CUBO Benchmarking Report

Summary Report for Winter Conference, November 2018

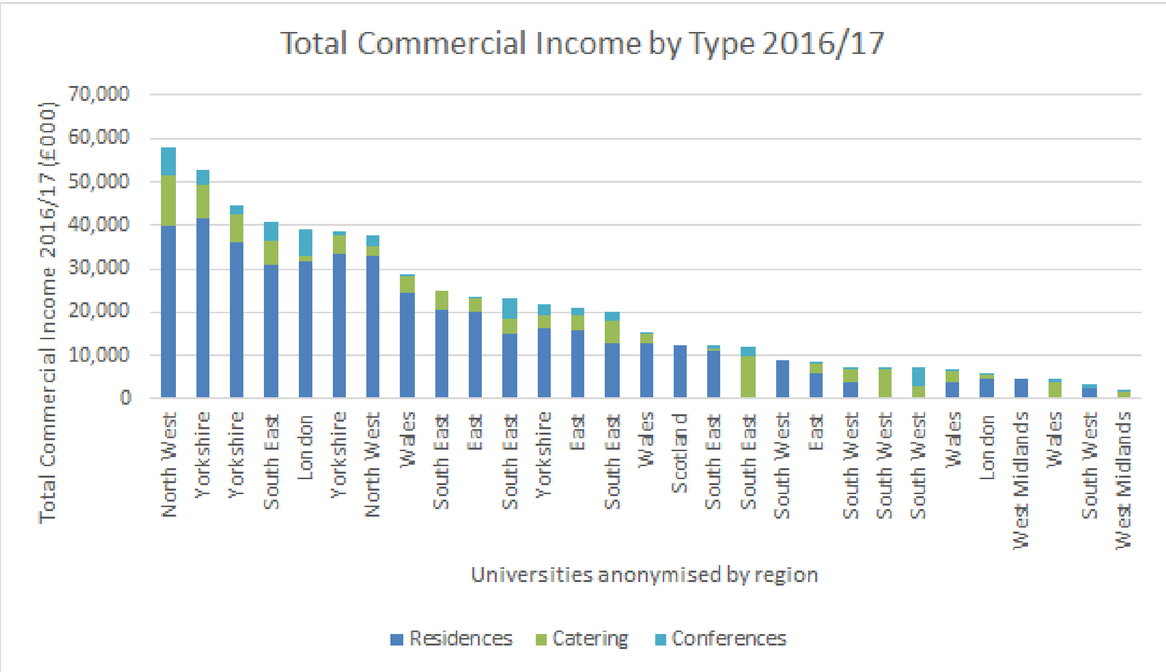
HEADLINES

- Total commercial income reported by the 29 member institutions was £594.1m in 2016-17, up 3% on the previous year
- Residential income constituted 75% of income, with 17% from catering activities and 8% from conference overall
- Catering income of £101.5m was reported by 25 members, equating to an average of £4m of revenue across the group, with profit margins most frequently reported within the 60% to 69% of revenue
- Conference income of £48.6m was reported by 25 members, equating to an average of £1.9m of revenue across the group
- Income from residences was reported by 24 members at £444.0m with an average of £18.5m in revenue generated on average across the group

ANALYSIS

Total Commercial Income

Total commercial income reported by the 29 member institutions was £594.1m in 2016-17, including income derived from rental income from residences, catering activities (including that provided within residences). This equates to an average commercial income of £20.5m per institution. Residential income constituted 75% of income, with 17% from catering activities and 8% from conference overall. The average commercial income reported across the 38 institutions in the survey was £19.9m, up 3%.



The top 10 institutions in terms of size of commercial operation equate to 65% of total commercial income, with largest university reporting almost £58m of income, and the second largest reporting almost £53m.

Catering

Catering Income

Catering income of £101.5m was reported by 25 members, equating to an average of £4m of revenue across the group.

