

RIBA Policy Note

Boosting the UK's architectural exports

The Royal Institute of British Architects champions better buildings, stronger communities and higher environmental standards through the practice of architecture and our 40,000 members. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

Architecture is one of Britain's most visible creative exports. From housing to office buildings, sports stadia to infrastructure, British-designed buildings have set the gold standard for creativity and innovation in the built environment across the world. Architecture contributes over £4.8 billion in GVA to the UK economy every year, including £1.5 billion through direct and indirect exports. 1 in 5 architects responding to the RIBA's 2018 Brexit Survey told us that they want to export overseas, but at present most practices only work in the UK. Now is the time to address the barriers and challenges that can prevent practices from taking the first steps to international expansion and ensure that practices of all sizes across the UK are empowered to work globally.

The biggest challenges facing architects seeking to start on the journey to international expansion are getting the right information about potential markets, securing the financial backing they need and a lack of on-the-ground support. Trade support, from market intelligence to export finance, can make the difference between success and failure – but too often architects report that the support on offer is difficult to access and insufficiently tailored to their needs.

With the wider services sector making up 80% of the UK's economy but fewer than half of its exports, a new approach to providing trade support for the services sector is vital. For creative services like architecture, more support – from offering finance on more attractive terms to practical in-country support and dispute resolution – is essential to unlock its full export potential.

To boost Britain's architectural exports and support architects to trade around the world, the RIBA has 10 recommendations for Government:

- Retain mutual recognition of professional qualifications with the EU and pursue new mutual recognition agreements with priority countries including the USA, Australia and Canada
- A system of priority access for business travellers to support architectural practices to do business in overseas markets
- Better government-industry joint working through a Creative Industries Trade Board
- A long-term, cross-government export strategy to promote British expertise in architectural services and the built environment
- Export finance on more attractive terms for architectural practices
- Better market intelligence for architectural practices based on improved knowledge of local commercial environments
- More accessible and transparent promotion of Government trade support to small practices
- Higher quality market introduction (OMIS) reports tailored to the needs of architects and other service sector businesses
- More in-country support with dispute resolution, non-payment and regulatory challenges
- Co-working spaces to give small architectural businesses access to physical office space

Why is trade support important to architects?

1 in 5 architects told the RIBA in our 2018 Brexit Survey that they wish to expand internationally, either to the EU or further afield. Architects already contribute £1.5 billion to the UK economy through direct and indirect exports each year, with the sector's most important export markets being the Middle East, Europe, Asia and North America.

As the UK forges a new relationship with the rest of the world, much of the focus is on striking new trade deals that will make the most of British strengths in services, removing barriers to trade and opening up new markets. The RIBA's recent research report Global Talent, Global Reach offers a range of recommendations to Government to ensure that the UK's world-leading architecture sector benefits from new services trade agreements. Ensuring that British exports continue to be strong will strengthen the UK economy and help deliver sustainable, long-term growth.

However, at present propensity to export in the architecture sector varies greatly by size. For the largest practices with the greatest revenue, over 70% of their revenue comes from international projects; for smaller and medium-sized practices it is less than 10%. With clear appetite among the sector to expand internationally, supporting more small practices to take the first steps to international expansion will help unlock the sector's true export potential and ensure Britain can make the most of its new global position.

What does the RIBA do to support architects to work globally?

The RIBA has a growing programme of activities to support our 42,000 members worldwide to work globally. The RIBA has a significant international presence with four global regions – Americas, Europe, Middle East & Africa, and Asia & Australasia – and 11 established International Chapters serving local communities of architects across the world and hosting regular events and activities.

We work with the Department for International Trade (DIT) and other organisations such as the China-Britain Business Council (CBBC) to arrange trade visits and delegations for our members in overseas markets. The RIBA also supports members at MIPIM, the world's leading property market, helping RIBA Chartered Practices promote themselves to prospective clients.

In the UK, the RIBA provides members with practical information and encouragement to develop international business opportunities. Our recent guidance *Working Internationally: A guide for practices* provides practical advice and support services for architects looking to internationalise their practices. While RIBA regional teams regularly host events and sessions designed to help architects share experiences and intelligence with each other.

Overcoming barriers to trade

- **Retain mutual recognition of professional qualifications with the EU and pursue new mutual recognition agreements with priority countries including the USA, Australia and Canada**
- **A system of priority access for business travellers to support architectural practices to do business in overseas markets**

Regulatory barriers can provide significant challenges for practices looking to sell their services globally. Restrictions affecting services trade are not addressed by goods-only trade agreements and need special attention to overcome. Larger and better-resourced architectural practices are often able to overcome the added cost and inconvenience of these barriers to work internationally, but for smaller practices these hurdles can be insurmountable.

