

THE EXAMINATION IN PROFESSIONAL PRACTICE & MANAGEMENT:
PART 3, 2003

SCENARIO to the Practice Examination

All the characters, locations and incidents contained in this Paper are fictitious. The projects, if based on live events, have been amended to conceal specific identity.

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SCENARIO

The following information describes the hypothetical architectural practice for which you, the candidate, 'work' as an architectural assistant with two and a quarter years of post-Part 2 experience. It sets out the structure of the firm and something of its philosophy, the people involved and the work they are presently doing, and the financial framework within which they are operating. It includes scenario information on various projects which may be the subject of questions in the written Examination Paper.

THE PRACTICE

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THE PARTNERSHIP

Miriam Gorst DA. RIBA. FRIAS is in her mid 50s. She trained at the Westcoasts University School of Architecture and was a Cityburgh Silver medallist and an RIBA Bronze medallist as a student. She is a past President of the Cityburgh Institute of Architects. She promotes conservation and green issues and has gained a reputation as a good designer and, recently, as an expert witness.

Duncan Flynn B'Arch, Dip. TP, MB, MRTPI, RIBA, ARIAS, MaPS is also in his early 50s. He trained in London as an architect and planner and spent three years as editor of the national journal 'The Urban Designer' and as a tutor on Urban Design. He continues to write on Urban Design and to lecture part-time. He has trained as a Planning Supervisor, has registered as a member of the Association of Planning Supervisors and is actively involved in its Regional and National Committees. He has recently been appointed to the local / regional panel of Adjudicators and has commenced a part time MBA with Cityburgh University.

John Young B.Arch ARIAS is 35 years old and joined the Partnership just three months ago. John had been taught by Duncan as a student and, having set up as a sole practitioner 3 years after qualifying, he had developed his practice to a point where he was over-stretched by a mix of small commissions and several design and build projects with developer/construction industry friends from student days. He had kept in touch with Duncan, knew of GFP's good reputation, and recognised the potential benefits for both organisations in joining forces. Since neither practice has high levels of retained capital, it was relatively easy to establish a basis for partnership.

Background:

GFP (the original practice established by Gorst, Flynn and Paske) was set up in 1985 and benefited immediately from the mid-80s building boom. However there was a dramatic downturn in workload and fee income in the early 1990s, with a number of jobs coming to an end and with an increasingly competitive fee environment. The practice made insufficient profit to meet partners' drawings and would have gone under if it had not addressed the problem. The practice re-thought its design policy, instigated better resource and fee management procedures, introduced a more productive CAD system and, after being forced to make two staff redundant, established a viable basis for continuation. The partners recognised the need to diversify their work load and, following introduction of the CDM Regulations, added Planning Supervision as one of its capabilities.

A change in the partnership occurred when Neil Paske, who had retired as a partner during the restructuring exercise and was acting as a consultant to the practice, had his agreement terminated last year following a major liability issue resulting from a project he was responsible for. Fortunately, the matter was settled by the practice's Professional Indemnity Insurers before it reached court and no further action was taken against Neil Paske. The practice, however, had to pay the excess on the Professional Indemnity Policy.

The uncertainty surrounding the liability case and the resultant departure of Neil Paske diverted Miriam and Duncan from the task of developing their Cityburgh office, but now that the matter has been resolved they had to decide how best to develop and strengthen the practice.

Duncan and Miriam were concerned that there was no-one within the practice either capable of joining or willing to join the partnership. They had considered in some detail a merger with a larger practice but grew increasingly troubled by the legal and fiscal complexities of merger (the other firm was

constituted as a limited company) and by the loss of identity and control that the merger might entail. When John Young contacted them, it seemed to offer a natural path to growth for all three individuals, with, at long last, the introduction of some young blood into GFP. Duncan and Miriam are well aware that John will challenge the established ways of the practice but they see that as a positive re-affirmation of intentions for the future of GFP.

