brochures	%	0.7	0.6	0.5	1.6	1.1	0.4	0.7	0.8	0.4	0.8	0.6	0.2	0.8	0.7	0.3									
	d)	Total Marketing Cost	%	4.8	4.4	3.9	4.2	4.1	3.5	4.1	4.3	3.2	9.3	7.0	4.2	6.3	5.4	3.7									
	e)	Projects won this year per Fee Earner	%	1.7	0.7	0.3	4.9	2.8	1.7	4.5	1.6	0.4	0.7	0.4	0.2	2.8	1.1	0.3									
	f)	Value of new projects won as a multiple of Gross Revenue	%	1.00	0.64	0.60	1.10	1.02	1.00	1.00	0.80	0.70	0.80	0.70	0.30	1.00	0.76	0.60									
% Breakdown of New Projects by number																											
36	a)	Existing Clients	%	86	71	63	79	76	75	79	73	66	91	70	50	89	72	58									
	b)	New Clients	%	37	29	14	25	24	21	34	27	21	50	30	9	42	28	11									
	c)	Total	%		100			100			100			100			100										
37		Overall Average Value for new projects	£	134,700	77,400	53,200	53,700	29,600	24,400	126,200	56,900	24,400	515,800	218,600	76,700	295,100	124,300	24,500									
37		Overall Average Value for new projects	€	167,200	96,000	66,100	66,600	36,700	30,300	156,600	70,600	30,300	640,000	271,200	95,100	366,100	154,200	30,400									
Competitive Tendering Bids																											
38		% of Tenders won by number	%	62	53	45	57	43	39	60	49	40	42	36	26	57	44	29									
Order book as multiple of Average Monthly Revenue																											
39	a)	Total value of order book at year end	Months	9.3	8.5	6.3	14.8	10.8	7.6	13.3	9.5	6.5	17.7	16.6	11.5	15.7	12.5	7.0									
	b)	Value of orders due to begin in 12 months starting from end of report year	Months	5.9	5.6	4.4	7.6	6.3	5.7	6.9	5.9	4.4	10.5	9.3	8.8	9.2	7.3	5.1									
	c)	Value of order book at end of previous year	Months	9.3	8.5	6.1	10.8	9.6	7.5	11.0	8.9	6.2	20.7	16.7	12.0	14.8	12.1	6.3									
	d)	Increase/decrease in order book	%	13.8	5.4	2.0	36.8	19.5	4.6	21.6	11.4	2.1	18.7	10.7	(7.7)	20.2	11.1	(3.2)									
Customer Analysis																											
40	a)	Public Sector - Local Government	%	11.3	10.3	4.5	11.5	11.2	4.0	13.0	10.6	5.0	35.3	19.2	0.7	30.0	14.2	3.0									
	b)	Public Sector - Central Government	%	23.5	21.9	15.1	30.5	27.8	17.5	28.0	24.4	15.2	49.3	34.2	24.5	35.0	28.5	20.0									
	c)	Private Sector	%	76.3	67.9	64.0	77.5	61.1	51.0	75.0	64.9	61.0	64.5	46.7	21.3	70.0	57.3	40.0									
					100.0			100.0			100.0			100.0			100.0										
% of Revenue Attributable to 3 Largest Clients																											
41	a)	Client 1	%	10.6	8.0	6.1	9.1	8.2	5.5	9.1	8.1	6.1	16.1	12.0	3.4	12.0	9.7	4.3									
	b)	Client 2	%	4.6	4.2	3.6	7.9	6.4	4.4	6.3	5.1	3.7	8.0	7.0	2.2	7.7	5.9	3.4									
	c)	Client 3	%	4.1	3.5	2.4	4.7	3.8	2.7	6.3	3.6	3.7	6.0	5.2	2.1	5.2	4.3	2.4									