For architects, among the biggest barriers are visa restrictions and a lack of mutual recognition agreements for their professional qualifications. Half the architects in the RIBA's Brexit Survey who are already working internationally, either in the EU or outside the EU, told us that losing mutual recognition of professional qualifications (MRPQ) with the EU would make it harder for them to do business overseas. In addition, 60% told us that they want to see the UK pursue new mutual recognition agreements with new markets. Meanwhile, over 40% of the architects we surveyed who are working internationally told us that visa restrictions in foreign markets were a significant barrier to practices looking to export.

While the Professional Qualifications Directive provides for the mutual recognition of architects' and other professionals' qualifications across Europe, the UK has no agreements for the mutual recognition of architects' professional qualifications with countries outside the EU, despite the significant market opportunities for architectural services in countries such as the USA, Canada and Australia. The lack of mutual recognition agreements worldwide presents a challenge for architects seeking to work outside the

European Union – the inability to register or practice locally on the strength of their UK qualification without taking a local examination represents a significant cost and time barrier.

Should Britain lose mutual recognition with the EU after Brexit, these barriers will grow even more pronounced. The UK must ensure it retains mutual recognition of qualifications with the EU and encourage regulators to open discussions for the mutual recognition of qualifications with new partners – this will enable easier access to those markets for UK qualified architects.

For architectural practices, which are reliant on the specialist skills of expert practitioners, visa restrictions present an added source of frustration. The cost and administrative burden associated with obtaining visas to visit and work in non-EU markets, as well as limits on the ability of businesses to assign staff overseas via intra-corporate transfers, is significant. This is especially acute for labour-intensive service sectors like architecture, where exports rely on the ability of businesses to travel to meet clients and work in overseas markets. The RIBA therefore believes that the UK should establish or participate in a scheme of priority access for business travellers that would provide expedited border crossing for architects and other professionals looking to do business overseas.

Case study: RIBA Chartered Practice, under 100 staff

“As a result of our practice’s work on Crossrail, which is highly regarded all over the world, we were invited to bring our experience and expertise in infrastructure to fantastic projects in Australia. Despite these being government projects, it still takes 2 or 3 months to get visas approved so that our designers with Crossrail experience can get out to Australia to work on these projects – this is frustrating for us and adds delays to the work.

The same challenges apply for architects from outside the EU coming to work in the UK. If we identify a fantastic graduate from Singapore, for example, it will take 3-4 months to get the relevant visa approved for them to come and work for us – we’re often forced to settle for less talented people who don’t require a visa to work in the UK. As the world is getting smaller, it’s important to make it easier through the visa system for talented architects from inside and outside the EU to work in the UK and vice versa.”

These recommendations are discussed at greater length in the RIBA’s policy notes *Mutual recognition of professional qualifications* and *Building a post-Brexit immigration system which works for UK architecture* at www.architecture.com/brexit

Towards a strategic approach to boosting Britain’s architectural exports

- Better government-industry joint working through a Creative Industries Trade Board
- A long-term, cross-government export strategy to promote British expertise in architectural services and the built environment

As the UK prepares for a new trading relationship with the rest of the world, the opportunities for British architecture are significant. In addition to striking trade deals that are tailored to the British economy’s strengths in services and especially creative industries like architecture, a new trade policy presents an opportunity for a new and more strategic approach to trade support from the Department for International Trade.

The DIT's – formerly UK Trade & Investment (UKTI) – programme of trade support and promotion aims to help businesses to export, promote UK exports overseas and source export leads and opportunities for UK businesses through its staff based both in the UK and overseas. However, UKTI's approach has traditionally been transaction-driven and focused primarily on goods trade; neither the DIT's single departmental plan or UKTI's last five-year strategy (published 2014) have a specific strategy for services trade. The DIT's forthcoming Export Strategy should address this and contain a strategy for boosting exports by creative services businesses like architecture practices.

Case study: RIBA Chartered Practice, under 100 staff

“We have joined several UKTI-sponsored trade visits, but have found them to be of limited benefit compared to sector-specific trade events as they aren't focused enough on generating the client contacts which are key to establishing working relationships and getting new business. In 2012 we sent a representative on a UKTI-organised trade visit to Singapore and Kuala Lumpur to research the market, meet potential clients and make contacts – the event was well-organised logistically, but it covered several loosely-related sectors and most participants were selling products – potential clients for our services were thin on the ground.