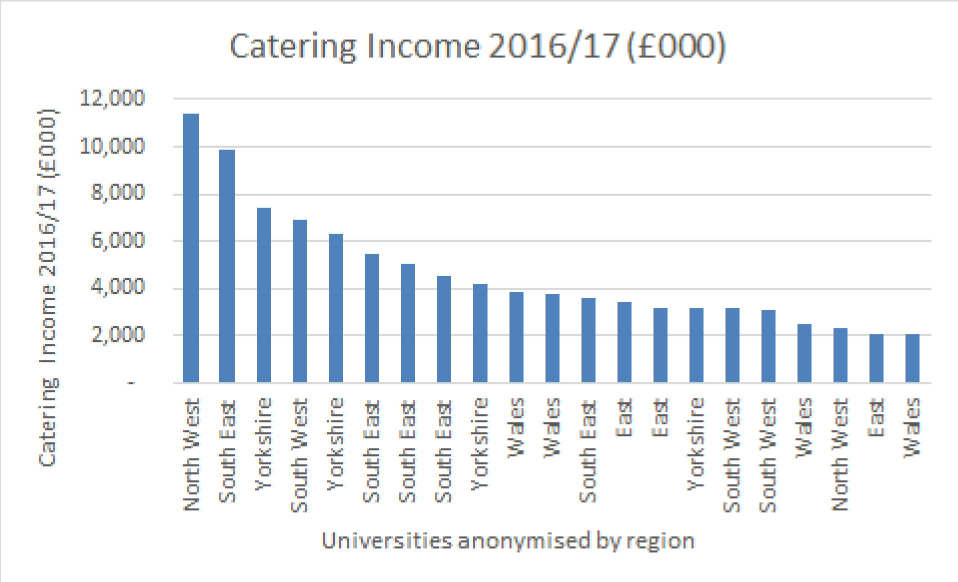
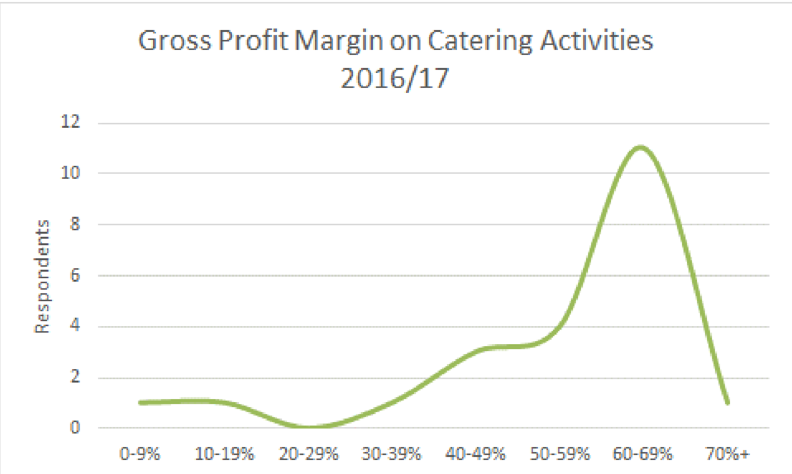


Chart shows members with over £2m in catering income

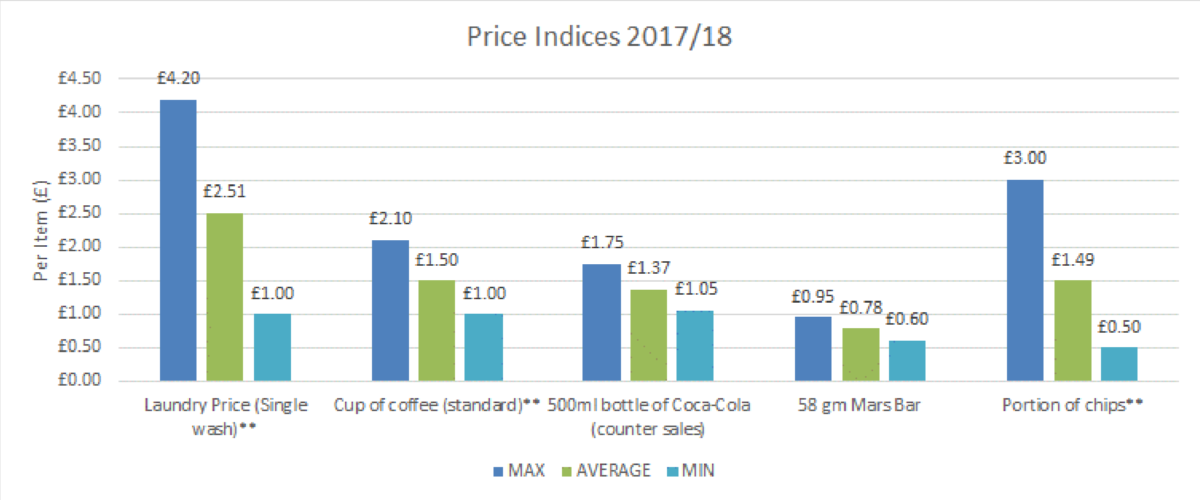
Catering Profit

The gross profit margin reported by the institutions varied more widely but half of the 22 respondents reported a profit of between 60% and 69% on their catering activities.



Index of prices

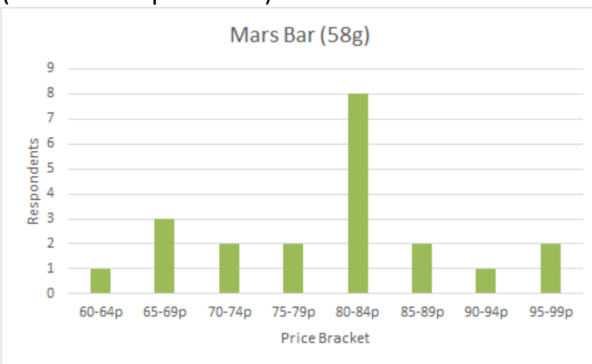
Below the cost of a range of items are shown, with data collected from 23 member institutions. Note that prices for some items such as coffee and a portion of chips are non standard measures (indicated with a ** below), however the prices of packaged goods (Mars Bars and Coca Cola are standard products and therefore are a true comparison of prices.



