

Procurement Survey 2012

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Summary

The RIBA commissioned Mirza & Nacey Research to conduct an on-line survey amongst architectural practices during the period January to February 2012. The respondent base is 362 architectural practices. Most of these respondents came via a direct email mailing, representing a 20 per cent response rate.

The aim of the survey is to establish the:

- importance of OJEU-related work and number of bids submitted
- success rate of OJEU-related bids
- cost of making bids
- total spend by architectural practices on making bids

This document sets out the results of the survey; an RIBA viewpoint responding to the findings is set out in the Context and Case Studies document, available from www.architecture.com/procurement. The key findings of the survey are that:

- 42 per cent of all responding practices submitted at least one OJEU bid in 2011. This ranges from nine per cent of sole practitioners to 88 per cent of larger practices (over 30 staff) submitting at least one bid;
- 17 per cent of practices submitted between one and three OJEU bids in 2011, while nine per cent submitted more than 12 bids;
- the success rate of individual bid stages is 27 per cent (excluding where the outcome is not yet known);
- in two stage processes the bid success rate is reduced to 7 per cent. This success rate reduces further still when practices on framework agreements are required to enter third stage mini-competitions;
- the estimated overall success rate for architects bidding for OJEU work is 15%;
- 42 per cent of bids were restricted pre-qualification questionnaires (PQQ), preparation for each PQQ bid costs practices an average of £2,500;
- the average cost to architectural practices of preparing an OJEU bid ranges from £1,000 for negotiated bids to £5,000 for design contests. Note that for multi-stage bids costs are cumulative;
- on average practices spent a total of £33,410 on the preparation of OJEU bids in 2011, ranging from £2,242 for sole practitioners to £109,146 for practices over 30 architectural staff;
- OJEU-related work accounts for an estimated £138 million of architects' fee earnings;
- OJEU-related work accounts for about half of architects' fee earnings from all public sector work, and eleven per cent of their total fees; and
- in 2011 architects spent an estimated £40 million preparing OJEU bids. This is equivalent to 29 per cent of their OJEU derived turnover.

Importance of OJEU work

OJEU-related work accounts for an estimated £138 million of architects' fee earnings. This is 11 per cent of total fee earnings received by architectural practices in the UK and about half of the fee earnings received from all public sector work.

Level of OJEU activity

24 per cent of architectural practices review the OJEU at least once a fortnight, including 89 per cent of large architectural practices (over 30 staff). 46 per cent of responding architectural practices never review the OJEU.

42 per cent of all responding architectural practices submitted at least one OJEU bid in 2011. This ranges from 9 per cent of 1 person practices to 88 per cent of larger practices (over 30 staff). 17 per cent of responding architectural practices submitted between 1 and 3 bids in 2011, 9 per cent submitted more than 12.

Table S1 Estimated fee earnings of architectural practices, 2011

	total estimated fee earnings from all work £m	estimated fee earnings from public sector work	
		OJEU-related work £m	work not related to OJEU £m
1	139	3	13
2	85	1	8
3 to 5	206	1	26
6 to 10	305	27	49
11 to 30	480	81	49
31 or more	342	25	5
ALL	1,557	138	150

Table S2 How often architectural practices review the OJEU

how often review OJEU	per cent
at least once every two weeks	24
between once a month and once every three months	15
once every six months or less	16
never	46
TOTAL	100

Table S3 Proportion of architectural practices submitting OJEU bids in 2011

size of practice (number of arch. staff)	per cent practices submitting bids, 2011
1	9
2	24
3 to 5	44
6 to 10	66
11 to 30	70
31 or more	88
ALL	42

OJEU bids submitted by architectural practices – 2011

UK architectural practices submitted an estimated 14,500 bids in 2011 (grossed-up figure).

Approaching half of bids (42 per cent) were restricted pre-qualification questionnaire (PQQ) (stage 1), other significant bid types were open bids and competitive pre-qualification (stage 1).

The success rate of these individual bids is 27 per cent, excluding where the outcome is not yet known. But taking into account the two-stage bids, where a practice must win both stages in order to proceed to fee-earning work, brings this success rate down to an estimated 15 per cent.

Table S4 Estimated number of OJEU bids submitted by architectural practices in 2011

	ESTIMATED total number of bids submitted in 2011 by ALL UK architectural practices	success rate %
open bids	2,282	19
restricted – PQQ/interest stage	5,480	23
restricted – awards stage	1,064	31
mini competition	1,613	27
competitive – pre qualification	2,233	25
competitive – dialogue	390	35
design contest	847	n/a
negotiated	626	75
TOTAL – all bids submitted	14,535	27
TOTAL – overall success rate at final stage		15

Cost to architectural profession of preparing OJEU bids

The average cost to architectural practices of preparing OJEU bids ranges from £1,000 for negotiated bids to £5,000 for design contests. The average cost of submitting the first stage of restricted bids, the most common type of bid, is £2,500.

Table S5 Average cost incurred per bid

	median cost, £s
open bids	2,500
restricted – PQQ/interest stage	2,500
restricted – awards stage	3,000
mini competition	3,750
competitive – pre qualification	3,000
competitive – dialogue	4,500
design contest	5,000
negotiated	1,000

Looking at how much architectural practices spent in total in 2011, preparing all their OJEU bids for the year, reveals an average practice spend of £33,410 – with a wide range by practice size.

Table S6 Average cost incurred per practice, for submitting all OJEU bids in 2011

size of practice (number of arch. staff)	mean cost of preparing bids, £s
1	2,242
2	2,422
3 to 5	11,570
6 to 10	15,058
11 to 30	65,707
31 or more	109,146
ALL	33,410

Grossing these figures up to reflect the whole profession, in 2011 architects spent an estimated £40 million preparing OJEU bids. This is equivalent to 29 per cent of the profession's turnover which is derived from OJEU work.

1 Survey methodology and response

About 1,750 architects were emailed a link to a survey questionnaire in January 2012. Two reminders were sent. The questionnaire was also advertised in an RIBA Newsletter. A total of 362 responses were received by the time of the survey's close at end February 2012.

Most responses came from the direct email. Only 7 per cent of respondents replied via the Newsletter link.

Table 1 Survey response

	number
number of RIBA members contacted directly	1,772
bounce backs	59
effective sample	1,713
number participating	335
per cent response rate	20
number participating from link in RIBA newsletter	27
TOTAL RESPONSE	362
of whom number retired or inadequate response	29
EFFECTIVE RESPONSE	333

Statistical accuracy of results: +/- 5% at the 95% confidence limit. Where results are analysed by size of architectural practice, we have grouped practices into six size groups. Confidence levels are obviously lower than for 'all practices', results presented for the largest practice size group (31+) needs to be considered with particular caution. Where results are analysed by region, we have grouped into four regions. Responses from Scotland, Wales and Northern Ireland are too low to report these parts of the UK separately.