Promised opportunities for us to make presentations to the local audience didn't materialise in the short time available – most of the sessions were with local industry representatives, and social events with local providers offering their services to us. We came away with several opportunities to buy software or legal services, but very little in the way of potential business contacts. The visit was too short to organise any of our own meetings in advance and it would have been more effective for us to arrange our own trip with targeted meetings, or to attend a sector-specific trade organisation event.”

With the service sector accounting for 80% of the UK economy but only 43% of total UK exports, it is vital that the Government does more to support service sector businesses to work internationally, including maintaining a clear understanding of the needs and priorities of businesses in sectors like architecture and the other creative industries through joint government-industry working. The RIBA supports the proposal for a Creative Industries Trade Board in the Creative Industries Sector Deal and believes this should serve to help Government and industry priorities align better.

For British architecture, a more strategic and long-term approach must also mean better promoting the UK's expertise in the built environment. As the world continues to urbanise, especially in emerging markets like China, India and the Middle East, the skills and services British architecture has to offer will be increasingly needed and in demand over the next few decades.

Individual trade missions are not necessarily the route to success here; rather, building relationships and capacity, and more effectively marketing British design expertise in these markets, to developers and urban leaders, can support the sector to build its capacity to meet this developing demand. The DIT should be prepared to invest in medium to long-term opportunities for the built environment sector and adopt a joined-up approach across Government to develop a long-term strategy for supporting British architects to work globally in emerging markets.

Public authorities and private developers are increasingly aware of larger challenges – social, economic and environmental – associated with the built environment and the UK's experience and expertise in this field present a golden opportunity for British architecture. It is vital that the DIT and Government take a long-term approach to building an international appreciation and appetite for British built environment expertise.

Getting businesses ready to work globally

- Export finance on more attractive terms for architectural practices
- Better market intelligence for architectural practices based on improved knowledge of local commercial environments
- More accessible and transparent promotion of Government trade support to small practices

One in five architects told the RIBA in our Brexit Survey 2017 that they would like to expand their business overseas, both inside and outside the EU. Ensuring that the small businesses that make up over 90% of the sector are prepared to take the first steps to international expansion – and that they are prepared to compete in overseas territories with local competitors – is essential.

The greatest barrier faced by especially small practices wishing to develop their international business is being unprepared – either financially or in terms of skills and expertise – to work outside the UK. 40% of the architects we surveyed in small and medium-sized practices told us that improving financial support for practices looking to expand into new markets was essential to help them grow internationally.

For service providers like architects, getting access to finance can prove an additional challenge, as commercial lenders are often more risk-averse when lending than to businesses trading in goods. To support the global expansion of architects, UK Export Finance (UKEF) should do more to offer export finance on attractive terms to service sector businesses looking to work internationally.

1 in 3 architects told us that improved advice and guidance from the DIT would help improve their readiness to work internationally. Architecture is a regulated profession and different local markets have distinct commercial and regulatory environments that can complicate a practice's attempt to bid for work there. Understanding a local business climate and legal regime is critical – for example, many jurisdictions have heavy local hiring, registration or public procurement requirements which can be difficult for overseas businesses to comply with; for an unprepared practice this can be impossible. Practices must often dedicate significant time and money to researching these circumstances, which can be a drain on resources relative to the potential gains and can put practices off from working overseas.

The DIT's Individual Trade Advisors and Market Selection Service reports can provide valuable intelligence for businesses considering expanding into new markets; however, these reports are often of variable quality and insufficiently detailed on local challenges of importance to sectors like architecture. The cost of these

Case study: RIBA Chartered Practice, over 100 staff

"If we are honest, we don't really know what financial support is on offer from UK Export Finance for working internationally. Much of what we are aware of is from hearing about services second-hand and when we have investigated for ourselves being unable to find the information easily is frustrating. We approached UKEF over one project and had a lot of positive noises but nobody laid out exactly what is available – we've been left to join the dots ourselves and in the end only came up with some of the funding we needed.

Having somebody knowledgeable and frank to speak to would have saved us a lot of time – even if we'd known that we could only access only a part of the funding we needed, we could have spent time exploring other options too. The additional funding UKEF provides can be a great help, but there should be a clearer way of finding what support and funding is available, how you access it and what hoops you have to jump through to get it."

reports can exceed £1,000 – significant, in relative terms, for small practices, and more can be done to ensure these are of a high enough quality to be worth the investment. The DIT should focus on improving its knowledge of local commercial and regulatory environments for the service sector to ensure its market intelligence reports are of sufficient benefit for service sector businesses – over 1 in 3 architects we surveyed told us that improved market and international opportunities information would encourage them to work internationally.