Almost the first thing that the three agreed was that the practice name should affirm that they were practicing as architects. References to "Building Design" and "Development Consultants" were dropped in favour of the unambiguous title Architects. Duncan and Miriam were happy to drop the Paske name from the practice after their painful experience in recent years and all three agreed that a change to GFY Architects would offer some valuable re-branding and marketing opportunities.

All three are convinced of the benefits of practicing as a Limited Liability Partnership and are drafting a programme aimed at re-constituting as an LLP in 12 months time.

Policy:

The Partners originally sought to mould a philosophy for the practice based upon their respective strengths. The practice had a reputation for its architecture in the context of the community, but with that market place not recovering to the same extent as the commercial market, the practice has had to develop an understanding of the role of 'developer architect' in commercial development and to apply their experience and background in this new market. Larger development work, of a commercial and industrial nature, has been handled by Gorst, whereas urban based projects, centred around retail, offices and infill work, are normally carried out by Flynn.

The practice secures many small projects which are managed by both Partners with support from the Associates. Although these are beneficial in regards to workload and cashflow it is found to be increasingly difficult to generate any profit from them and they divert staff from larger, potentially more lucrative jobs.

There is a growing recognition that strength relates to size and the range of expertise that the practice can call upon. John Young's good design skills and his experience in D & B should help business development overall. His experience as a sole practitioner may also help the practice to deal cost effectively with the smaller jobs.

At present Duncan Flynn deals with the practice administration and management matters, supported by the Practice Secretary who has been trained in a variety of computing programmes to give efficient financial control and management reports in respect of the status of the practice. The Practice Secretary operates the fee recovery procedure and keeps the bank informed on all financial matters on a regular basis. John Young recognises that he will have a growing role in the future direction of the practice and has expressed a desire to review practice systems. As a sole practitioner he ran a tight ship and has strong views about the need to work profitably and about persuading clients to value service and to pay on time. He is interested in current thinking about key performance indicators and wants to explore whether GFY's systems can be developed to respond to such issues.

The Partners recognise the difficulties of running the practice in times of change and actively seek the participation of all staff members. They know the benefit of allowing their staff to develop within the practice, through close contact with all aspects of the business of architecture. Thus 'quality' and 'professional development' are terms that say something

about practice objectives both in the way it operates and in the architecture it seeks to produce.

CPD is encouraged on a personal development plan basis to meet the requirement of the profession. These plans are discussed and agreed with the Partners at annual reviews along with personal logs, which staff are expected to maintain to monitor their CPD activity and is tailored to suit individual training/career requirements.

An on-going internal programme of CPD events, including computer training, is arranged for all staff whilst individuals are asked to attend external courses/seminars, disseminating the information to the rest of the office at internal sessions on their return.

The Practice is a member of a Distance Learning Library and the local chapter Practice Information Service and is also considering subscribing to the Architects Channel CPD Video Service, subject to positive staff feedback.

The firm operates a quality management system, which is subject to regular internal audit, and all practice documentation is reviewed regularly. This is proving valuable for the whole office. The office prefers to use current documents. The Scottish Conditions of Appointment (SCA/2000) for Architects Appointment is preferred, but both CE/99 and RIBA-SFA/99 are also relevant, depending on client or site location. It is now the practice's policy that all their appointments should accord with the discipline of these documents whenever possible.

The firm has decided to consider increasing its professional indemnity insurance to £5,000,000 for each and every claim since clients frequently require cover at this level.

Premises:

GFY rent a half floor in a 1970s office building, with 3000ft² at £15 per foot plus an annual service charge of £8,000. Rates are £18,000 per annum; heat and light is £5,000 pa and, since it is a fully repairing lease, the practice budgets £8,000 per annum for repairs. The lease however will be reviewed next year and there is some uncertainty about future premises costs which may lead to consideration of other accommodation options. John Young thinks that the current premises costs are high and is keen to look at options. Having worked from home as a sole practitioner he is sceptical of the need for extensive office space.

