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THE EXAMINATION IN PROFESSIONAL PRACTICE &
MANAGEMENT: PART 3, 2004

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

GFY Architects
Geddes House
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CB1 9RW
United Kingdom
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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 mid 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 been appointed to the local / regional panel of Adjudicators and is in his second year of a part-time MBA with Cityburgh University.

John Young B.Arch, ARIAS is 36 years old and joined the Partnership fifteen 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 had 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 rethought 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 two years ago 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 once the matter had 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 pleased that John has challenged the established ways of the practice seeing that as a positive re-affirmation of intentions for the future of the Practice.

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.

After a busy year of preparation and having resolved some difficulties with their landlord over the change of operating style, GFY is now a Limited Liability Partnership. Despite some anxiety about the reaction of clients to the change, it has been well received and has offered a useful opportunity for publicity and renewal of contacts.

Policy:

The Practice is structured around the particular strengths of the Partners. They have decided still to describe themselves as Partners though, under the provisions of the LLP legislation, they are formally described as Members of the LLP. The practice had a reputation for architecture in 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. Young has built strongly on the varied workload he brought to the Practice. He

is also keen to explore the potential of taking a direct financial interest in the type of small scale developments in which the practice is involved.

The practice secures many small projects which are managed by the 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 is helping business development overall. His experience as a sole practitioner has also helped the practice to deal cost effectively with the smaller jobs.

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 requirements 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 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 are considering subscribing to the Architects Channel CPD Video Service.

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 increased its professional indemnity insurance to £5,000,000 for each and every claim since clients frequently require cover at this level. This has however increased PI costs significantly.

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 is coming up for review and the uncertainty about future premises costs together with the fact that the business is growing, is running out of space and perhaps would benefit from a move to more attractive accommodation all conspire to make decisions about premises urgent. John Young still thinks that the current premises costs are high and is keen to look at options but, after a year of working in the partnership, he has accepted that face to face communication in a lively work environment is essential and that his experience of working from home as a sole practitioner does not transfer to a medium scale practice – the virtual office is perhaps still some way off.

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, photocopier and data projector.

The practice web site 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. Donna has now returned to her studies and her replacement year out student, Steve Scott, has been selected because he too is adept at computer graphics, though he is seeking all round experience and has asked not to be sidelined in graphics.

Administration:

In the past, Duncan Flynn dealt with the practice administration and management matters. He has now taken on the role of Chairman of the LLP. All three Partners are Designated Members of the LLP. John Young took on responsibility for drafting the Management Rules of the LLP, proposed Duncan as Chairman, and divided practice management responsibilities formally so that Duncan is responsible for external relations, Miriam for financial management and John himself for resource management and office job running systems. The change over of responsibilities allocated to Duncan and Miriam (Duncan used to do admin and Miriam PR) was a deliberate move to freshen up all aspects of practice administration and bring some new insights to the old problems of running a business. John himself is still interested in current thinking about key

performance indicators and hopes to find time to explore whether GFY's systems can be developed to respond to such issues.

The part-time book-keeper Hubert Reed and the PA/Secretary, Roberta Smith, handle the day to day administrative load for the practice. The Practice Secretary who has been trained in a variety of computing programmes provides 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. 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	£46.00
Duncan Flynn	£36,000 (notional salary)	Partner	£46.00
John Young	£36,000 (notional salary)	Partner	£46.00
Paul Moore BArch Dip (Arch) ARIAS	£31,500	Associate	£39.00
Jill Kahn ARIAS, RIBA, Lib	£31,500	Associate	£39.00
Elliot North MA(Hons) Dip Arch RIBA	£24,000	Architect	£30.00
Mark Lang BArch Dip (Arch) ARIAS	£23,000	Architect	£28.50
Helen Goldie	£15,000	Junior Technician	£19.00
Candidate BArch Dip Arch	£17,500	Architectural Assistant	£22.50
Steve Scott	£11,500	Year Out Student	£14.50
Carol Murray	£9,000	Trainee Technician	£11.50