Definitions

OJEU The Official Journal of the European Union is the official publication of record for the European Union (EU). All contracts for architectural design work in the public sector valued at over £101,323 (since January 2010) must be advertised in the Official Journal of the European Union (OJEU).

Open bids All architectural practices responding to a notice in the Official Journal of the European Union (OJEU) will be invited to submit a tender. This is a one stage process.

Restricted bids PQQ stage/Expressions of Interest – A two-stage bidding process: first, architectural practices responding to a notice in the OJEU complete a pre-qualification questionnaire. A shortlist is drawn up and in the second stage, shortlisted practices are invited to submit tenders. In some cases this extends to a third stage, which comprises a mini competition.

Competitive dialogue bids A two-stage bidding process: architectural practices responding to a notice in the OJEU are subject to a pre-qualification stage. A shortlist is drawn up and the shortlisted practices are invited to participate in a competitive dialogue. This allows clients to discuss designs with practices; there may be further shortlisting. When the discussions are completed practices are invited to submit final tenders.

Design Contest Architectural practices submit design proposals to the client who then selects one proposal.

Negotiated bid The client negotiates directly with one or more architectural practices to achieve the desired outcome.

Pre-qualification or Pre-qualification Questionnaire (PQQ) Architectural practices will be asked a number of questions to demonstrate their technical ability and past experience. Questions may also cover financial standing, PII cover, and compliance with policies covering the environment, health and safety and equal opportunities.

Size of architectural practice Size groups are based on the number of architectural staff. These include architects, technologists, assistants.

2 Respondent profile

Forty one per cent of architectural practices are 1 or 2 person firms. Just 5 per cent of responding practices have over 30 staff. The profile is in line with that achieved in other surveys of the profession.

Table 2 Response profile by size of architectural practice

size (number of architectural staff)	per cent response
1	24
2	15
3 to 5	28
6 to 10	17
11 to 30	11
31 to 50	3
51 to 100	2
101 to 200	0
201+	0
TOTAL RESPONSE	100

Half of respondents are based in London and the South East, in line with proportion of architects recorded in other surveys. Small responses are recorded from Scotland, Wales and Northern Ireland so data from these regions must be regarded with caution. The response from Scotland is particularly low.

Table 3 Response profile by region

region	per cent response
North	13
Midlands/East Anglia	15
South East	20
London	31
South West	15
Scotland	2
Wales	3
Northern Ireland	2
TOTAL RESPONSE	100

Regional analysis is based on four regions which have been grouped together as follows – these groupings are due to small sample sizes in some regions:

London

South of England – South East and South West

Central & Northern England – Midlands/
East Anglia and North

Rest of UK – Wales, Scotland, Northern Ireland

3 How much public sector work is undertaken by architectural practices

Public sector work accounts for approximately 20 per cent of responding architectural practices' turnover, a larger proportion amongst large and medium practices compared with small firms. OJEU-related work accounts for only a tiny proportion of work in small practices (up to 5 staff) but up to 17 per cent of turnover in firms with over 10 staff. Public sector work which is not OJEU-related accounts for most public sector work for small practices and a decreasing share for medium and larger practices.

Table 4 Average practice turnover – totals and public sector work, analysed by size of architectural practice

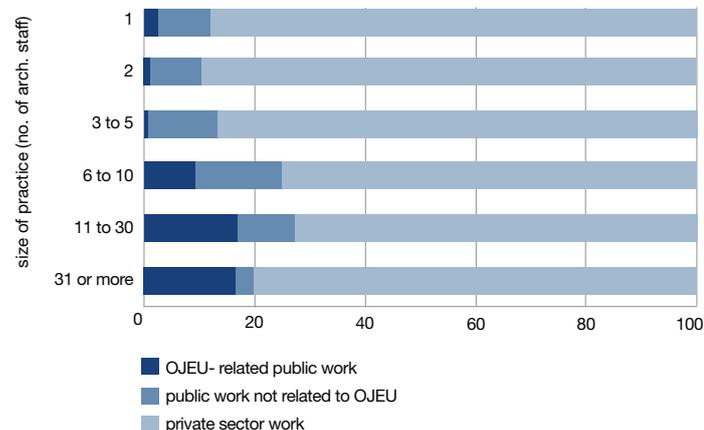
size of practice (no. of arch. staff)	average practice turnover from all work		average turnover from OJEU-related work		average turnover from public work not related to OJEU	
	median, £s	mean, £s	median, £s	mean, £s	median, £s	mean, £s
1	40,000	44,405	0	1,027	0	4,273
2	80,000	95,506	0	855	0	9,152
3 to 5	210,445	242,878	0	1,204	0	30,611
6 to 10	460,000	497,798	0	44,786	20,000	79,314
11 to 30	1,060,338	1,090,800	0	183,999	50,000	111,472
31 or more	3,000,000	3,289,363	300,000	538,333	20,000	108,833
ALL	161,000	416,032	0	46,103	0	37,972

Table 5 Proportion of turnover from public sector work, analysed by size of architectural practice

size of practice (no. of arch. staff)	per cent of turnover from: OJEU-related work	per cent of turnover from: public work not related to OJEU	per cent of turnover from: other (private) work
1	2	10	88
2	1	10	90
3 to 5	0	13	87
6 to 10	9	16	75
11 to 30	17	10	73
31 or more	16	3	80
ALL	11	9	80

3 How much public sector work is undertaken by architectural practices

Figure 1 Analysis of architectural practice turnover analysed by practice size



These figures are grossed-up to reflect our estimate of the level of public sector turnover in all architectural practices in the UK. Please note, we have made a number of assumptions in our grossing up calculations so the figures presented below should be considered to be very much of an initial estimate (see Appendix II for details of methodology used for grossing-up).

The data suggests out of a total estimated turnover figure for architectural practices in 2011 of £1,557 million, public sector work accounted for an estimated £288 million (19 per cent). This appears to be split almost evenly between OJEU-related work and work which is not OJEU-related.

Table 6 Proportion of turnover from public sector work, analysed by region

size of practice (no. of arch. staff)	per cent of turnover from: OJEU-related work	per cent of turnover from: public work not related to OJEU	per cent of turnover from: other (private) work
London	11	9	80
Southern England	10	7	83
Central Northern England	13	12	75
Rest of UK	13	14	73
ALL	11	9	80

Table 7 Grossed-up figures showing ESTIMATED turnover of all UK architectural practices, 2011

	total ESTIMATED turnover, £millions		
	TOTAL	public OJEU-related work	public work not related to OJEU
1	139	3	13
2	85	1	8
3 to 5	206	1	26
6 to 10	305	27	49
11 to 30	480	81	49
31 or more	342	25	5
ALL	1,557	138	150

4 How often architects review the OJEU

A substantial proportion (46 per cent) of responding architectural practices say they 'never' review the OJEU. At the other end of the scale, 20 per cent review the OJEU at least once a week. Clearly, the frequency with which practices review the OJEU rises in line with practice size.