TABLE 11	UK GROUP 1 OVER 500 EMPLOYEES				UK GROUP 2 250 - 500 EMPLOYEES				ALL UK FIRMS OVER 250 EMPLOYEES				EUROPEAN FIRMS				ALL FIRMS WHO TOOK PART IN THE INITIATIVE			
	Upper Quartile	Median	Lower Quartile		Upper Quartile	Median	Lower Quartile		Upper Quartile	Median	Lower Quartile		Upper Quartile	Median	Lower Quartile		Upper Quartile	Median	Lower Quartile	
42	Growth in Gross Revenue compared with same quarter of previous year																			
	a)	January to March 2016	%	10.1	5.4	2.7	19.3	13.2	1.0	12.5	8.7	1.5	18.0	5.2	(2.9)	14.5	7.2	(0.5)		
	b)	April to June 2016	%	18.0	8.8	6.4	28.4	18.0	6.2	21.3	12.7	6.0	15.9	6.5	3.5	20.3	10.1	4.3		
	c)	July - September 2016	%	10.1	5.5	1.7	14.7	11.1	7.0	13.7	7.9	4.2	15.8	9.4	1.6	14.7	8.5	2.2		
	d)	October to December 2016	%	19.6	6.2	0.3	13.2	11.7	2.2	18.0	8.6	1.3	12.2	(2.2)	(3.3)	13.2	4.1	(2.6)		
	e)	January to March 2017	%	17.9	6.0	(0.2)	14.9	8.3	1.8	17.9	6.9	(0.2)	8.1	5.9	(1.7)	15.0	6.5	(0.3)		
f)	April to June 2017	%	17.2	4.4	(4.6)	19.1	10.3	2.8	17.2	6.9	(1.5)	0.9	(3.8)	(4.7)	10.0	2.4	(4.3)			
43	Growth in Rolling 12 months Revenue compared to previous 12 months																			
	a)	12 months to December 2016 vs. 12 months to December 2015	%	14.8	7.8	3.4	14.6	13.9	9.0	(14.5)	10.4	(23.5)	16.4	9.4	0.7	16.2	10.0	1.4		
	b)	12 months to March 2017 vs. 12 months to March 2016	%	13.5	8.1	2.3	14.8	10.8	9.1	16.0	9.2	6.5	13.0	4.8	0.4	15.6	7.3	2.4		
c)	12 months to June 2017 vs. 12 months to June 2016	%	15.2	7.0	(1.3)	15.3	12.0	3.2	16.3	9.1	(0.2)	6.0	1.9	(2.3)	11.2	6.1	(1.2)			
44	Index of Revenue Growth (Jan-Mar 2015 = 100)																			
	a)	January to March 2015		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
	b)	April to June 2015		102.5	94.7	96.7	108.2	103.7	97.7	102.9	98.6	97.0	122.9	120.0	105.7	117.2	107.5	99.4		
	c)	July - September 2015		103.3	100.2	98.3	119.2	111.1	97.6	103.9	104.9	98.2	108.3	100.5	89.9	103.5	103.1	94.7		
	d)	October to December 2015		108.5	103.7	97.7	132.4	119.0	107.3	115.3	110.3	98.9	148.5	121.8	107.0	126.3	115.1	102.8		
	e)	January to March 2016		110.1	105.8	102.7	119.3	112.4	101.0	112.5	108.6	101.5	118.0	107.0	97.1	114.5	107.9	99.5		
	f)	April to June 2016		118.8	105.4	104.3	125.4	122.2	114.7	122.5	112.6	105.8	141.6	132.0	108.6	130.2	120.7	105.8		
	g)	July - September 2016		110.0	107.3	104.2	138.6	124.1	109.5	121.8	114.5	105.3	120.8	111.5	95.0	120.7	113.3	98.5		
	h)	October to December 2016		131.2	115.0	98.2	149.0	131.1	109.7	135.5	121.9	99.8	155.8	140.0	110.4	139.6	129.5	103.9		
	i)	January to March 2017		121.3	114.8	107.3	141.7	126.7	108.9	127.8	119.9	107.8	128.9	115.5	101.2	126.2	118.1	104.9		
	j)	April to June 2017		125.1	111.9	98.2	153.8	137.1	125.1	141.8	122.7	100.4	142.2	127.3	104.7	139.9	124.6	100.6		
45	Forecast Growth between Report Year and Current Year (ie Report Year+1)																			
	a)	Growth in Net Revenue	%	8.7	4.9	4.4	13.4	10.1	7.5	11.2	7.1	4.2	7.3	3.4	2.8	9.3	5.5	3.3		
	b)	Growth in Total Costs	%	6.0	1.3	(1.6)	11.7	7.8	4.1	9.9	4.1	0.2	8.2	4.3	(0.1)	9.9	4.2	0.0		
	c)	Growth in Profit	%	92.7	67.0	8.6	23.1	25.7	2.7	87.7	49.3	8.2	36.6	13.2	2.8	68.8	34.3	4.2		
d)	Increase/decrease in Profit Margin	% points	4.2	3.0	(0.1)	1.0	(0.1)	(0.1)	3.8	1.7	(0.1)	1.3	0.4	(0.2)	3.4	1.2	(0.2)			

Function Costs as % of Net Revenue

TABLE 12		UK GROUP 1 over 500 EMPLOYEES					UK GROUP 2 250 - 500 EMPLOYEES					All UK FIRMS over 250 EMPLOYEES					EUROPEAN FIRMS					ALL FIRMS WHO TOOK PART IN THE INITIATIVE				
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile			
46	a)	IT Staff Costs	%	1.10	0.81	0.70	0.70	0.61	0.40	0.90	0.72	0.40	0.90	1.09	0.50	0.90	0.87	0.50	0.90	0.87	0.50	0.90	0.50			
	b)	Other IT & Communication costs	%	3.20	2.53	2.10	2.90	3.00	2.10	3.00	2.73	2.10	2.90	2.64	1.10	3.10	2.69	1.10	3.10	2.69	1.10	3.10	2.00			
	c)	IT Engineering Specific Software	%	1.30	0.56	0.00	1.50	1.13	0.50	1.30	0.80	0.10	0.40	0.04	0.00	0.90	0.48	0.00	0.90	0.48	0.00	0.90	0.00			
	d)	Total IT Costs	%	5.30	3.90	3.80	4.90	4.74	3.50	5.20	4.26	3.70	4.20	3.77	2.80	4.70	4.06	2.80	4.70	4.06	2.80	4.70	3.00			
	e)	IT & Communication Costs per employee	£	3,910	3,160	3,300	3,780	3,770	2,860	3,800	3,420	2,800	3,900	2,500	3,800	3,800	3,000	3,000	3,800	3,000	3,000	3,800	2,300			
	e)	IT & Communication Costs per employee	€	4,800	3,900	4,100	4,700	4,700	3,500	4,700	4,240	3,500	4,820	3,050	4,700	4,700	3,700	4,700	3,700	4,700	3,700	4,700	2,500			
HR Costs as % of Net Revenue																										
47	a)	HR Staff Costs	%	0.80	0.80	0.70	0.80	0.60	0.20	0.80	0.71	0.40	0.90	0.87	0.30	0.90	0.78	0.30	0.90	0.78	0.30	0.90	0.40			
	b)	Recruitment Costs	%	0.70	0.45	0.30	0.80	0.70	0.60	0.70	0.56	0.30	0.20	0.07	0.00	0.70	0.36	0.00	0.70	0.36	0.00	0.70	0.10			
	c)	Training Costs	%	0.70	0.64	0.50	0.90	0.74	0.50	0.80	0.68	0.40	0.50	0.18	0.00	0.70	0.47	0.00	0.70	0.47	0.00	0.70	0.20			
	d)	Total HR Costs	%	2.10	1.89	1.60	2.40	2.04	1.80	2.20	1.95	1.60	1.30	1.12	1.00	2.20	1.60	1.00	2.20	1.60	1.00	2.20	1.20			
	e)	Total HR Costs per employee (including contract)	£	1,720	1,430	1,340	1,810	1,620	1,240	1,700	1,510	1,200	1,300	940	700.00	1,700	1,300	1,300	700.00	1,300	1,300	1,700	1,000			
	e)	Total HR Costs per employee (including contract)	€	2,100	1,800	1,600	2,300	2,000	1,600	2,100	1,890	1,400	1,640	1,170	900	2,100	1,600	1,600	900	2,100	1,600	1,600	1,100			
f)	Recruitment Costs per employee joining	£	2,240	1,530	1,380	3,480	2,470	1,710	2,600	1,930	1,400	2,630	1,000	850	2,600	1,500	1,500	850	2,600	1,500	1,500	1,100				
g)	Recruitment Costs per employee joining	€	2,800	1,900	1,700	4,300	3,100	2,100	3,300	2,410	1,700	3,220	1,240	1,110	3,200	1,900	1,900	1,110	3,200	1,900	1,900	1,400				
h)	Training Costs per employee	£	580	500	380	660	590	400	630	540	350	590	280	260	660	430	430	260	660	430	430	360				
i)	Training Costs per employee	€	720	620	470	820	730	500	790	670	440	730	350	330	820	540	540	330	820	540	540	400				