	Annual salary	Position	Cost to the office per hour
New architect (2 years qual)	£22,500	To be appointed in course of 2004	£28.00
Postgraduate 1	£17,500	To be appointed in	£22.50
Postgraduate 2	£17,500	course of 2004	£22.50
Roberta Smith BA	£19,000	PA Secretary to Partners	
Melanie McKean	£14,000	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

2003 saw the business grow significantly. Initial projections based on the uncertainties surrounding the potential of the new partner were replaced by a strong workload and, helped by John's commitment to efficient resource management, a reasonable profit. Thus the arrival of John Young in the partnership, which was expected to have long term financial benefits but short-term costs has in fact produced early gains. After distributing a bonus to staff for a good year's work, the Partnership showed a profit of nearly £120k, considerably better than anticipated and the bank balance was positive at year end. The projections for 2004 look promising but there is a clear need for additional staff to deal with the workload and the uncertainties about premises could create problems of both cost and disruption. Some of the profitability of last year reflected fee income from the early stages of new jobs; as they move into detail design, production drawings and work on site, these jobs will make heavy demands on staffing and on costs.

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

Profit/Loss Forecast for 2004

INCOME

	TOTAL	percent of turnover
Miriam Gorst	210000	33%
Duncan Flynn	195000	30%
John Young	185000	29%
Prospects valuation	30000	5%

fee total

fee total	620000	96%
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Photos/prints	10800	2%
Travel/subsistence	6000	1%
Other income	6000	1%

Net earned income (turnover)

Net earned income (turnover)	642800	100%
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EXPENDITURE

Technical salaries (inc NI)	210000	33%
Admin salaries (inc NI)	43000	7%
Pension scheme	18000	3%
Staff training	3000	0%
Travel & subsistence	7500	1%
Car costs	8400	1%
Rent	60000	9%
Rates	18000	3%
Insurances	7000	1%
P I Insurance	24000	4%
CAD costs	39000	6%
Equipment costs	14000	2%

Telephone	7500	1%
Dwg office supplies/ Stationery	9000	1%
Postage	4200	1%
Photos/prints	6400	1%
PR/ Publicity/ Entertainment	3600	1%
Subscriptions	2400	0%
Books/publications	1800	0%
Heat/Light	3600	1%
Fabric maintenance	4500	1%
Accountant fees	9600	1%
Legal/Professional fees	3600	1%
Bank interest	600	0%
Misc/Contingency	6000	1%
Depreciation	10000	2%
Total expended	524700	82%
Profit	118100	18%

Indicative cash position

Income predicted	642800
Vat on Income	112490
Total cash income	755290
Trading expenditure	524700
VAT on expenditure	15106
VAT to Customs & Excise	97384
Partners' Drawings	108000
Total cash expenditure	745190
Cash movement over year	10100
opening bank balance	16452
closing bank balance	26552

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 MStrucE, 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

Project	Residential Development on brown-field site
Client	Bijoux Homes
Project Value	£7.5 Million budget construction cost
Project Status	Currently “on hold” at stage D
Contract	Likely to be JCT 98
Appointment	SCA/2000
CDM	Applies
Contractor	To be appointed by competitive tender

Background

Former Partner Neil Paske was forced to retire from the partnership two years ago and left “under a cloud” due to his responsibility for a claim on the practice’s PI Insurance. Over the past six months, both Miriam and Duncan have suspected that Neil Paske may be offering his Architectural Services to GFY’s established Clients.

Question 3

SCENARIO:

Fees & Office Resourcing

Appointment Date	No appointment yet.
Fee	To be determined.
Project	New Sports & Fitness Centre, Cityburgh.
Client	Simon Floyd Fitness Centres Ltd.
Contractor	To be agreed
Contract	Assumed to be traditional route.
Project Status	Stage A: Inception.
CDM	Will apply.
Project Value	Construction budget £4,100,000
Project Team candidate.	Architectural team to be suggested by
Background	<p>GFY have been invited to fee-bid for architectural services on a new build sports & fitness centre, part of a national chain. The client's usual architects, ACE Associates, will also be fee-bidding.</p> <p>Although GFY have acted as architects on several previous sports & fitness centres, this will be the first for SFFC.</p>