Figure 2 How often respondents review the OJEU

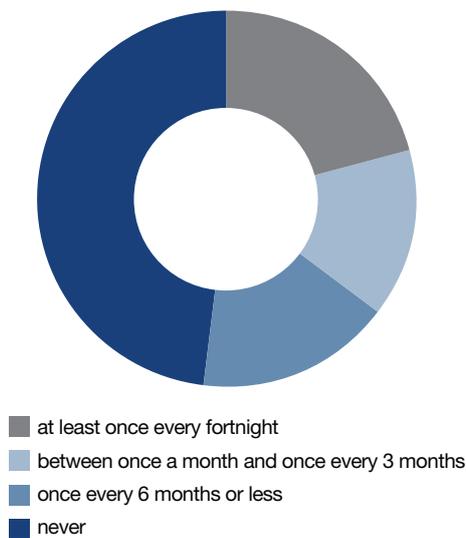


Figure 3 How often respondents review the OJEU analysed by practice size

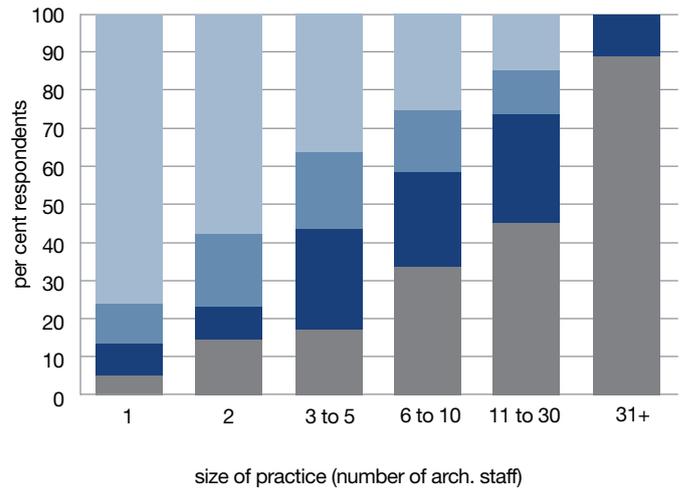


Table 8 How often respondents review the OJEU, analysed by practice size

how often review OJEU, %	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
more often than once a week	1	6	5	9	14	39	8
about once a week	3	6	8	18	26	50	12
about once every two weeks	1	2	4	7	6	0	4
about once a month	4	6	10	11	17	6	9
about once every three months	3	0	12	7	6	6	6
about once every six months	4	6	5	14	9	0	7
once a year	3	9	7	0	0	0	4
less frequently than once a year	5	4	8	2	3	0	5
never	76	60	41	32	20	0	46
TOTAL	100	100	100	100	100	100	100

Table 9 How often respondents review the OJEU, analysed by region

how often review OJEU, %	region				ALL
	London	Southern England	Central Northern England	Rest of UK	
at least once every two weeks	32	14	23	46	24
between once a month and once every three months	13	16	17	10	15
once every six months or less	12	12	22	19	16
never	42	60	37	27	46
TOTAL	100	100	100	100	100

5 Submitting OJEU bids

Table 10 below shows how many architectural practices submitted different numbers of bids. A majority of architectural practices with up to 5 staff did not submit any bids in 2011, but this reduces to about one third of practices with between 6 and 30 staff.

Figure 4 Proportion of architectural practices submitting OJEU bids in 2011, analysed by size of practice

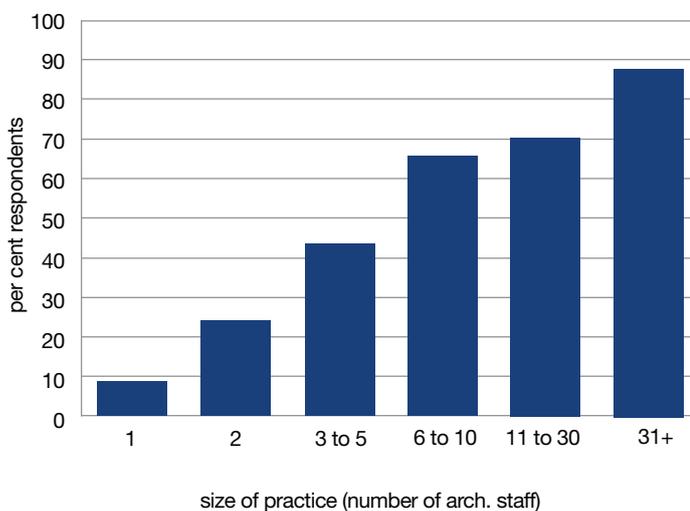


Table 10 How many OJEU bids architectural practices submitted in 2011, analysed by size of practice

total number of bids submitted in 2011	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
0	89	76	56	34	30	12	58
1 to 3	7	13	26	25	12	12	17
4 to 7	3	9	6	20	15	6	9
8 to 12	1	2	9	9	12	18	7
13 to 20	0	0	1	7	12	12	4
21 to 50	0	0	1	4	12	35	4
over 50	0	0	0	2	6	6	1
TOTAL	100	100	100	100	100	100	100

Base: ALL practices including those who submitted NO bids in 2011

Table 11 How many OJEU bids architectural practices submitted in 2011, analysed by region

total number of bids submitted in 2011	region, %				ALL, %
	London	Southern England	Central Northern England	Rest of UK	
0	54	71	53	38	58
1 to 3	16	10	23	29	17
4 to 7	7	11	8	5	9
8 to 12	9	2	10	5	7
13 to 20	1	4	3	14	4
21 to 50	9	0	2	10	4
over 50	3	1	0	0	1
TOTAL	100	100	100	100	100

Base: ALL practices including those who submitted NO bids in 2011

Table 12 Average (mean) number of OJEU bids submitted per architectural practice during 2011 BASE = ALL practices

average number bids per practice submitted in 2011	successful*	not successful	not yet known	ALL submitted
open bids	0.1	0.4	0.1	0.6
restricted – PQQ/interest stage	0.3	0.9	0.2	1.4
restricted – awards stage	0.1	0.2	0.0	0.3
mini competition	0.1	0.3	0.0	0.4
competitive – pre qualification	0.1	0.4	0.1	0.6
competitive – dialogue	0.0	0.1	0.0	0.1
design contest	n/a**	n/a**	n/a**	0.2
negotiated	0.1	0.0	0.0	0.2
TOTAL	0.9	2.5	0.4	3.9

Base: ALL practices including those who submitted NO bids in 2011

Figures are rounded therefore rows and columns will not necessarily sum perfectly

* 'Successful' = success measured for all bids submitted including first stage bids of a 2-stage process. This is NOT the same as success at winning fee-earning work