** indicates the potential for variation in the measure of the portion or service provided.

In the standard priced good, the range of prices charged by member institutions varies widely with a 35 pence difference or 67% variation in the price of a Mars bar between the cheapest and most expensive retailer. There is a 70 pence difference or 58% variance between the price of a bottle of Coca-Cola between retailers.

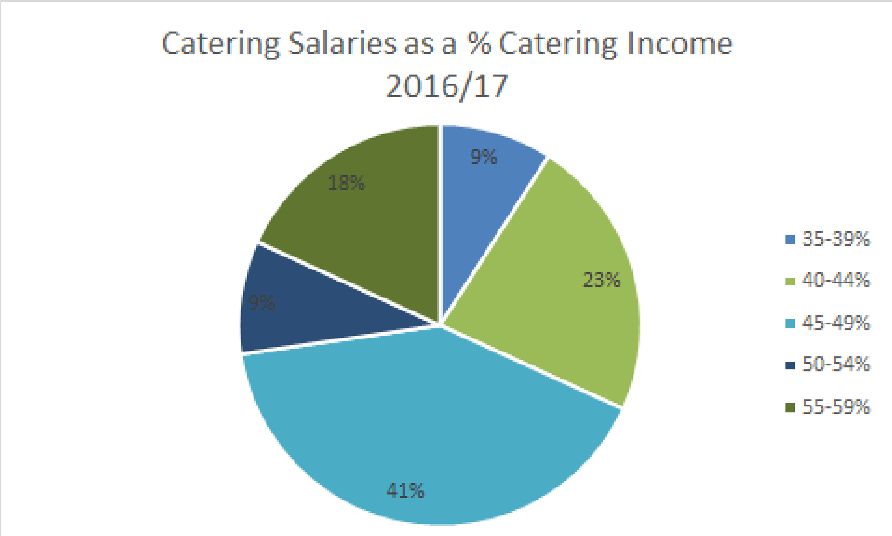
Mars Bar Price Distribution 2017/18
(Base 21 Respondents)



Coca-Cola Price Distribution 2017/18
(Base 23 Respondents)

Salaries

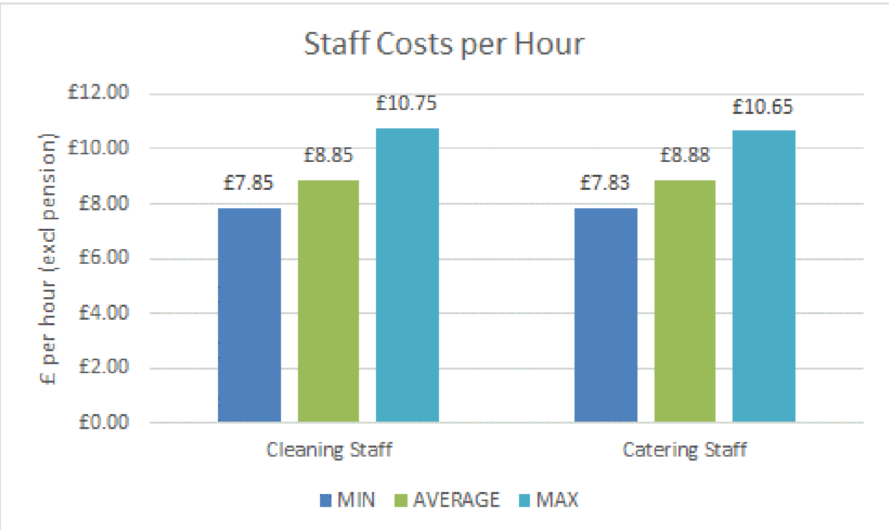
Catering salaries for the 22 members who disclosed figures were most likely to account for between 40% and 49% of income. There appears to be no geographic correlation between salary cost and income, nor is there a relationship between salary cost and the size of the income.



Staff Costs

There is little difference between the reported cost per hour of Catering and Residential Staff on campuses. These costs exclude pension but include any London weighting or living wage calculations. Figures were provided by 21 member institutions, many reporting the lowest points of salary grades.

Interestingly there is little difference between the cost of staff per hour regionally, with London/South East institutions reporting figures only marginally higher than Russell Group members and specialist institutions elsewhere in the country.



Average rates of pay per hour in 2016/17 survey (32 respondents) equated to £8.73 for cleaning staff and £8.26 for catering staff. There is variability between the institutions who took part in each survey so caution should be applied in making direct comparisons, and the previous survey average is provided for information.