Question 4

SCENARIO:

Brief & Client Communication Lines

Appointment Date:	November 2003
Fee:	4.5%
Project:	New offices & client servers room. 2 storeys, each 375m ² .
Client:	Zaphod Communications Ltd.
Contractor	HGG Construction Ltd. appointed last week.
Contract	JCT 98 Private with Quantities.
Project Status	Commencement on site due 13.09.04.
CDM	Contractor's H&S Plan awaited.
Project Value	Contract Sum: £614,088.
Project Team	John Young, Partner responsible. Mark Lang, Architect. Candidate.
Background	This additional building on ZCL's existing site is to house offices & a large room for clients' telecoms servers, for a rapidly-expanding satellite communications company. It includes a prestigious new entrance & reception area. The client's nominated point-of-contact, Arthur Dent, is on holiday this week.

Question 5

SCENARIO

Appointment date

Fee

Project

Client

Contractor

Contract

Project status

CDM

Project value

Project team

Background

Health & Safety

Survey only September 2004

Time charge

Warehouse conversion to loft apartments

Citiburgh Developments Limited

Not applicable

Not applicable

Stage A inception

Will apply

Budget £5.5 million

To be appointed after survey

The old cigarette factory was developed in the 1950's. Production line machinery, boiler plant etc date from that time. The factory is a multi level building over four floors and production took place on all levels with vertical integration of the production lines.

Question 6

QUESTION 6

SCENARIO:

Client presentation

Appointment date	Not relevant
Fee	Not relevant
Project	Housing Association presentation
Client	Citiburgh Housing Association
Contractor	Not relevant
Contract	Not relevant
Project	Not relevant
Project status	Not relevant
CDM	Will apply to all Housing Association projects
Project value	Not relevant
Project team	Not relevant
Background	The practice has carried out a lot of work for this Housing Association and therefore welcomes the opportunity to become involved in making a presentation to the client's lay committee particularly where they are being requested to take over from another architectural practice. The practice sees this as an opportunity of consolidating their position with this client.

Question 7

SCENARIO:

Contract – Contractor's Claim

Appointment Date:	February 2003
Fee:	5%
Project:	Inverloch Motel
Client:	Road Inns
Contractor:	ITC (Inverloch Town Construction)
Contract:	JCT 98 with liquidated and ascertained damages at the rate of £2,000 per week
Project Status:	Snagging stage on site Completion 2 weeks behind programme
CDM:	Applies
Project Value:	£1.2M
Project Team:	John Young Jill Kahn Mark Lang Candidate Partner Responsible Associate/Project Leader Architect
Background:	A fast track project which appears to have gone well on site until word of an imminent Contractor's claim.

Question 8

SCENARIO: Contract – Architect as Administrator

Appointment Date:	July 2002	
Fee:	8%	
Project:	HQ Offices	
Client:	Cheapskate Investments	
Contractor:	Cityburgh Builders	
Contract:	JCT 98	
Project Status:	Nearing Completion on site	
CDM:	Applies	
Project Value:	£2.5M	
Project Team:	Miriam Gorst Paul Moore Helen Goldie Candidate	Partner Responsible Associate Jnr Technician
Background:	Conversion of a listed country house to form corporate HQ offices.	

Question 9

SCENARIO:

Copyright

Appointment date	September 2004
Basis of commission	Yet to be agreed
Fee	3.5% with allowance for repetitions, but including overall site design
Contract	Negotiated contract proposed with all in one construction
Project Status	Planning consent in place, detailed design and production drawings required up to tender stage
CDM	Will apply
Project Value	£22,000,000
Project Team	Duncan Flynn and others

Question 10

SENARIO

Marketing

Office meeting

Scheduled for October 2004

Purpose

Forward Strategy

Background

John Young is now fully conversant with all aspects of the merged partnership and is somewhat concerned at the “comfort level” in terms of perceived workload, repeat clients etc.

He is intent on not only improving QA procedures and office systems, but is determined to introduce good forward planning, forecasting into the medium to long term future of the Practice.