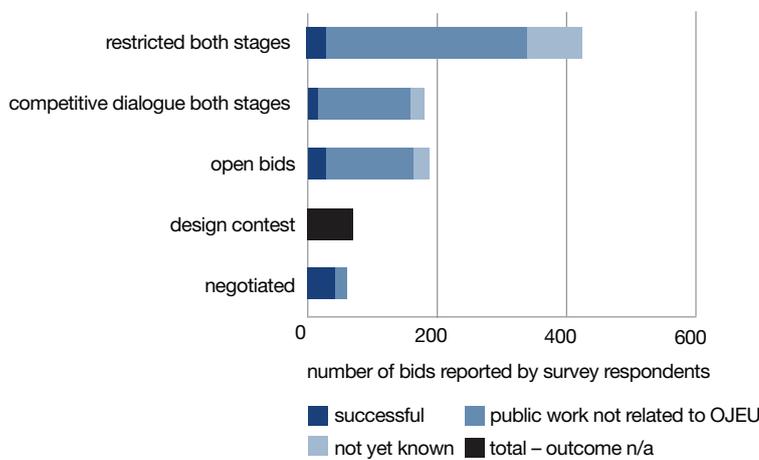
** not available due to incomplete data

The chart below shows the total number of bids reported on the survey questionnaire by the 333 respondents. This demonstrates both the absolute level of involvement in different OJEU bids, and the relative success rates.

By far the largest number of bids submitted by responding architectural practices is for Restricted – PQQ stage bids.

The average number of bids made in 2011 is very low for small architectural practices, with an average of 0.4 bids made during the year. Architectural practices with between 6 and 10 staff submitted, on average, six OJEU bids in 2011. Larger practices (11 to 30 staff) averaged about one a month with higher averages for the very largest firms.

Figure 5 Number of bids submitted by survey respondents, including outcome



Base = all bids submitted by respondents. Figures shown are number of bids (total = 1177 bids) submitted by responding practices. These figures have NOT been grossed-up to reflect the total profession.

Table 13 Average number of OJEU bids submitted in 2011 – all architectural practices (including those who submitted no OJEU bids)

average number of bids submitted in 2011	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
open bids	0.1	0.1	0.4	0.9	1.8	1.9	0.6
restricted – PQQ/interest stage	0.2	0.2	0.9	2.4	3.8	7.4	1.4
restricted – awards stage	0.0	0.0	0.1	0.4	1.1	2.4	0.3
mini competition	0.1	0.0	0.1	0.6	1.5	1.8	0.4
competitive – pre qualification	0.0	0.2	0.3	0.7	2.1	4.3	0.6
competitive – dialogue	0.0	0.0	0.1	0.1	0.2	1.5	0.1
design contest	0.0	0.1	0.1	0.6	0.6	0.4	0.2
negotiated	0.0	0.1	0.1	0.1	0.7	0.8	0.2
TOTAL – all bids submitted	0.4	0.8	2.1	5.9	11.7	20.5	3.9

Base: ALL practices including those who submitted NO bids in 2011

Using the same techniques to gross-up the survey findings, to reflect the total profession, suggests architects submitted 14,500 bids in 2011. The largest number – which we estimate to be almost 5,500 bids, representing 42 per cent of all bids submitted – was for Restricted PQQ stage. This figure also includes mini competitions (see section 8, page 21).

Table 14 Grossed-up figures showing ESTIMATED number of OJEU bids made by all UK architectural practices, 2011

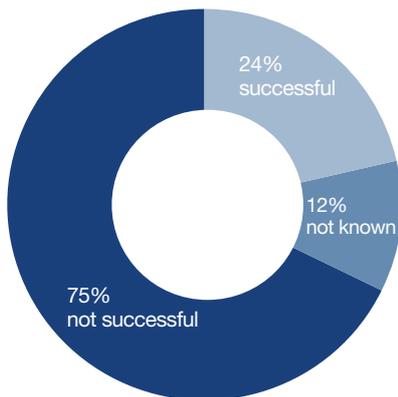
ESTIMATED total number of bids submitted in 2011 by ALL UK architectural practices	ALL
open bids	2,282
restricted – PQQ/interest stage	5,480
restricted – awards stage	1,064
mini competition	1,613
competitive – pre qualification	2,233
competitive – dialogue	390
design contest	847
negotiated	626
TOTAL – all bids submitted	14,535

6 Outcome of submitting OJEU bids

Out of all bids submitted by responding architectural practices in 2011, 24 per cent were successful. But for another 12 per cent the outcome was not known at the time of submitting the data, so the base we use for the tables below (except Figure 6) is all bids for which the outcome is known. On this base, the success rate for bids submitted in 2011 by all responding practices is 27 per cent.

However, this represents 'success' at each stage of the bid; in many cases the OJEU process requires practices to be successful at more than one stage in order to finally 'win' the work. Factoring in the required success at both stages brings this overall success rate down to an estimated 15 per cent.

Figure 6 Outcomes of bids submitted by respondents



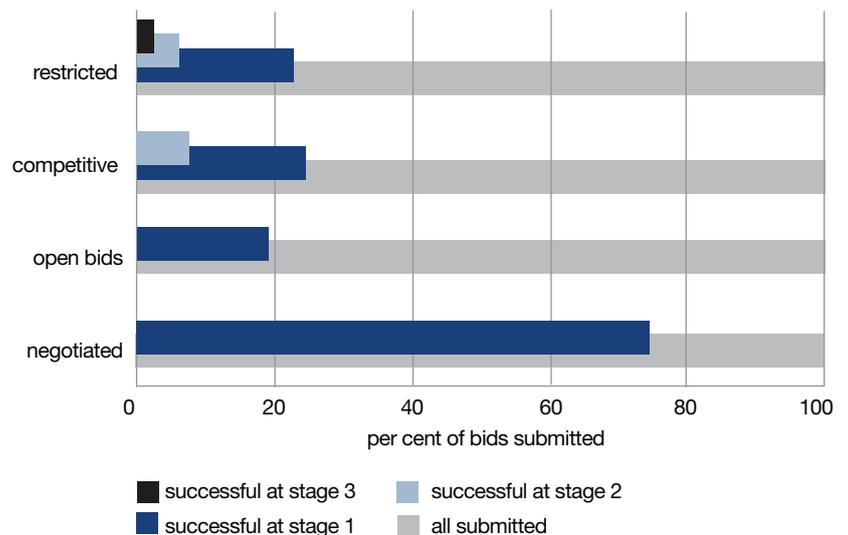
Base = all bids submitted by respondents in 2011

Table 15 Success rate of bids analysed by type of bid – success rate measured for those bids whose outcome is known

type of bid	success rate – where outcome known
open bids	19
restricted – PQQ/interest stage	23
restricted – awards stage	31
restricted – BOTH stages 1 and 2	7
mini competition	27
restricted – ALL THREE STAGES stages 1, 2, 3**	2
competitive – pre qualification	25
competitive – dialogue	35
competitive – BOTH stages 1 and 2	9
design contest	n/a***
negotiated	75
ALL successful bids* including those who were successful at Stage 1 in order to proceed to Stage 2	27
ALL successful at Final Stage – estimated*	15

Base = all bids submitted by respondents in 2011 where outcome is known
 * estimate combining both stages of a two-stage bid ie 'success' = successful at reaching the second stage of a 2-stage process and proceeding to winning fee-earning work
 ** restricted bids may be either 2 stage or 3 stage
 *** not available due to incomplete data

Figure 7 Success rate of bids where outcome is known, now excludes design contests and newly designed



The highest success rates are recorded for negotiated bids, at 75 per cent. Taken together, the rates of being successful in both stages of the two stage bids (restricted and competitive) fall to 7 and 9 per cent respectively, while the three stage restricted bid records a success rate of 2 per cent.