Computers:

GFY has a fully integrated computer network with a workstation for each member of staff. Elliot North takes general responsibility for the computer system. The file server has an automatic back-up system; they use an industry standard package for word processing, spreadsheets, database and E-mail, and they have an industry standard CAD system which is used both for 3-D visualisation and production work. The office also has its own fax machine and photocopier and recently acquired a data projector. Recently the practice initiated a web site, which enables it to showcase its work and keep in touch with its client base. It has proved to be successful particularly after the partners asked Donna Keen, the year out student who decided to stay on for an additional year's experience, to maintain and update the site. They need to think about what to do once Donna returns to University in October.

Administration:

Partner Duncan Flynn in association with the part-time book-keeper Hubert Reed and the PA/Secretary, Roberta Smith, handle the administrative load for the practice. Miriam Gorst carries out the major PR and promotion of the partnership. The office has a 35 hour working week and a 1575 hour

working year, allowing for all holidays and a provision for lost time. Holidays total 30 working days per annum, both public and private. A flexitime arrangement was introduced following representations by several members of staff.

PERSONNEL

	Annual salary	Position	Cost to the office per hour
Miriam Gorst	£36,000 (notional salary)	Partner	£46
Duncan Flynn	£36,000 (notional salary)	Partner	£46
John Young	£36,000 (notional salary)	Partner	£46
Paul Moore BArch Dip (Arch) ARIAS	£30,000	Associate	£38.50
Jill Kahn ARIAS, RIBA, Lib	£30,000	Associate	£38.50
Elliot North MA(Hons) Dip Arch RIBA	£23,000	Architect	£29.50
Mark Lang BArch Dip (Arch) ARIAS	£22,000	Architect	£28.00
Helen Goldie	£14,000	Junior Technician	£18.00
Candidate BArch Dip Arch	£16,500	Architectural Assistant	£21.00
Donna Kean	£11,500	Year Out Student	£14.50
Carol Murray	£9000	Trainee Technician	£11.50
Roberta Smith BA	£18,000	PA Secretary to Partners	
Melanie McKean	£13,000	Secretary	
Hubert Reed	£10,000	Part time book keeper /librarian	

The cost to the office hourly rate in the table above is calculated as the share of salary and overhead costs for the office as a whole attributable

to each technical member (including partners). It excludes any provision for profit.

The office uses the RIBA rate of 18 pence per £100 of salary when charging clients on a time basis.

Financial Summary

2002 achieved its targets and the bank balance at year end was as predicted in credit at £12,000. The arrival of John Young in the partnership should have long term financial benefits but the forecast for 2003, based on known projects plus an allowance of £30,000 for prospect income (jobs known about but not yet confirmed), shows the impact of a new partner to be negative in the short term – the practice slips into the red at year end. There are a number of lessons to be learned from these figures perhaps the most significant of which is that the practice needs to grow to support 3 partners.

The following financial summary gives a simplified view of the practice's predicted performance for the year

Profit/Loss Forecast for 2003

INCOME	TOTAL	percent of turnover
Miriam Gorst	202000	38%
Duncan Flynn	168000	31%
John Young	115000	22%
Prospects valuation	30000	6%
fee total	515000	96%
Photos/prints	8400	2%
Travel/subsistence	4800	1%
Other income	6000	1%
Net earned income (turnover)	534200	100%
EXPENDITURE		
Technical salaries (inc NI)	170000	32%
Admin salaries (inc NI)	43000	8%
Pension scheme	16000	3%
Staff training	2400	0%
Travel & subsistence	6000	1%
Car costs	8400	2%
Rent	45000	8%
Rates	10000	2%
Insurances	6000	1%
P I Insurance	18000	3%
CAD costs	36000	7%
Equipment costs	14000	3%
Telephone	6000	1%
Dwg office supplies/ Stationery	8000	1%
Postage	3600	1%
Photos/prints	4800	1%
PR/ Publicity/ Entertainment	3600	1%
Subscriptions	2400	0%
Books/publications	1800	0%
Heat/Light	5000	1%
Fabric maintenance service charge	8000	1%
Accountant fees	8000	1%
Legal/Professional fees	3600	1%
Bank interest	600	0%
Misc/Contingency	9000	2%
Depreciation	10000	2%
Total expended	449200	84%
Profit	85000	16%
Indicative cash position		
Income predicted	534200	
Vat on Income	93485	
Total cash income	627685	
trading expenditure	449200	
VAT on expenditure	12554	
VAT to Customs & Excise	80931	
Partners' Drawings	108000	
Total cash expenditure	650685	
Cash movement over year	-23000	
opening bank balance	12000	
closing bank balance	-11000	

