

APEAS_{LTD}

ARCHITECTS' PROFESSIONAL EXAMINATION AUTHORITY IN SCOTLAND Ltd.

THE EXAMINATION IN PROFESSIONAL PRACTICE &
MANAGEMENT: PART 3, 2010/11

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.

© This paper is the copyright of APEAS (Architects' Professional Examination Authority in Scotland Ltd.) and the contents may not be reproduced in any form without written approval.

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, 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
1 Union Street
CITYBURGH
CB1 9RW
United Kingdom
Tel: 004 523 0079
Fax: 004 523 7863
gfy@cityburgh.co.uk

THE PARTNERSHIP

Miriam Gorst DA, RIBA, FRIAS is in her late 50s. She trained at the Westcoasts University School of Architecture and was a Cityburgh Silver medallist and a 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 as an expert witness.

Duncan Flynn B.Arch, Dip. TP, MB, MRTPI, RIBA, ARIAS, MaPS is also in his late 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 CDM Co-ordinator, has registered as a member of the Association for Project Safety and is actively involved in its Regional and National Committees. He has been appointed to the local/regional panel of Adjudicators and completed a part-time MBA with Cityburgh University in 2007. The downturn in practice workload prompted agreement on Flynn moving to a 3-day working week in September 2009 allowing him time to return to his writing career and expand his consultancy work. This has in turn accelerated discussions on a possible exit strategy for Duncan to retire formally from the Partnership.

John Young B.Arch, ARIAS is 42 years old and joined the Partnership over six years 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:

The Practice has now been in business for 24 years. GFP (the original practice established by Gorst, Flynn and Paske) was set up in 1985. Neil Paske, who had retired as a partner and was acting as a consultant to the practice, had his agreement terminated eight 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 over the last 6 years 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 was reconstituted as a Limited Liability Partnership in 2003.

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 has also developed 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 further potential of taking a direct financial interest in the type of small scale developments in which the practice is involved after completing his first development in a joint venture 3 years ago.

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 in the current financial downturn a vital aspect of the practice's cash flow, it is found to be increasingly difficult to generate any profit from them and they divert staff from larger, potentially more lucrative jobs.

Additionally with methods of procuring larger public projects becoming more transparent the Practice has taken a policy decision to regularly review OJEU (Official Journal of the European Union) notices electronically and assess

whether the practice should bid selectively for projects where they have expertise.

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 manage the smaller jobs.

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. In 2006 John Young took over CPD Management within the practice from Duncan Flynn and further to the changes to the RIBA's CPD requirements in February 2006, he has enlisted the assistance of Practice Associate Paul Moore with a view to reviewing the practice's CPD programme.

John Young has also assumed responsibility for CDM matters within the office (as part of Duncan Flynn's "winding down" from the partnership) and is keen to ensure that Health & Safety is taken seriously within GFY Architects.

The Practice was the subject of an HSE Construction Inspector's visit in 2006 and as a result of this John Young has established an in-house CDM Review Panel. John Young took over the position of practice Health & Safety Officer last year.

The Practice is a member of a Distance Learning Library and the local chapter Practice Information Service and is considering subscribing to the Architects Channel CPD Video Service.

The firm had previously operated an internal quality management system; however John Young persuaded the other partners that the practice should aspire to formal accreditation under BS ISO 9001:2000, and the practice gained formal accreditation in 2007 and was successfully re-accredited under the ISO 9001:2008 standard 6 months ago. The office prefers to use current documents. The Scottish Conditions of Appointment (SCA/2000/2008 revision) for Architects Appointment is preferred or ASP/2005/2008 revision for small projects, but RIBA-S-CON-07 is 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 holds professional indemnity insurance to £5,000,000 for each and every claim since clients frequently require cover at this level.

Three years ago the Practice was forced to review and revise the existing practice salary structure after the resignation of two of their most experienced Architects. At the time GFY Architects were confident that their new salary structure matched and in some cases bettered that of the national average however, planned salary increases have been put on hold in view of the decrease in practice fee income.

Premises:

GFY rent 3,000 sq ft of office premises in a 1970's office building at £20 per sq ft. A rent review was carried out 5 years ago, the annual service charge is £9,000 with rates at £18,000 per annum and heating and lighting at £6,000 per annum. The premises are subject to a full repair and maintenance lease and the practice budget is £8,000 per annum for repairs. Space within the current premises is still very tight, however due to the prevailing financial conditions the Partners have decided to continue their short term recurring lease with their

landlord, and the proposal to move to larger premises has been put on hold until the economic climate in the construction industry improves.

Computers:

GFY has a fully integrated computer network with a workstation for each member of staff. Peter Sikorsky has been IT Manager for 3 years. 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.