Conference Activity

Conference income of £48.6m was reported by 25 members, equating to an average of £1.9m of revenue across the group.

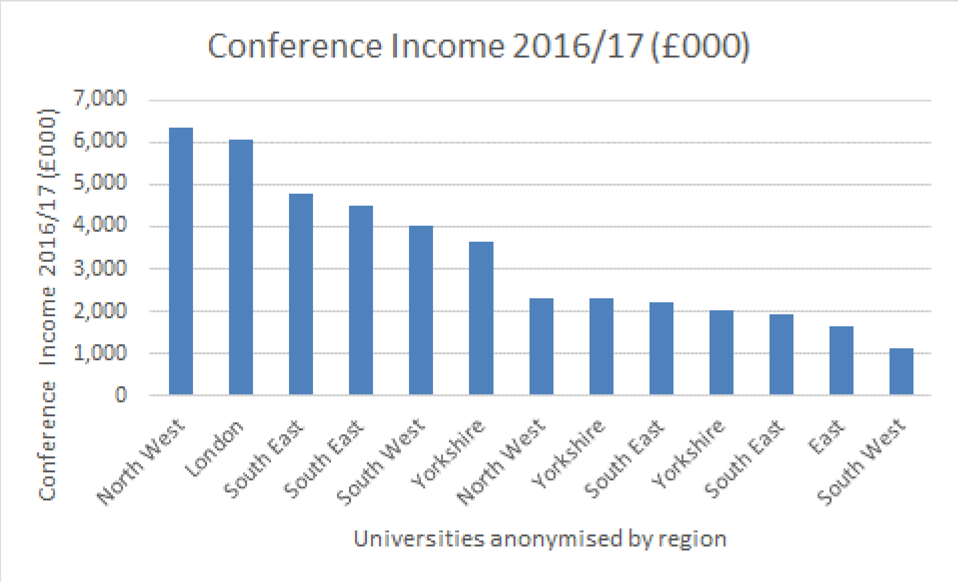
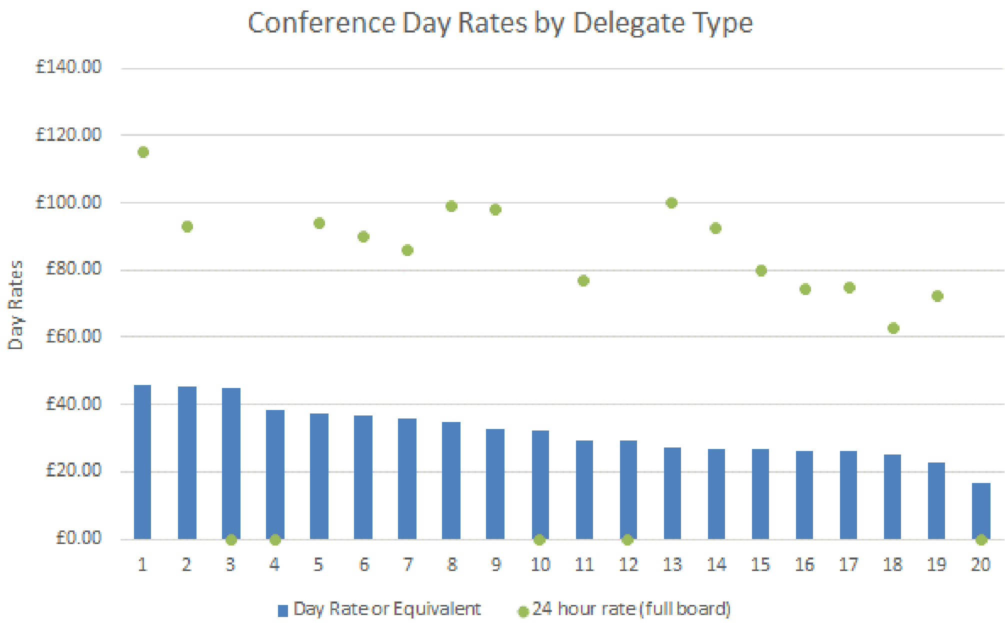