Current Assets

TABLE 13		UK GROUP 1 over 500 EMPLOYEES				UK GROUP 2 250 - 500 EMPLOYEES				All UK FIRMS over 250 EMPLOYEES				EUROPEAN FIRMS				ALL FIRMS WHO TOOK PART IN THE INITIATIVE			
		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile		Upper Quartile	Average	Lower Quartile	
48	Debtors in terms of Average Daily Sales																				
	a)	Fewer than 30 days	48.2	52.7	36.8	51.3	45.0	36.9	52.0	49.4	36.8	53.3	56.1	8.6	51.3	52.2	28.0				
	b)	30 - 60 days	16.2	10.7	7.6	20.9	18.8	16.0	19.9	14.2	8.4	15.7	10.5	9.3	18.4	12.6	8.4				
	c)	60 - 90 days	7.4	4.6	1.8	12.1	11.0	8.2	9.2	7.3	2.7	6.9	5.2	3.7	8.2	6.4	2.7				
	d)	Over 90 days	10.1	8.8	6.0	16.9	16.7	10.8	13.3	12.2	6.7	40.1	14.5	6.1	15.1	13.2	7.2				
e)	Total Debtors	85.5	76.7	51.2	94.6	91.6	76.3	91.5	83.1	64.1	134.1	86.3	66.9	90.9	84.4	64.6					
49	Balance Sheet Ratios																				
	a)	Current assets/current liabilities (due in < 1 year)	2.38	1.91	1.44	2.15	1.72	1.39	2.32	1.80	1.40	1.54	1.28	1.17	1.92	1.58	1.27				
	b)	Current assets excluding work in progress & unbilled disbursements / current liabilities (due in < 1 year)	2.23	1.91	1.20	2.07	1.51	1.22	2.19	1.70	1.20	1.25	1.03	0.94	1.78	1.42	0.99				
	c)	Total Liabilities/ Total Shareholders Equity	3.12	1.12	0.61	2.46	1.35	0.62	2.93	1.20	0.62	2.66	1.83	1.31	2.91	1.46	0.71				
	d)	Creditors due in over 1 year/ Shareholders Equity	0.39	0.37	0.18	0.40	0.25	0.17	0.41	0.30	0.17	0.50	0.38	0.12	0.50	0.34	0.12				
e)	Profit before Tax, Exceptionals & Goodwill Write-Off/Shareholders Equity + Creditors > 1 year	25.9	11.9	5.5	37.7	35.7	27.1	36.0	24.5	10.4	17.7	11.4	9.0	28.5	19.0	9.0					