Table 16 Success rates of OJEU bids, out of all those whose outcome is known, analysed by type of bid and size of architectural practice

success rate (%)**	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
one stage bids:							
open bids	0*	50*	7	22	24	15	19
design contest	n/a	n/a	n/a	n/a	n/a	n/a	n/a****
negotiated	n/a	n/a	77	33	87	62	75
two/three stage bids:							
<i>restricted – PQQ/interest stage</i>	15*	0*	16	24	28	23	23
<i>restricted – awards stage</i>	n/a	n/a	33	20	38	31	31
restricted – both stages	0*	0*	5	5	11	7	7
mini competition	0	0	0	31	30	30	27
restricted – all three stages	n/a	n/a	n/a	2	3	2	2
<i>competitive – pre qualification</i>	n/a	0*	30	18	30	23	25
<i>competitive – dialogue</i>	n/a	n/a	17*	14*	83*	31	35
competitive – both stages	n/a	n/a	5	3	25	7	9
ALL****	14	18	22	23	36	27	27

Base = all bids submitted by respondents in 2011 where outcome is known

*= small sample, treat with caution

** success rate is measured only for those bids whose outcome is known

*** not available due to incomplete data

**** ALL = success measured for all bids submitted including first stage bids of a 2-stage process. This is NOT the same as success at winning fee-earning work

n/a means no bids were submitted therefore success rate cannot be calculated (except *** above).

0 means that at least one bid was submitted but no bids were successful.

Responding architectural practices say there are many other bidders for Open bids and Restricted PQQ bids. At least 16 per cent of Competitive Pre Qualification and Design Contest bids attracted more than 100 other bidders. The smallest number of other bidders is recorded for Competitive Dialogue and Negotiated bids. There is considerable variation in the data provided, table 18 adds detail to the averages in Table 17.

Table 17 Number of other bidders, analysed by type of bid

type of bid	average (median) number of other bidders
open bids	17
restricted – PQQ/interest stage	18
restricted – awards stage	5
mini competition	5
competitive – pre qualification	6
competitive – dialogue	4
design contest	6
negotiated	2

Base: five most recent OJEU bids submitted by survey respondents

Table 18 Range in number of other bidders, analysed by type of bid

type of bid	number of other bidders				ALL
	1 to 3	4 to 9	10 to 99	100 or more	
open bids	14	31	43	11	100
restricted – PQQ/interest stage	9	32	49	9	100
restricted – awards stage	11	80	9	0	100
mini competition	36	45	18	0	100
competitive – pre qualification	26	32	26	16	100
competitive – dialogue	48	39	13	0	100
design contest	33	33	14	19	100
negotiated	82	9	9	0	100
ALL bids submitted	23	39	29	9	100

Base: five most recent OJEU bids submitted by survey respondents

7 Costs of preparing OJEU bids

Responding architectural practices stated how much they spent in 2011 preparing OJEU bids. On average, each practice which had prepared **any** OJEU bids in 2011, spent just over £33,000 (mean average figure) preparing all its OJEU bids in 2011. This varies by practice size, between an average of £2,200 for a one person practices, to an average of over £100,000 for large practices (over 30 staff).

Table 19 Average costs to architectural practices of preparing ALL bids submitted in 2011

size of practice (number of arch. staff)	mean cost of preparing bids, £s
1	2,242
2	2,422
3 to 5	11,570
6 to 10	15,058
11 to 30	65,707
31 or more	109,146
ALL	33,410

Base: all respondents who submitted OJEU bids in 2011
Mean average used in preference to Median average because median does not adequately take account of the small number of large responding practices

When the figures above are grossed up, to reflect all architectural practices in the UK, **the total estimated cost of preparing OJEU bids is £40 million.** This estimate has been prepared by grossing-up these average (mean) costs per practice and multiplying by the number of practices in the UK. The grossing-up has only been applied to the proportion of practices in each size group who have submitted bids. (see explanation in Appendix II). The data suggests that total practice spend on bidding for OJEU-related work accounts for 29 per cent of the fee earnings they derive from this work.

Table 20 Estimated total cost to the profession of submitting all OJEU bids in 2011

size of practice (number of arch. staff)	estimated total spend, £s	estimated fee earnings from public OJEU-related work, £s	bid spend as per cent OJEU fee earnings, £s	bid spend as per cent all public sector fee earnings, £s
1	553,751	3,213,483	17*	3
2	479,062	760,950	63*	5
3 to 5	3,946,951	1,020,992	n/a*	15*
6 to 10	5,933,953	27,453,818	22*	8
11 to 30	19,273,956	80,959,560	24*	15*
31 or more	10,015,765	24,763,318	40*	34*
ALL PRACTICES	40,203,436	138,172,121	29	14

* small sample size, consider with caution

To assess the costs more fully, architectural practices were asked to provide details of the five most recent bids they had submitted. These would not necessarily have been submitted in 2011, some may date from before. A total of 146 respondents provided information (out of total response of 333), and the total number of bids for which information was provided is 554.

Note: the BASE FOR TABLES 21 TO 25 BELOW is the five most recent bids, this base differs from the analyses in the rest of this report. We do not know how these five bids were selected – they should be the most recent five, but in practices where a large number of bids was submitted this may comprise, for example, five recent bids from one client, a random selection, the five most recent successful bids – so no assumptions can be made that the profile of bids for which information was provided necessarily reflects the profile of all bids submitted by architectural practices. For a profile of the types of jobs included here please see Appendix III.

The average (median) costs incurred by architectural practices in preparing a bid are highest for design contests. Next highest is the second stage of competitive (dialogue stage) bids. The lowest average cost is for negotiated bids – which also have the highest success rate. The average cost for preparing a restricted PQQ bid – the most common bid submitted by architectural practices – is £2,500.