Chart shows members with over £1m in conference income

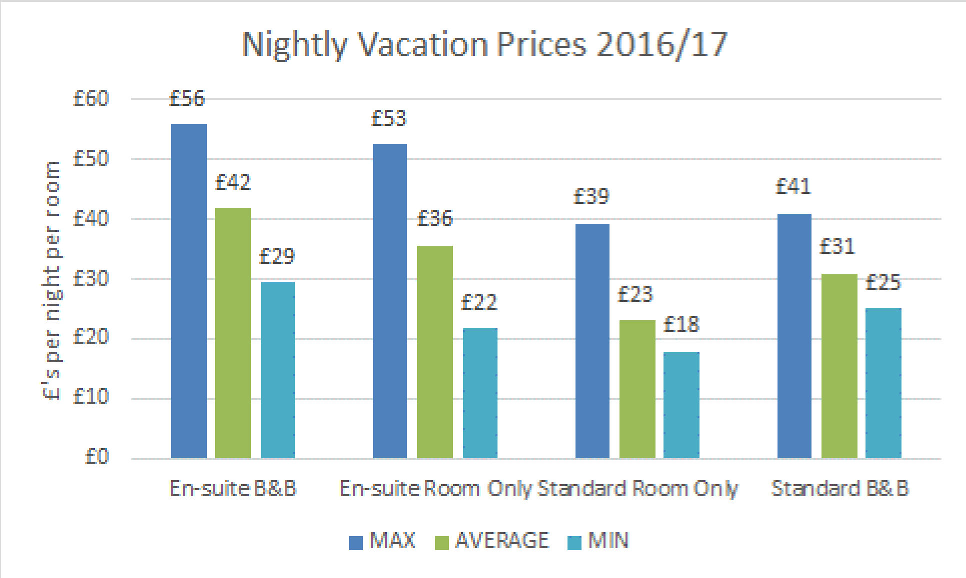
Conference Day Rates are shown below across 20 member respondents who provided information on the pricing of non-dedicated conference facilities. The average rate charged to a day delegate across the sample was £32 per day, and a 24 hour rate including full board was £87.



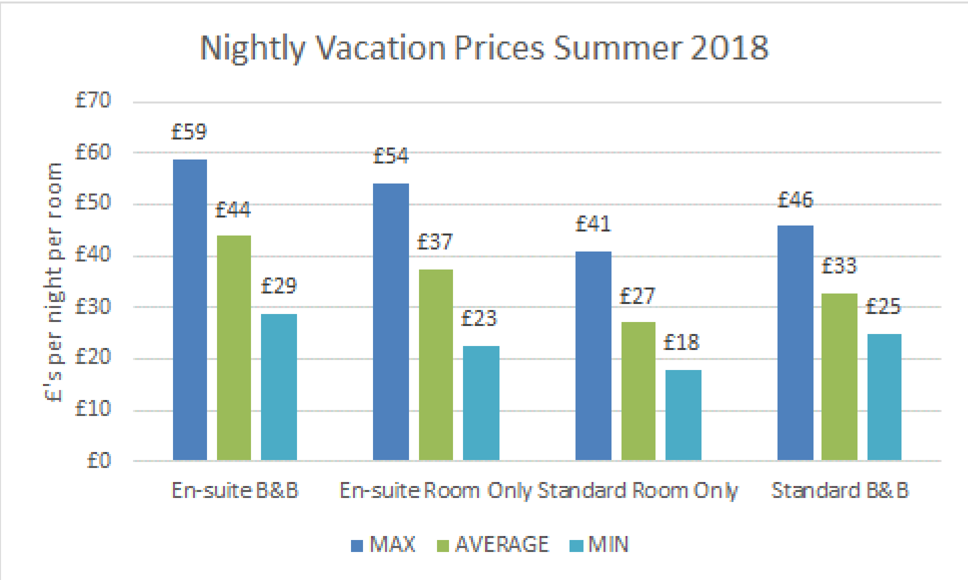
Data on dedicated conference facilities attracted very small sample sizes and so has not been reported in this document.

Commercial Activity in Residences

Data from 24 members revealed the following trends in nightly vacation prices by room type and catered package. Note that due to the variation in room types and packages offered by institution, sample sizes are smaller in this analysis (between 12 and 19 respondents in each category).



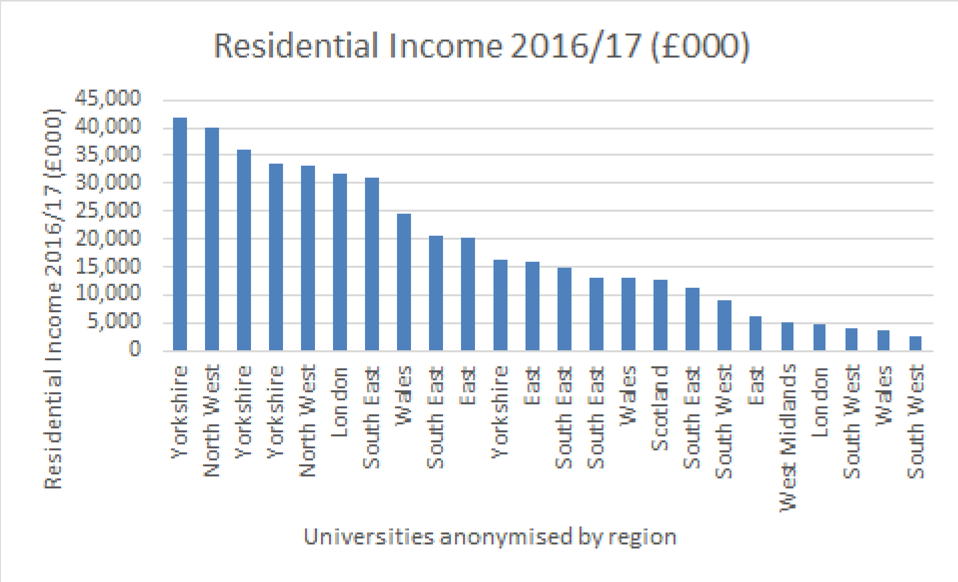
Nightly prices increased were reported as increasing £2 per night on average between 2016/17 all year calculations and the summer 2018 prices in all but the standard room only type, where room rates per night were due to increase by £4 per night on average.