TABLE 14 ASSETS AND LIABILITIES PER £/€ 1,000 OF GROSS REVENUE		UK GROUP 1 OVER 500 EMPLOYEES				UK GROUP 2 250 - 500 EMPLOYEES				ALL UK FIRMS OVER 250 EMPLOYEES				EUROPEAN FIRMS				ALL FIRMS WHO TOOK PART IN THE INITIATIVE			
		Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	
Fixed Assets																					
50	Total Fixed Assets	£/€	200	174	52	121	83	45	177	135	52	351	258	144	280	186	66				
Current Assets																					
51	a) Debtors	£/€	234	210	140	259	251	209	251	228	176	367	315	183	249	264	177				
	b) Work in Progress	£/€	113	64	20	118	63	15	118	63	21	203	146	95	134	98	32				
	c) Unbilled Reimbursable Expenses	£/€	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	d) Cash Equivalents	£/€	69	55	27	123	97	69	101	73	40	171	122	71	115	94	41				
	e) Other Current Assets	£/€	329	229	44	49	36	18	78	146	27	98	77	26	105	117	28				
	f) Total Current Assets	£/€	616	558	357	488	446	380	606	510	366	784	660	402	736	573	353				
Creditors Due within the Year																					
52	a) Trade Creditors	£/€	80	76	18	83	57	30	95	68	25	246	212	41	148	128	32				
	b) Fees in Advance	£/€	131	80	29	73	45	0	119	65	8	134	86	20	125	74	1				
	c) Bank Loans/Overdrafts /HP/Lease Payments due in 1 year	£/€	-	-	-	12	7	-	1	3	-	73	44	12	19	20	-				
	d) Other Creditors (Taxes, Accruals etc)	£/€	131	120	83	211	147	97	187	132	92	226	148	77	170	139	77				
	e) Total Creditors Due Within One Year	£/€	272	276	211	362	256	170	373	268	196	651	491	314	418	361	221				
Creditors Due after more than One Year																					
53	a) Borrowings (excluding Shareholder Debt)	£/€	-	8	-	41	26	10	30	16	-	115	71	6	40	39	-				
	b) Shareholder Debt	£/€	-	-	-	10	23	-	-	10	-	-	2	-	-	7	-				
	c) Other	£/€	20	78	-	-	1	-	3	45	-	24	21	1	23	35	-				
	d) Total Creditors Due after more than one year	£/€	33	87	-	64	50	21	66	71	1	169	94	21	152	81	7				
54	Provisions for Liabilities	£/€	47	49	2	11	10	-	42	32	-	30	19	0	41	27	-				
55	Net Assets	£/€	509	320	132	215	214	165	401	274	140	407	314	168	474	291	153				
56	Shareholders Funds	£/€	509	315	101	215	214	165	401	272	129	407	314	168	474	289	153				

Carbon Footprint

TABLE 15		UK GROUP 1 OVER 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			ALL UK FIRMS OVER 250 EMPLOYEES			EUROPEAN FIRMS			ALL FIRMS WHO TOOK PART IN THE INITIATIVE		
		Yes	No	Likely to in future	Yes	No	Likely to in future	Yes	No	Likely to in future	Yes	No	Likely to in future	Yes	No	Likely to in future
		Type of Emission (tonnes CO2e per person)														
57	% of companies required to participate in an emissions trading scheme	25	63	12	0	85	14	15	77	8	0	100	0	10	85	5
58	% of firms who measure the carbon footprint of their staff	67	0	34	28	43	28	54	23	23	45	55	0	55	32	13
59																
a)	Scope 1 – Direct (Gas emission and Owned Transport)														0.145	
b)	Scope 2 – Indirect (Purchased electricity and heat)														0.796	
c)	Total – Standard Practice Emissions/person													1.113	0.940	0.495
d)	Scope 3 – Indirect (Business Travel)													1.575	1.369	0.810
e)	Scope 3 – Indirect (Commuter Travel)													-	0.226	-
f)	Scope 3 – Indirect (Other- suppliers, waste, hotels, etc.)													0.010	0.134	-
g)	Total – Best Practice Emissions/person													1.990	1.840	1.284
h)	Total – carbon emissions (c+f)													3.305	2.780	2.118
i)	Carbon offsets/Green Tariff														(0.122)	

TABLE 16	UK GROUP 1 over 500 EMPLOYEES			UK GROUP 2 250 - 500 EMPLOYEES			All UK FIRMS over 250 EMPLOYEES			SMEs under 250 employees			ALL UK FIRMS INCLUDING SME		
	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile	Upper Quartile	Average	Lower Quartile
60	Late Payments - % of firms who think that public sector clients pay...														
	a)	More promptly than private sector clients	%	25	14			23			16			19	
	b)	Less promptly	%	13	29			23			21			22	
	c)	About the same	%	63	57			54			63			59	
61		Number of days by which public sector payments are more prompt than private sector ones	days	4	-7			-2			-3			-2	
62		% of Turnover with problems getting payment within contract terms	%	33	45	23	40	28	7	58	34	6	50	31	5
63	Staff Time Spent Settling Late Payment Disputes														
	a)	Director/Partner	%	4.5	3.0	3.0	4.0	3.6	1.0	5.0	3.1	1.0	-	3.2	1.0
	b)	Other Staff	%	5.0	3.1	2.0	5.0	6.7	2.0	5.0	5.0	2.0	5.0	5.4	2.0
64		% of Payments on Which Recovery or Legal Costs Incurred		1.50	0.96	0.50	1.00	0.92	0.30	-	1.25	-	1.00	0.99	0.30
65	Where action is taken, how many days after contractual payment date do you typically:														
	a)	Send a Pre-action Letter	days	64	58	50	53	46	30	90	60	30	67	52	30
	b)	Take Legal Action	days	120	99	90	90	88	79	120	104	90	120	97	90
	c)	Suspend Work	days	79	68	56	60	64	56						
66		3rd Party Recovery and Legal Costs per £/million of Gross Revenue	£	89	63	3	265	122	9	265	289	-	240	216	-

Sources of Income

TABLE 17			UK GROUP 1	UK GROUP 2	UK FIRMS	EUROPEAN FIRMS	ALL FIRMS IN THE PROJECT
			Over 500 employees	250 to 500 employees	of all sizes		
Engineering Services							
a)	Structural	%	7.8	25.4	9.0	1.5	3.9
b)	Civil	%	17.9	23.7	18.3	12.8	14.6
c)	Mechanical Engineering	%	10.5	20.7	10.9	2.2	4.9
d)	Other Engineering	%	8.4	11.4	8.4	34.7	26.1
e)	Total Engineering	%	44.7	81.2	46.7	51.2	49.4
Consultancy Services							
a)	Environmental Consultancy	%	6.9	10.2	6.9	15.1	12.5
b)	Transport Planning	%	13.5	7.9	13.0	1.0	5.0
c)	Project Management	%	12.9	0.6	12.4	10.7	11.3
d)	Construction Supervision	%	0.7	0.2	0.7	5.1	3.7
e)	Other	%	20.3	0.0	19.4	1.8	7.6
f)	Total Consultancy	%	54.3	18.8	52.3	33.6	40.0
g)	Other Services	%	1.0	0.0	1.0	15.3	10.6
h)	Total Net Professional Fees	%	100.0	100.0	100.0	100.0	100.0
i)	Other Revenue	%	0.0	0.0	0.0	0.0	0.0
j)	Total Net Revenue	%	100.0	100.0	100.0	100.0	100.0