We did attempt to correlate bid costs with project contract value, however, no clear correlation emerged. This is endorsed by research undertaken by PWC ‘Public Procurement in Europe’, 2011, who report ‘there is practically no relationship between contract value and procurement cost’. This suggests it is reasonable to look at the average bid preparation costs in isolation, and not necessary to relate to the total potential project fee.

Table 21 Average (median) costs of submitting an OJEU bid

	median cost, £s	base – no. of jobs
open bids	2,500	112
restricted – PQQ/interest stage	2,500	192
restricted – awards stage	3,000	51
mini competition	3,750	32
competitive – pre qualification	3,000	55
competitive – dialogue	4,500	19
design contest	5,000	33
negotiated	1,000	15

Base: five most recent OJEU bids submitted by respondents
 MEDIAN average used in preference to the Mean to avoid influence from extreme high and low values

Figure 8 Average (median) costs of submitting an OJEU bid

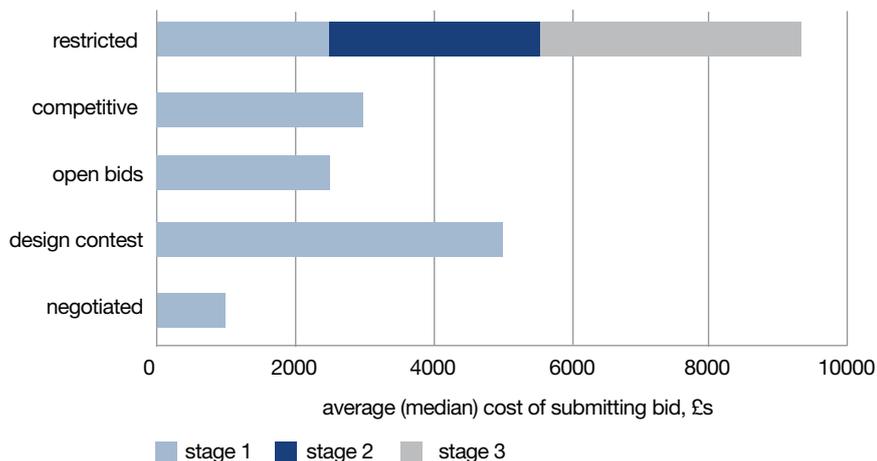


Table 22 Average (median) costs of submitting an OJEU bid analysed by type of bid and by client

median costs, £s	Local Authority	Housing Provider	Education Authority	Health Authority	Cultural Provider	ALL
open bids	2,500	5,000	2,000	n/a	1,500*	2,500
restricted – PQQ/interest stage	2,000	4,000	1,800	3,000	4,250	2,500
restricted – awards stage	2,500	5,500*	1,500*	n/a	n/a	3,000
mini competition	2,000	4,000	n/a	n/a	n/a	3,750
competitive – pre qualification	3,000	4,750	2,600	975*	n/a	3,000
competitive – dialogue	5,000*	n/a	18,600	n/a	n/a	4,500*
design contest	6,000*	3,750	n/a	n/a	5,000	5,000
negotiated	1,000	n/a	n/a	n/a	n/a	1,000

Base: five most recent OJEU bids submitted by respondents

n/a = not available in cases where 5 or fewer bids of that type were reported

*= small sample, treat with caution

7 Costs of preparing OJEU bids

Table 23 Average (median) costs of submitting an OJEU bid analysed by size of architectural practice and type of bid

median costs, £s	size of practice (number of architectural staff)					
	1	2	3 to 5	6 to 10	11 to 30	31 or more
open bids	1,000	n/a	1,500	2,750	2,200	6,000
restricted - PQQ / interest stage	3,000*	3,000*	1,500	3,000	3,000	3,250
restricted - awards stage	n/a	n/a	750	3,450	10,000	10,000
mini competition	n/a	n/a	4,000	3,500	3,250	n/a
competitive - pre qualification	n/a	n/a	3,500	3,000	n/a	5,500*
competitive - dialogue	n/a	n/a	1,500	n/a	n/a	50,000*
design contest	n/a	n/a	4,600	7,000	n/a	n/a
negotiated	n/a	n/a	500	n/a	n/a	n/a

Base: five most recent OJEU bids submitted by respondents

n/a = not available in cases where 5 or fewer bids of that type were reported

*= small sample, treat with caution

Table 24 Average (median) costs of submitting an OJEU bid analysed by whether the bid was an Individual or Framework bid

type of bid	median costs, £s
individual	2,450
framework	3,000
framework – mini competition	3,750

Base: five most recent OJEU bids submitted by respondents

Table 25 Average (median) costs of submitting an OJEU bid analysed by whether the bid was successful

median costs, £s	successful	not successful	ALL
open bids	2,000	2,400	2,500*
restricted – PQQ/interest stage	3,000	2,000	2,500
restricted – awards stage	1,000	3,000	3,000
mini competition	3,500	3,750	3,750
competitive – pre qualification	3,200	3,000	3,000
competitive – dialogue	3,250	n/a	4,500
design contest	n/a	5,000	5,000
negotiated	1,000	n/a	1,000

Base: five most recent OJEU bids submitted by respondents

* some 'all' figures may not match precisely as not all respondents completed every detail about the bids

Comparing these costs of preparing bids with the success rates provides an estimate of the theoretically likely cost to a practice of winning work. The table below shows these costs. The analysis suggests the cost to practices of securing one winning bid ranges (with the exception of negotiated bids) between £10,000 and £16,000 in a one-stage bid, but rises substantially to over £45,000 for two-stage bids.

Table 26 Theoretical cost to architectural practices of winning one bid – average per practice

	average (median) cost of bid, £s	success rate, %	theoretical cost to practice of winning one bid, £s*
open bids	2,500	19	13,158
restricted – PQQ/interest stage	2,500	23	10,870
restricted – awards stage	3,000	31	9,677
restricted – BOTH first and second stages	5,500	7	45,571
mini competition	3,750	27	11,719
restricted – ALL THREE stages – first, second and third	9,250	2	179,325
competitive – pre qualification	3,000	25	12,000
competitive – dialogue	4,500	35	12,857
competitive – BOTH first and second stages	7,500	9	45,833
design contest	5,000	31	16,129
negotiated	1,000	75	1,333

Base: cost = five most recent OJEU bids submitted by respondents; success rate = all bids submitted by respondents in 2011 where outcome is known

* this is the average cost of bid (column 2) multiplied by the probability of winning the bid (column 3)

8 Framework agreements

Sixteen per cent of architectural practices were engaged, in 2011, in one or more ongoing Framework Agreements. This rises by practice size.