The difference in average nightly room price between B&B and room only packages is between £6 and £8 per night.

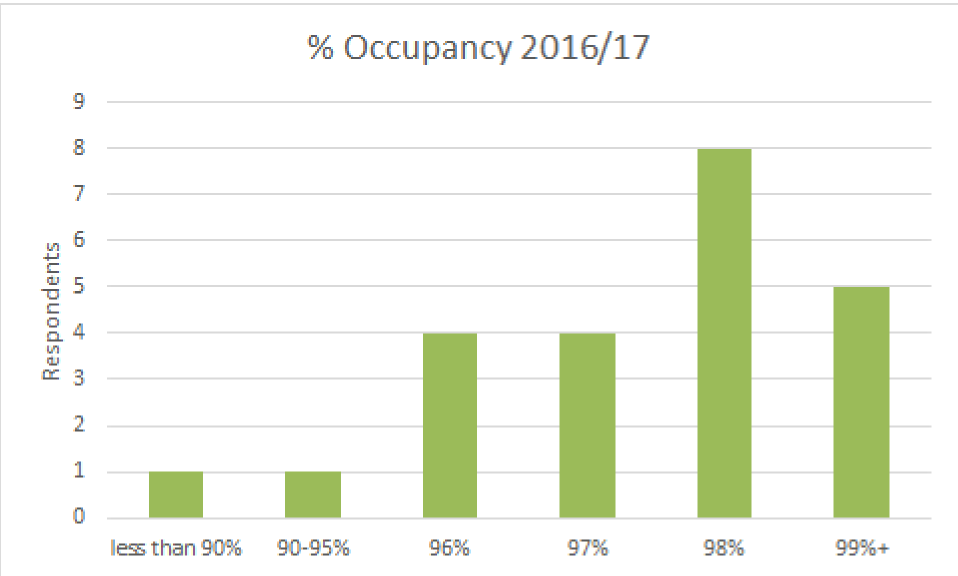
Residences Income

Income from residences was reported by 24 members at £444.0m with an average of £18.5m in revenue generated on average across the group.

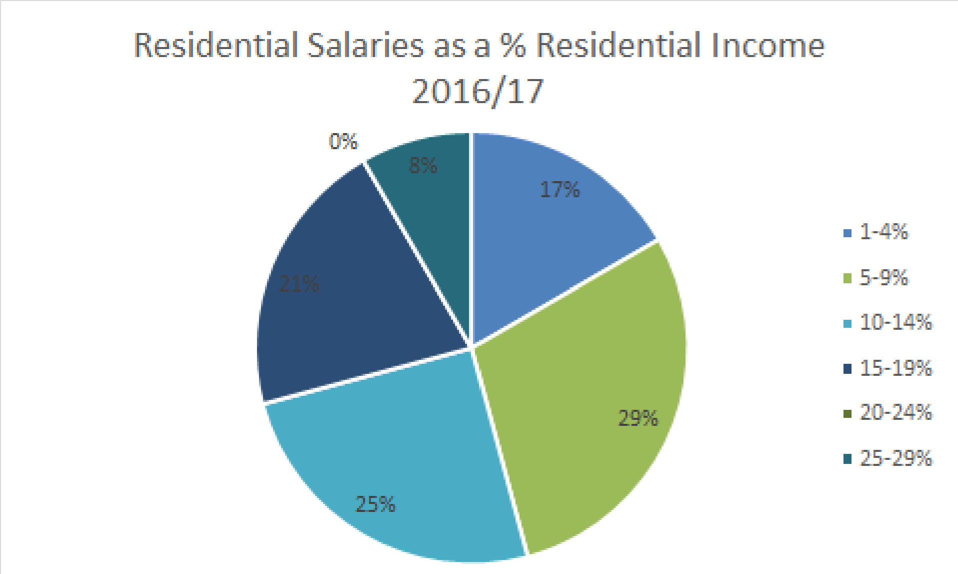


Within this analysis there are some notable exceptions in the form of member institutions who have a large portfolio of residences serving the campus but where the revenue flows to their third-party partners, either in whole or in part.