CONSULTANTS/ADVISERS

LEGAL

DUN, TRIPP and FORSYTH, Solicitors, 70 Albert Road, CITYBURGH, CB2 80A

Contact: Mr Brett Forsyth, Mlitt LLB.

FINANCIAL

MONTROSE Ltd, Accountants, 3 Albert Close, CITYBURGH, CB2 7AA.

Contact: Mr Viresh Susendrah CA. (The financial year runs from 1st September to 31 August).

BANK

BURGHDALE BANK PLC, 92 Chambers Street, CITYBURGH, CB1 3PN.

Contact: Ms Irene McSplash (Senior Manager).

INSURANCE.

EASTERN ASSURANCE PLC, 46 The Square, CITYBURGH, CB1 2EM.

Contact: Mr Sean Gordon

For professional consultation the following firms have been regularly used. Other Consultants for Building Services, Landscape, etc are engaged as necessary depending on the nature and source of each job.

QUANTITY SURVEYORS

MANNARS SURVEYORS, 14 Chambers Court, CITYBURGH, CB1 XA.

Contact: Mr Rod Mannars LLB ARICS. Mannars are an old firm with a good reputation and some bright younger staff.

CONSTRUCTION COST CONSULTANTS

GLM (West) Ltd., 20 UPPER TOWN, WESTBURGH W1 2UP

Contact: Geom Le Mesurier, FRICS, ACI Arb, APS.

STRUCTURAL ENGINEERS

TREVOR MAILLOT BSc Eng MISTrucE, 14 BRADE STREET, CITYBURGH, CB4 7TS.

Contact: Mr Maillot. A small firm established in 1990.

ENVIRONMENTAL ENGINEERS

GREEN & GREEN, 127 Brade Place, CB4 BTZ.

Contact: Mr George Green BSc MIMech MIEE.

An experienced firm with a keen awareness of building sustainability.

Question 1

No specific scenario required for this question.

Question 2

SCENARIO:

Client Obligations

Appointment Date:	October 2003
Fee:	to be agreed
Project:	New factory and showroom
Client:	IKEAN Furniture
Contractor:	not yet appointed
Contract:	to be agreed
Project Status:	Stage 'A' inception
CDM:	will apply
Project Value:	estimated value £3.0m
Project Team:	to be determined
Background:	This approach by a potentially lucrative client from John Young's Design and Build contacts is for a new build factory for the manufacture of furniture and associated showroom requiring an area of some 3500 sq. metres of accommodation.

Question 3

SCENARIO:

Procurement

Appointment Date: September 2003

Fee: to be agreed

Project: Conversion of a listed country house to corporate HQ offices

Client: Cheapskate Investments

Contractor: not yet appointed

Contract: to be agreed

Project Status: Stage 'A' inception

CDM: will apply

Project Value: £2.5m

Project Team: Duncan Flynn
Others to be agreed

Background: A commission from an existing developer/client who will sell on the investment to their 'blue-chip' end user

Question 4

SCENARIO: **Quality Management**

Appointment Date: December 1998

Fee: 3.2%

Project: Brigadoon Bay Hotel

Client: Landup Developments Ltd.