Table 27 Involvement by architectural practices in ongoing Framework Agreements in 2011

size of practice (number of arch. staff)	per cent practices involved	average (mean) no. of Framework Agreements per practice
1	2.6	0.0
2	6.0	0.1
3 to 5	17.3	0.3
6 to 10	33.9	0.7
11 to 30	60.0	2.5
31 or more	77.8	3.3
ALL	16.0	0.6

Base: ALL practices including those who submitted NO bids in 2011

Thirteen per cent of architectural practices participated in mini competitions, arising from Frameworks, in 2011 (the third stage of a restricted bid). Again the incidence of participation increases with practice size.

Average fee received for successful mini competitions arising from Frameworks is £19,510. This is the average per mini competition, not per practice.

Table 28 Involvement by architectural practices and success in mini competitions, 2011

size of practice (number of arch. staff)	per cent practices involved	average (mean) number competitions participated in	average (mean) number competitions successful	success rate (per cent)
1	1.4	0.1	0.0	0.0
2	4.0	0.0	0.0	0.0
3 to 5	5.4	0.1	0.0	0.0
6 to 10	23.2	0.6	0.2	31.0
11 to 30	37.1	1.5	0.5	30.0
31 or more	44.4	1.8	0.6	30.0
ALL	12.5	0.4	0.1	27.0

Base: ALL practices including those who submitted NO bids in 2011

Table 29 Average fee received by architectural practices from successful Framework mini competitions in 2011

size of practice (number of architectural staff)	average (mean) fee per mini competition, £s
1	n/a
2	n/a
3 to 5	n/a
6 to 10	17,893
11 to 30	50,232
31 or more	217,778
ALL	19,510

9 Architects' perceptions of what is important in winning a bid

Financial criteria emerge as being perceived by architects to be the most important factor in winning a bid. Next come the size of an architectural practice and response to brief. Design quality and technical skills receive the lowest number of first and second ranks, with design quality being ranked lowest (fifth) by the largest proportion of respondents.

Figure 9 Respondents' perceptions of the importance of various criteria in winning a bid, ranked by respondents where 1 = most important and 5 = least important.

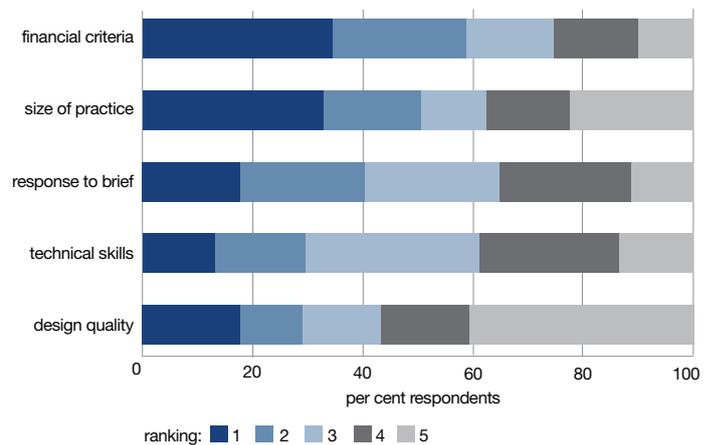


Table 30 Respondents' perceptions of the importance of criteria in winning a bid

criteria	% rank where 1= most important and 5 = least important				
	1	2	3	4	5
design quality	18	11	14	16	40
size of practice	33	17	13	13	23
technical skills	13	17	31	25	14
response to brief	18	23	26	22	12
financial criteria	33	26	14	16	11

Table 31 Respondents' perceptions of the importance of various criteria in winning a bid analysed by size of practice – for those who rank criteria as 1 or 2 (out of 5)

size of practice (number of arch. staff)	per cent practices ranking 1 or 2:				
	design quality	size of practice	technical skills	response to brief	financial criteria
1	36	41	22	41	57
2	26	50	40	34	50
3 to 5	30	61	19	41	57
6 to 10	24	53	31	45	65
11 to 30	30	48	37	41	48
31 or more	25	19	63	38	88
ALL	29	50	30	41	59

Appendix I Survey questionnaire



RIBA PUBLIC PROCUREMENT SURVEY

The RIBA wishes to find out how much it costs practices to compile bids for OJEU [?] related public sector work, and how successful architectural practices are at winning these bids. Please fill in this form as fully as possible, estimates will be fine.

Please participate even if you have not made any public sector bids. The information you provide will be recorded anonymously; no individual practice is traced back to its reply.

CONFIDENTIAL

YOUR PRACTICE Please describe your practice at 01.01.12

1. **Number of Architectural Staff in your practice** Please indicate the number of architectural staff, including yourself, full-time equivalent, working in your practice on **01.01.12**
2. **Location of Head Office**
3. **Practice turnover** Please state your practice turnover - *during 2011* or your *most recent* accounting period:
 £
 Of which
 £ relates to *public* work subject to **OJEU** procurement regimes
 £ relates to *public* work subject to **non OJEU** procurement regimes

YOUR PRACTICE'S BIDS FOR OJEU RELATED PUBLIC SECTOR WORK

4. **Review OJEU** How many times a year does *your practice* review work opportunities advertised in the OJEU?

5. **OJEU related Public Sector bids in 2011** How many OJEU related bids has *your practice* submitted in 2011, and what was the outcome?

Public Sector Bids [?]	number successful	number not successful	number outcome not yet known
Open bids	<input type="text"/>	<input type="text"/>	<input type="text"/>
Restricted bids - PQQ stage/Expressions of Interest	<input type="text"/>	<input type="text"/>	<input type="text"/>
Restricted bids - awards stage	<input type="text"/>	<input type="text"/>	<input type="text"/>
Competitive - pre qualification	<input type="text"/>	<input type="text"/>	<input type="text"/>
Competitive - dialogue	<input type="text"/>	<input type="text"/>	<input type="text"/>
Design Contest	<input type="text"/>	<input type="text"/>	<input type="text"/>
Negotiated	<input type="text"/>	<input type="text"/>	<input type="text"/>

Please give answers relating to bids submitted **during 2011** **whether you were successful or not.**

£ **estimated** total costs to your practice of **making** the bids [?]

£ **estimated** total **value of project fees** of these bids [?]

6. Public Sector bid history For the **last five** bids your practice has submitted, whether in 2011 or before, please estimate your practice costs (including staff costs) and the full fee which your practice was bidding for (estimates are acceptable)

Type of bid	Individual, framework agreement or mini competition ?	Type of client	Estimated cost of bid (£) ?	Estimated value of project fee (£) ?	Number of other bidders excluding yourself - if known	Was your bid successful?
Please select <input type="text"/>	Please select <input type="text"/>	Please select <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Please select <input type="text"/>
Please select <input type="text"/>	Please select <input type="text"/>	Please select <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Please select <input type="text"/>
Please select <input type="text"/>	Please select <input type="text"/>	Please select <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Please select <input type="text"/>
Please select <input type="text"/>	Please select <input type="text"/>	Please select <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Please select <input type="text"/>
Please select <input type="text"/>	Please select <input type="text"/>	Please select <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Please select <input type="text"/>

7. Framework Agreements Please estimate the following in relation to framework agreements:

How many *ongoing* framework agreements was your practice engaged on during 2011?