Sector Analysis

TABLE 18			UK GROUP 1	UK GROUP 2	UK FIRMS	EUROPEAN FIRMS	ALL FIRMS IN THE PROJECT
			Over 500 employees	250 to 500 employees	of all sizes		
1.1	Rail	%	17.0	10.1	16.9	14.0	15.3
1.2	Roads	%	13.3	10.8	13.8	7.1	13.8
1.3	Airports	%	3.3	0.6	3.2	1.2	1.9
1.4	Water, Sewerage, River and Sea Defences	%	7.7	3.8	7.6	10.7	9.8
1.5	Gas/Electricity/Oil/Coal	%	5.2	1.5	4.4	11.6	4.4
1.6	Renewable / Nuclear Energy	%	3.2	1.4	3.1	0.7	1.5
1.7	Waste Management	%	0.4	0.7	0.4	0.1	0.2
1.8	Other Infrastructure	%	6.2	2.0	6.0	16.7	13.3
1	Total Infrastructure	%	56.2	31.0	55.4	62.0	60.2
2.1	Housing		4.9	13.0	5.2	4.2	4.5
2.2	Defence Design and Consulting/Prisons	%	4.1	2.3	4.0	0.8	3.1
2.3	Education	%	4.3	14.4	4.8	4.4	4.2
2.4	Health	%	2.7	6.0	2.9	2.7	2.5
2.5	Commercial Property including Retail	%	12.8	26.4	13.1	11.9	11.4
2	Total Buildings / Property / Housing	%	28.8	62.1	30.0	23.9	25.5
3.1	Manufacturing, Chemical & Process Plant Facilities	%	2.7	3.4	2.7	2.1	2.1
3.2	Mining & Quarrying	%	0.2	-	0.2	0.0	0.1
3.3	Other Industrial	%	1.7	2.1	1.8	0.1	0.7
3	Total Industrial	%	4.6	5.6	4.6	2.2	2.9
4	Other Revenue	%	10.4	1.4	10.0	11.9	11.4
5	Total Net Revenue	%	100.0	100.0	100.0	100.0	100.0

RESULTS TABLES – SME COMPANIES

Table 1

SUMMARY RATIOS			UPPER QUARTILE	AVERAGE	LOWER QUARTILE
Overall Profitability					
1	Profit as a % of Net Revenue	%	19.2	12.4	5.3
2	Profit before Partners'/Directors' payroll costs (ratios 1 + 14a on Table 2)	%	30.9	23.6	15.9
3	Profit per Fee Earner	£	19,440	12,070	4,370
3	Profit per Fee Earner	€	24,120	14,940	5,420
4	Net Revenue per Fee Earner	£	92,400	89,150	77,340
4	Net Revenue per Fee Earner	€	114,600	110,620	95,970
5	Increase/Decrease in Revenue from the Previous Year	%	18.6	10.3 *	4.0
Principal Costs as % of Net Revenue					
6	Gross Revenue	%	111.4	128.8	100.6
7	less Sub Contract/Outsourcing Costs/Disbursements	%	(11.4)	(28.8)	(0.6)
8	Net Revenue	%	100.0	100.0	100.0
9	Project Direct Costs including travel	%	3.3	2.8	0.7
10	Fee Earners Staff Costs (including temporary staff costs)	%	60.1	55.6	48.0
11	Support Staff Costs (including temporary staff costs)	%	6.8	5.4	3.4
12	Gross Margin	%	42.3	36.2	30.4
13	Overheads & Office Expenses	%	27.1	23.8	17.1
1	Profit Margin (before Tax, Exceptionals & Goodwill Write-Off)	%	19.2	12.4	5.3
1b	Profit Margin - Prior Year	%	17.5	10.7	7.8
1c	Increase/Decrease in Profit from the Previous Year	%	70.5	30.8	(24.9)

*Median

Table 2

FEE EARNERS & SUPPORT STAFF COSTS			UPPER QUARTILE	AVERAGE	LOWER QUARTILE	
Fee Earners Staff Costs as a % of Net Revenue						
14	a)	Equity Partners/Statutory Directors	%	12.5	11.3	5.6
	b)	Salaried Partners/Other Directors/Department Heads	%	10.3	5.5	-
	c)	Senior Professional Staff	%	20.7	16.4	10.8
	d)	Engineers	%	12.3	10.0	6.5
	e)	Senior Technicians	%	5.1	3.2	-
	f)	Junior & Graduate Engineers	%	6.6	4.9	1.9
	g)	Technicians & Trainees	%	1.5	1.3	-
	h)	Other Fee Earners	%	0.9	2.4	-
	i)	Temporary Fee Earners	%	0.2	0.6	-
	j)	Total Fee Earners' Staff Costs (Ratio 10, Table 1)	%	60.1	55.6	48.0
Support Staff Costs as a % of Net Revenue						
15	a)	Marketing Staff	%	1.1	0.7	-
	b)	All Other Support Staff	%	6.0	4.6	2.8
	c)	Temporary Support Staff	%	-	0.03	-
	d)	Total Support Staff Costs (Ratio 11, Table 1)	%	6.8	5.4	3.4
Total Staff Costs as a % of Net Revenue						
16	a)	Total Staff Costs as a % of Revenue - Report Year	%	66.9	61.0	54.6
	b)	Total Staff Costs as a % of Revenue - Prior Year	%	68.6	60.3	52.1
	c)	Increase/Decrease in Staff Costs (in £s or €s) from the previous year	%	22.9	11.0	1.3
17		Bonuses (contractual or discretionary) as a % of Total Staff Costs	%	1.7	1.2	-
18	a)	Contract Fee Earners as a % of Total Fee Earners	%	7.3	6.5	-
	b)	Contract Support Staff as a % of Total Support Staff	%	-	6.1	-