Contractor: International Builders Ltd.

Contract: JCT 98 private edition with quantities (current amendments)

Project Status: completed in March 2001

CDM: applied

Project Value: £7m

Project Team: Miriam Gorst, Parnter responsible
Paul Moore, Associate/Project Leader
Mark Lang, Architect
Donna Kean, Year Out Student
Carol Murray, Trainee Tech.

Background: John Young is aware of the recent court action against the Practice settled by loss adjusters prior to formal legal action. If the PI Insurers had not settled it would have resulted in disastrous consequences. As it was the firm had to pay the PI policy excess of £8,000. His own experience as a sole practitioner has taught him the value of office systems and the necessity of QA procedures.

Question 5

SCENARIO:

Building Control

Appointment Date: April 2003

Fee: 4.9%

Project: Office Development: Parklands

Client: Greenbau Ethical Cosmetics Ltd.

Contractor: not yet appointed

Contract: to be agreed

Project Status: Stage 'C/D' detailed design

CDM: applies

Project Value: £5m

Project Team: Duncan Flynn
Jill Kahn
Candidate
Carol Murray

Background: The new partnership with Miriam and Duncan to form GFY has resulted in the opportunity to design Greenbau's new HQ building. John Young has a good relationship with the Chief Executive and with Miriam's 'green credentials' there is experience of sustainability and energy efficiency within the scope of the practice's design skills. Together with Duncan's technical knowledge they should make a good team.

Question 6

SCENARIO: **Services Design Responsibilities**

Appointment Date: Imminent

Fee: to be agreed

Project: Inverloch Motel

Client: Road Inns

Contractor: not yet appointed

Contract: to be agreed

Project Status: Stage 'A' Inception

CDM: will apply

Project Value: unknown

Project Team: to be agreed

Background: This is a new client with the potential of an on-going relationship. The client is concerned about the appropriate level of performance as part of his delivery and the quality of the M+E services within his new motel group. He needs advice on an appropriate route for the design of the services for this and subsequent projects.

Question 7

SCENARIO:

JCT 98 Contract Conditions

Appointment Date: September 2002

Fee: 7%

Project: New House: Chimerage Mansion

Client: Chimerage Estate

Contractor: Forward Construction

Contract: JCT 98 Private Edition with Quantities

Project Status: Stage 'K' Operations on Site

CDM: in place

Project Value: £1.5m

Project Team: Miriam Gorst Partner
Paul Moore
Candidate

Background: The contractor is now progressing the works on site to convert and extend the large stable block to form a new house for the Estate owner and is currently involved in the sub-structure/superstructure brickwork.

Question 8

SCENARIO: **JCT 98 Contract Conditions**

Appointment Date: September 2002

Fee: 4.5%

Project: Distribution Warehouse

Client: Inverkeith Cash and Carry

Contractor: Ready Construction

Contract: JCT 98 Private Edition with Quantities (current amendments)

Project Status: 4 months into a 10 month contract

CDM: in place

Project Value: £2.1m

Project Team: Duncan Flynn
 Elliot North
 Helen Goldie

Background: This fast track warehouse project is fairly standard but has a quality finishes specification for floor, walls, and 'fit out' because of the nature of the products being sold and the family name branding of the client who is very protective and pro-active in the project.

Question 9

SCENARIO:

Fee Bid

Appointment Date: to be confirmed
Fee: to be determined
Project: 50 new build houses
Client: Cityburgh Housing Association
Contractor: to be agreed
Contract: assumed traditional route
Project Status: Stage 'B' feasibility
CDM: applies but planning supervisor not 'in-house'

Project Value: £3.5m
Project Team: to be resourced with appropriate staff

Background: The practice has carried out a lot of work for this Housing Association using standard house types. However the office must consider the implications of developing their house types considering sustainable design principles and new building regulations. A fee bid is to be prepared.

Question 10

See the general scenario.