A comprehensive re-vamp of the office web site and graphic identity was completed 3 years ago.

Administration:

In the past, Duncan Flynn dealt with the practice administration and management matters. He took 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, 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 remains 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 current downturn in workload has allowed John to pursue a long term ambition to enrol in a part-time course over 2-years in construction law at Cityburgh University.

The part-time book-keeper Hubert Reed and the PA/Practice Secretary, Roberta Smith, handle the day to day administrative load for the practice. In addition, 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, including statutory days. A flexitime arrangement was introduced following representations by several members of staff. Having decided to pay for overtime working the Practice has been forced to review this policy due to falling workload and has decided that overtime working will be unpaid until further notice.

Staff:

Alex Smith tendered his resignation to take a career break and subsequently left the practice in November 2009 after agreeing a short notice period with the Partners. GFY have taken this as an opportunity to reduce expenditure and have decided not to fill his position as Architect within the practice. Jo Bell has returned to Cityburgh University to complete her studies and again, due to falling workload, the Partners have decided not to take on a year out student.

PERSONNEL

	Annual salary	Position	Cost to the office Per hour
Miriam Gorst	£40,000 (notional salary)	Partner	£50.00
Duncan Flynn	£24,000 (notional salary)	Partner	£50.00
John Young	£40,000 (notional salary)	Partner	£50.00
Paul Moore BArch Dip (Arch) ARIAS	£37,500	Associate	£45.00
Jill Kahn ARIAS, RIBA, Lib	£37,500	Associate	£45.00
Peter Sikorsky Dip Arch RIBA	£30,000	Architect	£35.00
Zainab Rashid BArch Dip (Arch) ARIAS	£30,000	Architect	£35.00
Helen Goldie	£27,000	Technologist	£32.00
Candidate BArch Dip Arch	£20,000	Graduate	£25.00
Hazel Jones B Arch Dip Arch	£20,000	Graduate	£25.00
Jurgen Heins BSc BArch	£20,000	Graduate	£25.00
Carol Murray	£12,000	Trainee Technician	£16.00
Roberta Smith BA	£25,000	PA Secretary to Partners	

Melanie McKean	£20,000	Secretary
Hubert Reed	£12,000	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

GFY have continued to experience a down turn in turn over and profitability over the last 2-years as the UK construction industry continues to struggle. Profit levels peaked at 33% for 2007-2008 and reduced to 20% for 2008-2009. The financial figures for 2009 / 2010 reflect a further downturn in turnover of 8% with a resultant reduction in profit to 17.5%.

The management team have tightened up on expenditure where possible and with a reduction in salaries following the departure of Alex Smith and Jo Bell overall expenditure is down by 5% against 2008 levels. Partner earnings have also dropped following Flynn's move to a 3-day week and agreement by Miriam, Duncan and John to take less partner drawings from the LLP. Practice reserves have also reduced due to several debts being written off following the liquidation of a number of private developer clients.

As a result of the financial measures undertaken the practice continues to weather the storm and trade in challenging circumstances but the Partners are becoming increasingly concerned about the anticipated reduction in public sector spend. Staff redundancies have so far been avoided, but the move to a shorter working week is looking a distinct possibility. The Partners continue to keep staff informed and review the situation on a month by month basis.

The following financial summary gives a simplified view of the practices predicted profit and loss figures for the year 2009 / 2010.

Profit/Loss Forecast for 2009

INCOME	TOTAL	Percent of turnover
Miriam Gorst	180000	21.36%
Duncan Flynn	156000	18.52%
John Young	470000	55.79%
Prospects valuation	15000	1.78%
Fee total	821000	97.45%
Photos/prints	8500	1.01%
Travel/subsistence	6500	0.77%
Other income	6500	0.77%
Net earned income (turnover)	842500	100.00%
EXPENDITURE		
Technical salaries (inc NI)	293104	34.79%
Admin salaries (inc NI)	65400	7.76%
Pension scheme	25500	3.03%
Staff training	5000	0.59%
Travel & subsistence	14250	1.69%
Car costs	15000	1.78%
Rent	60000	7.12%
Rates	18000	2.14%
Insurances	8000	0.95%
P I Insurance	22000	2.61%
CAD costs	50000	5.93%
Equipment costs	20000	2.37%
Telephone	10000	1.19%
Dwg office supplies/ Stationery	12000	1.42%
Postage	5000	0.59%
Photos/prints	9000	1.07%
PR/ Publicity/ Entertainment	5000	0.59%
Subscriptions	2400	0.28%
Books/publications	3000	0.36%
Heat/Light	6000	0.71%
Fabric maintenance	8000	0.95%
Accountant fees	10000	1.19%
Legal/Professional fees	3600	0.43%
Bank interest	1750	0.21%
Misc./Contingency	10000	1.19%
Depreciation	15000	1.78%
Total expended	697004	82.73%
Profit	145496	17.27%
Indicative cash position		
Income predicted	842500	
Vat on Income @ 15%	126375	
Total cash income	968875	
Trading expenditure	697004	
VAT on expenditure @15%	39867	
VAT to Customs & Excise	86508	
Partners' Drawings	145000	
Total cash expenditure	968379	
Cash movement over year	496	
Opening bank balance	148031	
Closing bank balance	148527	