In addition, whilst the Government's GREAT campaign has done much to promote the role of UKTI and now the DIT in supporting businesses to export, many architects – especially those in small practices – remain uncertain of the support that is available to them, how to access it and how it might work for them. The DIT should continue making its services more accessible and transparent to small businesses and consider how it can better promote its support to service sector businesses like architects.

Getting established in new markets

- **Higher quality market introduction (OMIS) reports tailored to the needs of architects and service sector businesses**
- **More in-country support for businesses with dispute resolution, non-payment and regulatory challenges**
- **Co-working spaces to give small architectural businesses access to physical office space when working overseas**

For professional service providers like architecture, simply having access to an overseas market is not enough. Establishing a presence internationally involves a substantial investment of time and money to build relationships with potential local clients and partners, and knowledge not only of the local regulatory environment but contract law, working practices and business culture. Supporting architects to establish an overseas presence could bring significant benefits – a third of the architects we surveyed told us that expanding in-country support would help them to work internationally.

It is vital that the range of Government-backed trade support on offer to architects, especially from smaller and medium-sized architecture practices, extends to ongoing in-country support that will allow them to build relationships and a local presence. Trade missions and delegations are an important first step, but on their own are not enough. Having access to expert in-country support aimed at helping smaller practices to find local partners, develop longer-term relationships with potential clients and understand local business practices could make all the difference.

At present the Government's key offering in this area is the Overseas Market Introduction Service (OMIS), which links businesses to market information and advice, and identifies potential market opportunities including clients or partners. The quality of OMIS reports varies considerably however, and they often do not meet the expectations of businesses – either because they lack sufficient local knowledge or sufficient understanding of the needs of businesses in certain sectors, especially the services and creative sectors. The DIT should ensure that OMIS are of higher and more consistent quality and that it has sufficient local expertise to provide valuable advice to architectural practices – 40% of architects we surveyed told us that better market intelligence would help support them to work in overseas markets.

Architects working internationally often face additional barriers from local procurement systems as well as mistrust or defensive measures from local practitioners. Local contract requirements such as performance bonds or onerous insurance requirements, and late or non-payment of invoices, are a further trial. These challenges can act as a significant disincentive for architects to practice in overseas markets and lead to added costs when they do. Many markets with significant growth potential for UK architecture exhibit these challenges, and the DIT must do more to support architectural exporters with dispute resolution, support over non-payment and practical support in navigating local regulatory systems.

The Department for International Trade has a strong global presence in 108 countries around the world through British embassies and consulates and is well-placed to provide this further in-country support. The DIT should ensure it has the right understanding and skills in-country to support creative services professionals like architects.

Smaller practices seeking to establish themselves in new international markets could also benefit from access to physical working space. While larger, better-resourced practices often open their own small offices locally, for smaller practices this is generally not an option. Having a space to meet potential clients or partners, conduct market research and work in the local market would help enable more small practices to take the first steps to working internationally. Drawing on the example of business incubators and co-working office spaces, the DIT should explore the possibility of providing access to co-working office spaces in priority international markets to small businesses, including architectural practices, looking to export.

Boosting the UK's architectural exports

Supporting the continued growth of Britain's architecture sector will require a new approach to trade support tailored to the particular needs of architects and other creative service sector businesses.

It can take time for practices to develop the local contacts and knowledge to establish themselves in overseas markets and see a return on their investment of time and money. Especially for smaller practices, overcoming these challenges can mean the difference between success and failure.

As Britain prepares to forge a new trading relationship with the rest of the world, the additional support measures outlined in this paper could open the door for many more architects to export their services globally and unlock the true export potential of one of Britain's most sought-after creative brands.

Case study: RIBA Chartered Practice, over 100 staff

"Our practice has worked on significant projects in the Middle East; one of the biggest lessons we have learned is that the business culture and culture of contract is very different. We have to be prepared for the overhead cost of having the contracts reviewed by legal advisors who know the region, as contracts are seen as being there wholly to protect clients from every eventuality, with minimal advantage to the supplier. Common requirements for performance bonds can be significant; the performance requirements attached are onerous, they mean that cashflow is locked down and not released until late in the project, which is a big impact, and clients may not instruct their banks to release bonds in good time. Combined with late payment of invoices, which is a notorious problem in some markets, this can be a double-whammy for our cashflow.

We have had recourse to British embassies over various issues during our international work. In some cases, this support has been beneficial, but in others the embassy was less impressive and unable to provide us with much help. The level and quality of support is variable and seems to depend significantly both on the embassy's priorities and on individual knowledge."