Table 3

STAFF STRUCTURE				UPPER QUARTILE	AVERAGE	LOWER QUARTILE
Staff Structure						
19	a)	Equity Partners/Statutory Directors	%	14.3	5.2	5.5
	b)	Salaried Partners/Other Directors/Department Heads	%	10.3	6.7	-
	c)	Senior Professional Staff	%	27.0	28.5	17.6
	d)	Engineers	%	27.9	22.9	12.7
	e)	Senior Technicians	%	9.8	5.4	-
	f)	Junior & Graduate Engineers	%	17.7	10.3	5.5
	g)	Technicians & Trainees	%	7.5	4.5	-
	h)	Other Fee Earners	%	2.4	1.4	-
	i)	Total Fee Earners	%	89.6	84.8	83.1
	j)	Marketing Staff	%	2.0	1.5	0.2
	k)	All Other Support Staff	%	14.5	13.6	8.6
	l)	Total Support Staff	%	17.4	15.2	10.8
	m)	Total Staff	%	100.0	100.0	100.0
Staff per Partner/ Director/Department Head						
20	a)	Senior Professional Staff	no.	2.8	2.4	0.8
	b)	Engineers	no.	2.2	1.9	0.8
	c)	Senior Technicians	no.	0.8	0.5	-
	d)	Junior & Graduate Engineers	no.	1.8	0.9	0.4
	e)	Technicians & Trainees	no.	0.4	0.4	-
	f)	Other Fee Earners	no.	0.2	0.1	-
	g)	Total Fee Earners	no.	9.6	6.1	3.6
	h)	Total Support Staff	no.	1.5	1.3	0.7
	i)	Total staff per Partner/Director/Dept.Head	no.	11.8	7.4	4.4
	j)	Number of Support Staff per Fee Earner	no.	0.20	0.18	0.10

Table 4 – Sterling

STAFF COSTS PER HEAD (£)				UPPER QUARTILE	MEDIAN	LOWER QUARTILE
Staff Cost per Head (including bonus, employer NI & pension contribution)						
21	a)	Equity Partners	£	100,000	92,900	79,300
	b)	Statutory Directors	£	113,000	87,500	61,400
	c)	Salaried Partners/Other Directors & Department Heads	£	82,300	73,850	61,600
	d)	Senior Professional Staff	£	60,300	53,800	49,900
	e)	Engineers	£	44,000	42,400	37,500
	f)	Senior Technicians	£	47,800	40,200	34,000
	g)	Junior & Graduate Engineers	£	33,600	28,200	23,300
	h)	Technicians & Trainees	£	26,300	22,650	16,400
	i)	Other Fee Earners	£	48,000	34,200	29,000
	j)	Average Cost - All Fee Earners	£	51,400	48,700	41,600
	k)	Average Cost - excl. Partners, Directors, Dept. Heads	£	46,200	40,600	35,700
	l)	Marketing Staff	£	38,100	35,000	27,800
	m)	All other Support Staff	£	34,300	26,650	22,300
	n)	Average Cost per Support Staff Employee	£	34,900	26,650	21,400
	o)	Average Cost per Member of Staff	£	50,000	43,900	39,700
	p)	Average bonus per employee (excluding partners)	£	-	567	-

Table 4 – Euro

STAFF COSTS PER HEAD (€)				UPPER QUARTILE	MEDIAN	LOWER QUARTILE
Staff Cost per Head (including bonus, employer NI & pension contribution)						
21	a)	Equity Partners	€	124,100	115,250	98,400
	b)	Statutory Directors	€	140,200	108,550	76,100
	c)	Salaried Partners/Other Directors & Department Heads	€	102,200	91,600	76,400
	d)	Senior Professional Staff	€	74,800	66,800	61,900
	e)	Engineers	€	54,600	52,700	46,500
	f)	Senior Technicians	€	59,200	49,900	42,200
	g)	Junior & Graduate Engineers	€	41,700	35,000	28,900
	h)	Technicians & Trainees	€	32,600	28,100	20,300
	i)	Other Fee Earners	€	59,600	42,400	36,000
	j)	Average Cost - All Fee Earners	€	63,700	60,500	51,600
	k)	Average Cost - excl. Partners, Directors, Dept. Heads	€	57,300	50,350	44,300
	l)	Marketing Staff	€	47,200	43,400	34,400
	m)	All other Support Staff	€	42,600	33,100	27,700
	n)	Average Cost per Support Staff Employee	€	43,300	33,100	26,500
	o)	Average Cost per Member of Staff	€	62,000	54,500	0
	p)	Average Cost per employee (excluding partners)	€	-	705	-

