Chairman’s statement

Arup was founded on the belief that the built environment can change people’s lives for the better. This year, across all our operations and markets we’ve continued to meet this aim – helping clients solve their biggest challenges by harnessing our diverse skills and constantly expanding what’s technically possible.

However, we’ve also seen some slowdowns in areas dependent on oil revenue, including parts of the Middle East, Western Australia and Texas.

Holistic thinking
A great challenge in our industry is that almost everything we make is effectively a prototype, with limited scope for refinement as a ‘product’. A change of mindset, which sees a fragmented supply chain working much more effectively, offers exciting possibilities. I’m delighted that we are working on this in partnership with the Ellen MacArthur Foundation and that the European Commission adopted new circular economy proposals last December.

Thinking in terms of a circular economy requires a holistic approach. That’s something we’ve long embraced. It sees us increasingly involved with our clients in the earliest stages – from initial strategic advice through to detailed design – and is supported by our ever-expanding digital expertise which places us at the forefront of new thinking in the planning, design and operation of today’s built environment. The Vision Masterplan for the Causeway Centre Business Park, just outside London, is a prime example of this kind of approach in action.

This year, there has also been greater global demand for ‘design and build’ solutions. Working in close collaboration with leading partners worldwide, we’re increasingly providing clients in construction with these services, which typically combine the benefits of quality, value and speed to market. A ‘total design’ approach has always been central to how we operate, and recent projects such as the Long Beach Civic Center in California, have illustrated how well placed we are to support clients in this current design and build trend.

In an increasingly digital age we face growing competition for people with the science-based skills we need. Shaping the built environment provides the immeasurable satisfaction of making a tangible impact on people’s day-to-day lives. As a result I’m confident we’ll continue to be able to attract the brightest and best, wherever we are working.
Founding values

We’re a progressive firm focused on positively shaping the future. That said, it’s clear to me that the values on which our firm have been built are more relevant than ever. We’ve always been concerned with using our skills to meet global challenges – social, economic or environmental.

As a trust-owned firm with no individual shareholders or external investors, we operate independently to meet our own priorities. Our first priority has always been and will continue to be, doing all we possibly can to help our clients meet their biggest challenges.

Ultimately, this dedication is driven by our deeply ingrained desire to bring about positive change for people, wherever we are working. Our business model provides other benefits too. Staff members share in our annual operating profit, ensuring that everyone benefits when the firm performs well. We have created what we believe to be a virtuous cycle that underpins our continuing success; we attract the best talent, who produce high quality work for clients and that creates further opportunities. We also invest in our people’s future through both ‘on the job’ and training opportunities and encourage them to have a voice in how our business develops.

This ethos sustains the ‘unity and enthusiasm’ that Sir Ove Arup recognised as critical for lasting success. It has also ensured that we’ve continued to grow organically and been profitable in every year since the firm was founded 70 years ago.

I am particularly pleased to report that our approach and culture resonates in the communities in which we work, allowing us to recruit based on personal interests and values, as well as professional skills. The 8,000 applications we had for 275 UK graduate positions this year is just one example of this success. In an increasingly digital age we face growing competition for people with the science-based skills we need. Shaping the built environment provides the immeasurable satisfaction of making a tangible impact on people’s day-to-day lives. As a result, I am confident we’ll continue to be able to attract the brightest and best, wherever we are working.

Community engagement

Ten years ago we chose to celebrate our 60th anniversary by establishing a fund that enables our people to apply their skills to solve challenges faced in developing countries. Supporting and supplementing the volunteered time of staff members, together we have brought technical expertise to reduce suffering and improve the lives of those in need.

A decade on and I’m pleased to report that the fund has delivered substantial and lasting value to communities around the world. Projects like Sabre Kindergarten in Ghana, Nyerere Maternity Hospital in Rwanda and the W2Q Bridge project in Gansu, China have all delivered terrific benefits. They also show how bringing our skills to bear to meet real community needs can have a multiplier effect that’s greater than fundraising alone. I look forward to seeing the firm have an even greater impact in the years to come.

Financial performance

Our revenue grew to £1.24bn in the year to 31 March 2016, an increase of 10.2% from 2015. I’m pleased to report that all five of our Regions recorded growth, across every Region, we’ve prospered by meeting and exceeding the varied needs of our clients. Across the world we’ve collaborated with clients on more than 16,000 projects and increased our operating profit margin to 10.1%. By continuing to view growth as a result, not a driver, we’re confident we will enjoy further success.

The future

As always, political events will have a major influence on the business environment. To date, uncertainty around the US election, China’s slowdown, Brexit and political turbulence in other parts of the world have not had much negative impact on our firm, but we will continue to watch developments closely.

As a global firm with a proud history, a shared set of values and wide-ranging expertise, Arup has a distinctive identity. By focusing on our clients, sticking to our principles and deploying our skills to have a positive impact, I believe we will continue to play a leading role in shaping a better world.

Gregory Hodkinson Chairman, Arup Group

Cities have long been the centres of economic, political and social activity, they also have a significant impact on our planet’s health. Indeed, whilst cities generate around 80% of GDP, they also consume over two-thirds of global energy and emit more than 70% of greenhouse gases.

Against this backdrop it is logical – indeed imperative – that cities take the lead in tackling the global challenge that is climate change.

From Gregory Hodkinson’s foreword to Climate Action in Megacities 3.0, a research report we developed through our strategic partnership with C40 Cities.

I was delighted that the COP21 Summit in Paris in December 2015 secured a historic agreement to limit global warming to less than 2°C. We participated in the event and pledged our full support for this important outcome.

Arup has long pressed for such an agreement through business initiatives and the World Economic Forum. We’ve seen mounting evidence of progressive business thinking on climate change, and welcomed the opportunity that COP21 gave firms like ours to be at the forefront of meaningful action. Our work helping the Double Cove residential development become Hong Kong’s first LEED-certified community project is just one example of where we have put this into practice.

City governments have a direct democratic link to their people and have often responded more quickly than national governments when it comes to climate change. This year, we played an active role supporting the C40 Cities Climate Leadership Group, a network of more than 90 cities taking action to reduce greenhouse gas emissions. Agreeing global targets and sharing best practice are important steps but ultimately they are a beginning not an end. Mitigating impacts on our environment, creating greater resilience and thinking in new adaptable ways are the approaches we are adopting together with our clients to address climate change across all our markets. Doing this will help us play our part in turning global accords into meaningful action.

A year ago I was delighted that the firm had delivered substantial and lasting value to communities around the world. Projects like Sabre Kindergarten in Ghana, Nyerere Maternity Hospital in Rwanda and the W2Q Bridge project in Gansu, China, have all delivered terrific benefits. They also show how bringing our skills to bear to meet real community needs can have a multiplier effect that’s greater than fundraising alone. I look forward to seeing the firm have an even greater impact in the years to come.