CONSULTANTS/ADVISERS

LEGAL

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

Contact: Mr Brett Forsyth, Milt LLB.

FINANCIAL

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

Contact: Mr Virus 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.

Specific Background to Questions

Question 1

Not necessary

Question 2

Not necessary

Question 3

Client:	Mrs Linda Park [Private client]
Project:	Domestic extension to detached house
Staff:	Alex Smith had been acting as Job Architect up until redundancy. Candidate has subsequently been working on the project with minimal supervision / assistance.
Appointment:	No formal appointment in place. The practice had intended to use the RIAS Scottish Conditions of Appointment Small Project Version (ASP/2005) but this was never issued to the client.
Tender figure:	The lowest tender figure submitted was £160,000. The construction budget was initially estimated by GFY at £120,000.

Question 4

Not necessary

Question 5

Project:	New Build Replacement Dwelling Cityburgh
Client:	Dr & Mrs Rich
Appointment:	ASP 2005 (2008 edition)
Lead Consultant:	GFP, rest of team to be appointed
Procurement:	Traditional

Question 6

Project:	Health Club / Leisure fit –out project. Part of a multi – occupancy development project, which includes a facade retention, in Cityburgh. Other occupiers include a hotel, bars, restaurants, nightclub and spectacular penthouse flats in the top two storeys which are new build and are set back and raised over the stone parapet of the existing facade.
Client:	Quickfitness Ltd
Contractor:	WP Shop Fitting
Appointment:	SCA 2000 (2008 Revision)
Lead Consultant:	GFY
Contract Value:	£4M
Contract:	JCT 2005
Procurement:	Traditional

Question 7

Project:	ST Ronan's School
Value:	£16,000,000
Client:	Cityburgh Council
Contract	Design and Build with Novation of architect and all engineers
Status:	Tenders have been returned and there are cost problems

Question 8

Project:	Restoration of Category B listed Parkgrove building and conversion into workspaces with rooftop community garden
Client:	Cityburgh Trucking Ltd, who have agreed to a joint development and subsequent long lease to Anvil Housing Association
Contract:	JCT 2009 with Quantities
Construction Value:	£2,000,000
Staff:	Paul Moore
Background:	Following a detailed feasibility study, the practice was successful in persuading City Trucking and Anvil Housing Association that a two-storey, frame-built 1930s telegraph office on a prominent site was worthy of retention and development as community workspaces. The building was listed on its (hitherto unrecognised) architectural merits, thereby opening the door to grant assistance from various sources. Working with Turboil Landscape Architects, the practice is actively promoting the development of the concrete flat roof for use as a community garden with greenhouse provision. Otherwise, the building (which is badly affected by rot and full of asbestos) is to be stripped back to its frame internally and fitted out from scratch. For the purposes of the project the Housing Association is acting as the client, with the building owner making a financial contribution to the process.

Question 9

Not necessary

Question 10

Appointment Date:	January 2010.
Fee:	3.5% (£102,051).
Project:	Newbuild HQ office building, 1900 m ² , for Carmine Insurance Services, on a new business park on the outskirts of Cityburgh. An existing redundant agricultural building is to be demolished, followed by erection of the new building.
Client:	Carmine Insurance Services Ltd.
Contractor:	Vogon Construction Ltd.
Contract:	JCT 2005 Private with Quantities.
Project Status:	Operations on site have commenced, after a protracted period of redesign and abortive work.
CDM:	Applies in full.
Project Value:	Contract sum: £2,915,744 excluding VAT.
Project Team:	John Young, Partner responsible. Paul Moore, Associate, Project Architect, Candidate.
Background:	GFY agreed their fee for Normal Services, based on a project programme produced by the Client's appointed Project Manager, PMS Consultancy. During Detailed Design stage, the Client decided to change the building from 2 to 3 storeys, in order to reduce the footprint and increase the area for visitor parking.

During Bills of Quantities stage, the Planning Department insisted on changes to the external materials and massing of the building.

The resulting redesign and major re-drawing work has used up the entire fee for the project, when work on site has only just commenced. The project is also now three months behind programme.