Table 5

OPERATING EXPENSES AS % OF NET REVENUE				UPPER QUARTILE	AVERAGE	LOWER QUARTILE
22	a)	Rent, Rates & Service charges	%	6.60	5.42	4.20
	b)	IT, Communications & Equipment (including depreciation)	%	4.60	3.52	2.40
	c)	Marketing, PR, Brochures	%	1.40	0.90	0.20
	d)	Professional Indemnity Insurance	%	3.00	1.96	1.00
	e)	Legal, Professional, Consultancy	%	2.70	2.51	0.70
	f)	Recruitment Costs	%	0.90	0.61	0.20
	g)	Training Costs	%	0.90	0.71	0.20
	h)	Non-project Travel & Subsistence	%	0.90	0.61	-
	i)	Bad Debts Written Off and Provisions	%	0.80	1.85	-
	j)	Other Office Expenses	%	5.70	5.23	2.00
	k)	Bank Interest Paid	%	0.60	0.52	0.10
	l)	Total Overheads & Office Expenses	%	27.10	23.85	17.10
	m)	Exceptional One-Off Items not included above	%	-	1.1	-
	n)	Write-off of Goodwill not included above	%	-	1.2	-
	o)	Professional Indemnity Insurance Costs per Fee Earner	£	2,730	1,780	670
	o)	Professional Indemnity Insurance Costs per Fee Earner	€	3,390	2,200	830
	p)	Training Costs per Employee	£	720	510	220
	p)	Training Costs per Employee	€	900	630	270
23	a)	Overhead & Office Expenses as % of Net Revenue - Prior Year	%	26.3	22.1	18.2
	b)	Increase/Decrease in Overheads (in £s or €s) from the previous year	%	17.7	5.5	(0.4)

Table 6

STAFF PRODUCTIVITY & CHARGING				UPPER QUARTILE	AVERAGE	LOWER QUARTILE
Staff Productivity						
24	a)	Net Revenue per Fee Earner per year	£	92,400	89,150	77,340
	b)	Net Revenue per Fee Earner per Billed Project Hour	£	76.2	67.4	50.2
	c)	Net Revenue per Staff Member (inc. partners/directors)	£	83,000	77,670	65,280
	d)	Net Revenue per £ of Staff Costs (inc. partners & temporary staff)	£	1.83	1.61	1.50
Staff Productivity in Euros						
24	a)	Net Revenue per Fee Earner per year	€	114,600	110,620	94,720
	b)	Net Revenue per Fee Earner per Billed Project Hour	€	94.5	83.6	62.4
	c)	Net Revenue per Staff Member (inc. partners/directors)	€	103,000	96,370	81,000
	d)	Net Revenue per € of Staff Costs (inc. partners & temporary staff)	€	1.83	1.61	1.50
Average Increase in Hourly Charge-out Rates from Previous Year						
25	Overall Average Increase		%	5.0	3.6	1.3
Analysis of Fee Earners' Hours as a % of Paid Hours						
26	a)	Billed Project Hours	%	87.5	76.5	65.2
	b)	Unbilled Project Hours	%	16.4	8.3	1.9
	c)	Bidding & Marketing	%	4.6	3.5	2.0
	d)	Administration	%	13.4	11.5	7.3
	e)	Training	%	4.3	3.2	1.7
	f)	Sickness	%	1.5	1.3	0.5
	g)	Other	%	-	0.2	-
	h)	Total Hours Worked	%		104.3	
	i)	Unpaid Overtime as % of Paid Hours	%	5.1	4.3	-
Analysis of Fee Earners' Hours per Year						
27	a)	Billed Project Hours	hrs pa	1,551	1,381	1,214
	b)	Unbilled Project Hours	hrs pa	289	150	34
	c)	Bidding & Marketing	hrs pa	88	62	36
	d)	Administration	hrs pa	236	209	145
	e)	Training	hrs pa	81	57	28
	f)	Sickness	hrs pa	27	23	9
	h)	Paid Hours Worked	hrs pa	1,903	1,823	1,702
	i)	Unpaid Overtime	hrs pa	98	76	-
	j)	Total Hours Worked	hrs pa	1,998	1,907	1,718

Table 7

STAFF TURNOVER & MARKETING COSTS				UPPER QUARTILE	AVERAGE	LOWER QUARTILE
Staff changes compared with beginning of year						
28	a)	Left voluntarily	%	15.8	12.7	7.2
	b)	Left for other reasons	%	4.9	4.2	-
	c)	Total Staff leaving	%	18.8	16.9	10.5
	d)	Total Staff joining	%	32.0	23.0	12.9
	e)	% Increase in number of Staff	%	12.6	6.1	-
	f)	% Increase in Total Permanent and Contract Staff	%	12.5	6.5	0.2
Marketing Costs and Work Won						
29	a)	Success Rate for Competitive Tenders	%	65.8	48.2 *	39.6
	b)	Projects Won This Year per Fee Earner	No.	14.8	9.4 *	3.5
	c)	Value of New Projects Won as a Multiple of Gross Revenue	%	1.0	0.8 *	0.6
	d)	Total Value of Order Book at Year End - Report Year	Mths	11.8	8.3 *	3.4
	e)	Total Value of Order Book at Year end - Prior Year	Mths	10.2	5.7 *	3.1
	f)	Increase/Decrease in Order Book	%	37.4	12.0 *	(2.3)
	g)	Total Marketing Cost including Fee Earners' time as a % of Revenue	%	4.5	3.4 *	2.5