Occupancy was high across the board with all but two of the 23 respondents reporting 96% occupancy or greater. 13 respondents reported occupancy of 98% or better.

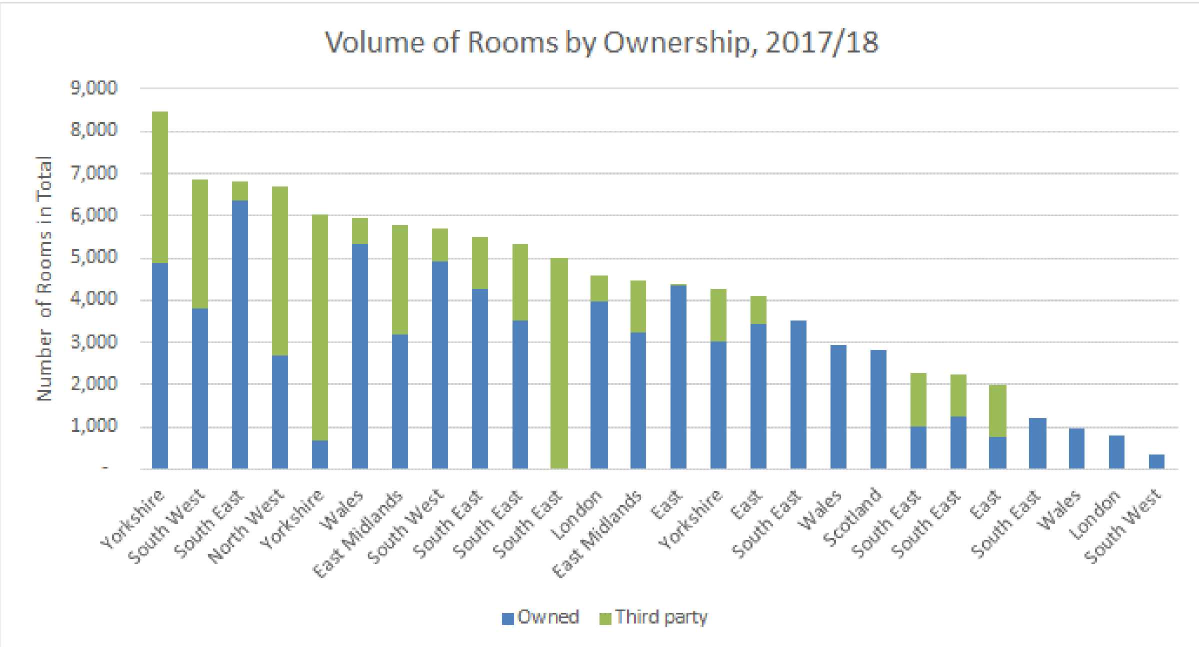


Figures were provided by 24 members reporting residential salaries as a percentage of income. Only two institutions reported a salaries that equated to more than 20% of residential income



Residences Rents

The chart below highlights the volume of rooms at each of the survey respondents, separated by rooms which are owned by the institution and those which are provided by a third party. 26 institutions provided data with the average portfolio size being 4,200 rooms.

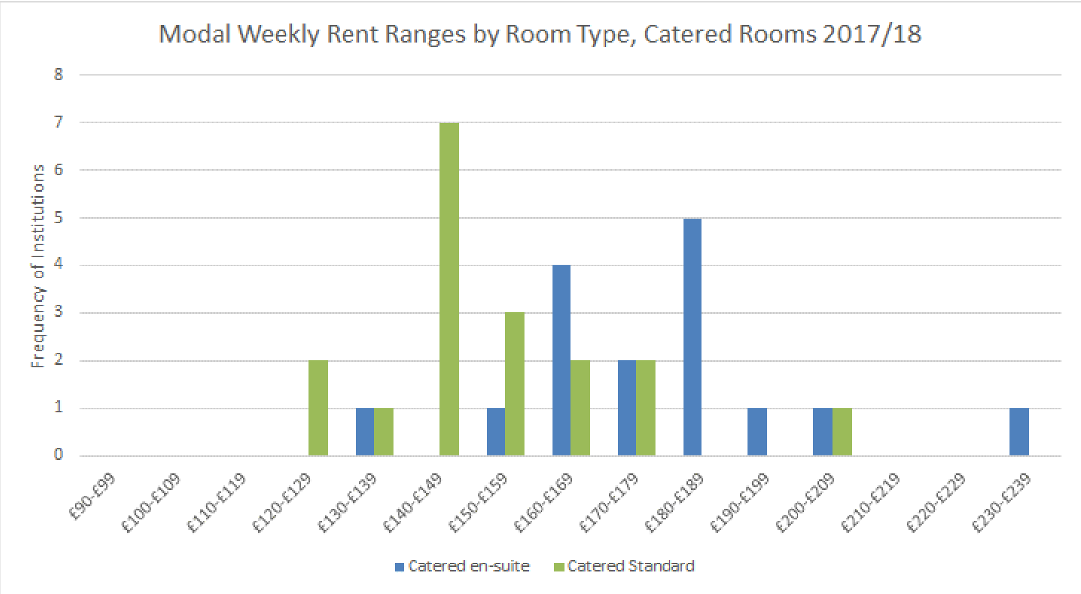


Respondents also provided data on the headcount at their institutions, with the average size of the full-time cohort equating to 15,600 students.