How many mini competitions arising from frameworks did your practice participate in during 2011?

of these mini competitions arising from frameworks how many were successful?

Estimated £ fee value derived from successful frameworks mini competitions during 2011

£

8. Bid Criteria

How important do you believe are the following criteria in winning a bid (based either on actual feedback or perception)?

Please rank the following bid criteria from **1 to 5** in order of importance with the *most* important = 1 and the *least* important = 5.

	Ranking
Size of practice	<input type="text"/>
Technical skills	<input type="text"/>
Financial criteria	<input type="text"/>
Response to brief	<input type="text"/>
Design Quality	<input type="text"/>

9. Further questions

Would you be willing to answer further questions eg telephone interview about specific bids? If yes, please provide your telephone number and/or email address in the box below.

10. Comments

If you have any comments about Public Procurement then please add them below:

[PLEASE CLICK HERE TO SUBMIT YOUR DATA](#)

THANK YOU VERY MUCH FOR YOUR HELP WITH THIS SURVEY.

Appendix II Methodological notes

1. Grossing-up method

Step 1 – estimate number of architectural practices

We used as a base the calculations we have performed previously for the Architects' Council of Europe Sector Study report, published by the ACE in December 2010. In this we estimated the number of architectural practices in the UK as 6024. We examined other research including the RIBA/The Fees Bureau Architects' Employment and Earnings Survey, the Mirza & Nacey Architects' Workload Survey and the Fees Bureau report Architects Performance. Each provides indicators of staffing movements and implied changes to the number of practices. However, we decided after careful thought to stay with the ACE estimate of a total of 6024 architectural practices. In the ACE report there is also an analysis of architectural practice numbers by broad size group (table A2.1), from which we have estimated further into the narrower size groups used here (Table A2.2):

Table A2.1 Estimated number of UK architectural practices by size – source: ACE Sector Study 2010 estimates

size of practice (number of architectural staff)	number of practices
1	3,094
2 to 5	1,815
6 to 30	1,022
31+	93
ALL PRACTICES	6,024

Table A2.2 Estimated number of UK architectural practices by size – Mirza & Nacey estimates updated to 2011

size of practice (number of architectural staff)	number of practices
1	3,129
2	890
3-5	848
6-10	613
11-30	440
31-50	46
51+	58
ALL PRACTICES	6,024

Step 2

The next step is to use mean turnover per practice data from this survey by practice size and gross up by the number of architectural practices to estimate total turnover for the profession. This is shown in Table A2.3 below.

We have tried to keep our methodology for grossing-up as simple as possible, and have limited the number of assumptions made. We suspect the response from the 31 or more size group may be less solid than other groups (indeed, the variance is substantially higher) but this is a function of the small number of architectural practices present in this group. These practices account a disproportionate volume of the profession's turnover and therefore any under-reporting (or indeed over-reporting) from this group amongst survey respondents may affect the grossed-up figures quite substantially. But this is a question which may result in lengthy argument, we have instead tried to keep our method simple and limit the number of assumptions made.

A similar simple multiplication method is used to gross-up the total number of bids submitted (Table A2.4).

Table A2.3 Estimated annual turnover of UK architectural practices by size

	average (mean) turnover – from Survey, £s	number of practices – from table A2.2	TOTAL grossed-up turnover: column 2 times column 3, £s
1	44,405	3129	138,943,245
2	95,506	890	85,000,340
3 to 5	242,878	848	205,960,544
6 to 10	497,798	613	305,150,174
11 to 30	1,090,800	440	479,952,000
31 or more	3,289,363	104	342,093,752
ALL	416,032	6024	1,557,100,055

Table A2.4 Estimated turnover of UK architectural practices by size with further split of turnover into public sector work (OJEU-related and non-related)

	TOTAL	total ESTIMATED £ turnover public OJEU-related work	public work not related to OJEU
1	138,943,245	3,213,483	13,370,217
2	85,000,340	760,950	8,145,280
3 to 5	205,960,544	1,020,992	25,958,128
6 to 10	305,150,174	27,453,818	48,619,482
11 to 30	479,952,000	80,959,560	49,047,680
31 or more	342,093,752	24,763,318	5,006,318
ALL	1,557,100,055	138,172,121	150,147,105

Similarly, the costs incurred in submitting bids are grossed-up, but these figures are only grossed-up by the number of practices who are active in submitting bids. So in the table below, grossed-up total spend is calculated by multiplying the mean value per practice (column 1) by the number of practices who are active in submitting bids (i.e. column 3 multiplied by column 2):

Table A2.5 Showing how total costs have been grossed-up

size of practice (number of arch. staff)	mean costs £s per practice	per cent who have submitted a bid in 2011	number of practices	estimated total spend, £s
1	2,242	8	3129	553,751
2	2,422	22	890	479,062
3 to 5	11,570	40	848	3,946,951
6 to 10	15,058	64	613	5,933,953
11 to 30	65,707	67	440	19,273,956
31 or more	109,146	88	104	10,015,765
ALL PRACTICES				40,203,436

Appendix III Profile of data subset: five most recent bids

The profile of the five most recent bids provided by survey respondents is as follows.

Table A3.1 Bid data analysed by type of bid and by size of architectural practice

type of bid (% of all bid data provided)	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
open bids	33	19	14	21	29	28	22
restricted bids – PQQ stage/expressions of interest	28	29	46	49	37	35	42
restricted bids – awards stage	6	13	9	6	15	15	10
competitive – pre qualification	6	13	14	15	13	8	13
competitive – dialogue	6	0	7	2	0	9	4
design Contest	6	19	6	5	4	5	6
negotiated	17	6	3	2	1	0	3
TOTAL	100	100	100	100	100	100	100

Table A3.2 Bid data analysed by individual or/ framework bid and by size of architectural practice

type of bid (% of all bid data provided)	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
individual	63	67	61	52	38	53	54
framework	31	30	35	43	54	41	41
framework – mini comp	6	3	4	5	8	7	6
TOTAL	100	100	100	100	100	100	100

Table A3.3 Bid data analysed by client type and by size of architectural practice

type of client (% of all bid data provided)	size of practice (number of architectural staff)						ALL
	1	2	3 to 5	6 to 10	11 to 30	31 or more	
Local Authority	33	40	33	39	26	23	32
Regional Authority	0	0	9	1	3	1	4
Development Agency	0	3	2	2	6	0	2
Health Authority	3	0	4	5	15	5	6
Education Authority	8	10	16	11	13	24	14
Housing Provider	39	23	13	17	20	19	18
Central Government	0	3	2	1	1	3	2
Cultural Provider	6	13	9	7	3	4	7
other organisation	11	7	13	18	12	20	15
TOTAL	100	100	100	100	100	100	100