*Median

Table 8

GROWTH IN GROSS REVENUE				UPPER QUARTILE	MEDIAN	LOWER QUARTILE
Growth in Gross Revenue compared with same quarter of previous year						
30	a)	January to March 2016	%	18.7	7.2	(13.7)
	b)	April to June 2016	%	32.7	14.5	4.6
	c)	July - September 2016	%	33.4	13.5	(2.1)
	d)	October to December 2016	%	28.4	10.5	(7.3)
	e)	January to March 2017	%	21.6	14.3	6.5
	f)	April to June 2017	%	21.1	3.7	(5.1)
Growth in Rolling 12 months Revenue compared to previous 12 months						
31	a)	12 months to December 2016 vs. 12 months to December 2015	%	14.6	11.5	4.2
	b)	12 months to March 2017 vs. 12 months to March 2016	%	21.6	11.3	1.9
	c)	12 months to June 2017 vs. 12 months to June 2016	%	18.1	9.1	1.4
Index of Revenue Growth (Jan-Mar 2015 = 100)						
32	a)	January to March 2015		100.0	100.0	100.0
	b)	April to June 2015		123.1	102.6	92.5
	c)	July - September 2015		121.9	113.0	99.3
	d)	October to December 2015		141.1	114.7	96.1
	e)	January to March 2016		118.7	107.2	86.4
	f)	April to June 2016		158.2	117.7	105.4
	g)	July - September 2016		150.5	120.0	110.3
	h)	October to December 2016		157.5	118.7	103.4
	i)	January to March 2017		133.1	118.0	102.6
	j)	April to June 2017		155.2	118.0	100.4
Debtors in terms of Average Daily Sales Average					AVERAGE	
33	a)	Less than 30 days	days	52.2	39.7	32.7
	b)	30 - 60 days	days	23.9	17.4	12.4
	c)	60 - 90 days	days	10.1	9.5	4.6
	d)	Over 90 days	days	14.4	14.3	2.7
	e)	Total Debtors	days	98.9	80.8	67.4
Prior Year Debtors in terms of Average Daily Sales						
					99.5	82.0
						59.1

Table 9

REVENUE ANALYSIS				AVERAGE
Engineering Services				
34	a)	Structural	%	21.6
	b)	Civil	%	19.8
	c)	Mechanical & Electrical	%	31.1
	d)	Other Engineering Services	%	7.9
	e)	Total Engineering Services	%	80.4
	f)	Total Consultancy Services	%	18.1
	g)	Other Revenue	%	1.5
		Total Revenue	%	100.0
Sectors of Work				
35	a)	Transport Planning & Infrastructure	%	12.2
	b)	Utilities	%	10.7
	c)	Buildings & Property	%	68.9
	d)	Industrial	%	5.1
	e)	Other	%	3.1
		Total Revenue	%	100.0

Table 10

ANALYSIS OF LATE PAYMENTS				UPPER QUARTILE	MEDIAN	LOWER QUARTILE
% of firms who think that public sector clients pay				Firms replying...		
36	a)	More promptly than private sector clients	%		16	
	b)	Less promptly	%		21	
	c)	About the same	%		63	
37	By how many days is your average public sector payment more prompt than private sector? (negative average means private sector pays more promptly)		days		-3	
38	% of Turnover with problems getting payment within contract terms		%	58	34	6
Staff Time Spent Settling Late Payment Disputes						
39	a)	Director/Partner/Senior Staff	%	5.0	3.1	1.0
	b)	Other Staff	%	5.0	5.0	2.0
40	% of Payments for which Recovery or Legal Costs were Incurred		%		1.25	
How many days after the Contractual Payment Due Date would you typically:						
41	a)	Send a Pre-action Letter	days	90	60	30
	b)	Take Legal Action	days	120	104	90
42	3rd Party Recovery and Legal Costs per million of Gross Revenue		£/€	283	1,437	-

ACE economic and policy papers

This paper forms part of a growing portfolio of research by ACE into the effects of infrastructure on the wider economy.

The Effect of EU Migration on the UK Consulting and Engineering Sector following Brexit

This paper provides clarity on the contribution made to the consulting engineering sector by EU nationals and highlights difficulties the sector may face in recruitment and retention of EU staff in a post-Brexit world.

London Manifesto

This Manifesto provides advice and support on housing, transport, utilities (telecoms and broadband connectivity) as well as finance, sustainability and skills to help meet the needs of London's residents. It focuses on the key areas that will require the attention of the Mayor and the London Assembly as well as a great deal of investment.

ACE Manifesto 2017

This Manifesto explores the UK's needs in vital infrastructure areas aiming towards a better Britain in 2017. Stabilising a pipeline of much needed infrastructure projects for years to come is a key focus on ACE's 2017 Manifesto.

Autumn Statement 2017

Outlines the economic projections and broad departmental spending allocations made in the Autumn Statement 2017 that affect the infrastructure sector.

Revolutionising Housing

This paper is the second in ACE's housing paper series and explores in detail a new model to rebalance the incentives for development.

State Investment Bank

This paper is the final paper in ACE's infrastructure investment series and explores in more detail the rationale and practicalities of establishing a State Investment Bank.

Pensions and Infrastructure

This paper is the fourth in ACE's infrastructure investment series and explores in more detail the current conditions within the market, and the implications they have on pension funds' investment potential into infrastructure.

Performance of PFI

This paper is the third in ACE's infrastructure series and examines how to improve procurement in Public Private Finance Models (PPFM).

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Public Private Finance Models

This is the second in ACE's infrastructure series and explores in more detail the rationale, performance and conditions that surround Public Private Finance Models (PPFM).

Infrastructure: A case for Funding

This report reviews and analyses a range of material that is openly available to ascertain what effect infrastructure investment has on the economy.

Barriers to Investment

Explores a wide variety of aspects that act as barriers, or significantly change the risk profile of an investment project. These processes are important within the investment cycle and should be understood by all parties involved.

Further information

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