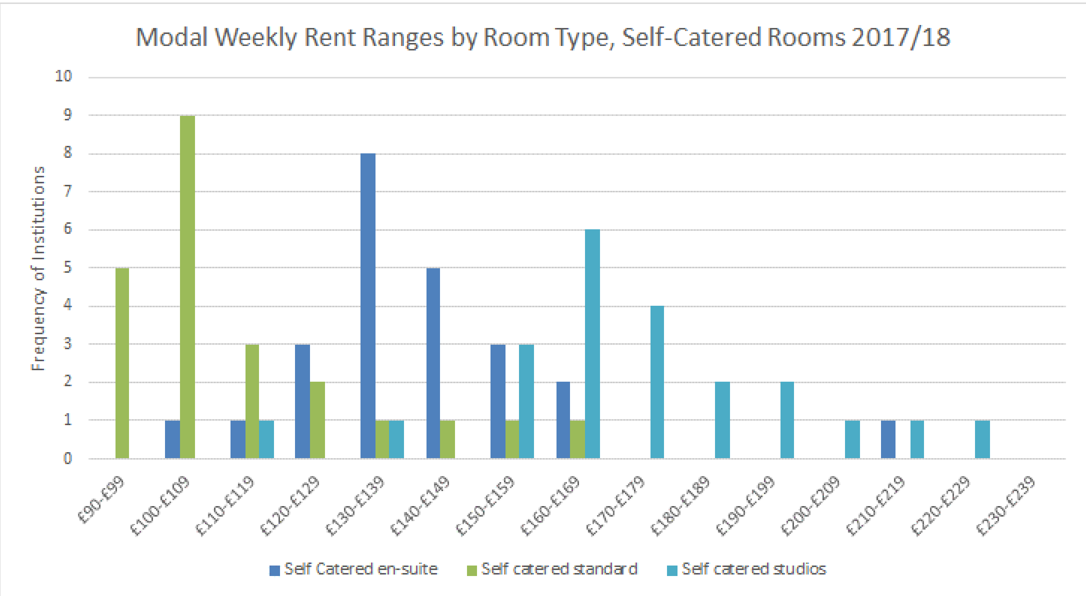
Rents by room type

Data was provided to CUBO by 26 institutions in an aggregated way, which provides a snapshot of modal rents. Survey participants can review this data in detail, but for the purposes of providing a summary, the following charts set out the price brackets where institutions reported rooms of each type. The modal price for a catered standard room in 2017/18 was in the £140-£149 rent bracket, whilst the modal en-suite catered cost was £180-189 per week.

Catered standard rooms were provided on 40 week lets on average, whilst catered en-suite rooms were provided on 39 week lets. These figures cannot be weighted and are taken as a snapshot across the dataset.



For self-catered rooms, the modal average price for a standard room is in the £100-£109 per week bracket, typically offered on a 40 week let. A self-catered en-suite room was reported at a modal average of £130-£139 per week on a 40 week let. A studio room was reported at an average of £160-£169 per week on a 42 week let.



Notes and Acknowledgements

Thank you to those institutions who took part in the benchmarking exercise. We hope that the raw results were useful and that this further analysis has enhanced the visibility of trends and patterns overall.

A note on comparisons between the 2016-18 data and the previous dataset – comparisons have been done at the top level only as there is variability in the participation in the survey by institution over the two years of data collection. Like for like increases have not been reported due to only 14 of 29 institutions being the same in both surveys.

Further improvements in benchmarking are envisaged in the next round, and we aim to engage with members through the winter on this subject, as part of the soon to be launched Campus Experience Survey 2018/19.

ABOUT THE BENCHMARKING REPORT

The data collected in this benchmarking exercise is unique in the sector. This is the first time a report has been compiled from the results of the annual CUBO benchmarking. The data collection was completed in March 2018 and 29 institutions took part. Participation was down on the previous year due to the timing of the survey, but we will be working on ways to improve participation in future years. Our new research programme will be presented at the Winter Conference.

By providing a level of analysis on this valuable dataset, we hope that all members will gain further insight into the results. Full raw results in the typical tabulated format have been provided to the survey participants earlier this year, and it is our aim to continue provide the raw results to those member institutions who participate in the survey in future years.