

<b>Agenda item: 6</b>	<b>IOPC/MAY14/6/1</b>		
Original: ENGLISH	3 April 2014		
1992 Fund Assembly	<b>92AES18</b>	●	
1992 Fund Executive Committee	<b>92EC61</b>		
1971 Fund Administrative Council	<b>71AC32</b>		
1992 Fund Working Group 7	<b>92WG7/3</b>		

## RELOCATION OF THE IOPC FUNDS' OFFICES

### Note by the Secretariat

<b>Summary:</b>	Information is provided on the developments since the October 2013 sessions of the governing bodies in respect of the relocation of the IOPC Funds' offices, and in particular on the workplace study undertaken by the consultants engaged by the 1992 Fund to determine the optimum office space required by the 1992 Fund Secretariat. Information is also provided on the Director's proposal to negotiate an extension to the current lease on Portland House as a result of the landlord putting back the redevelopment of Portland House.
<b>Action to be taken:</b>	<u>1992 Fund Assembly</u> <ul style="list-style-type: none"> <li>(a) Authorise the Director to enter into a new lease with the current landlord to extend the lease to March 2018 with a lease break from June 2016; and</li> <li>(b) Note the Director's proposal to fund relocation costs through budget appropriations in 2014, 2015 and 2016.</li> </ul>

### 1 Introduction

- 1.1 At its October 2013 session, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, noted the information contained in document [IOPC/OCT13/7/3](#) on the relocation of the IOPC Funds' offices. The Administrative Council recalled that the lease on the current premises at Portland House, Bressenden Place, London, would expire in March 2015 and that under the Headquarters Agreement between the United Kingdom of Great Britain and Northern Ireland and the 1992 Fund, the United Kingdom (UK) Government undertook to assist the 1992 Fund in the acquisition of premises by gift, purchase, lease or in the hire of premises at such time as they may be needed (Article 4.2 of the Headquarters Agreement).
- 1.2 At the same session, the Administrative Council noted that any new lease would be entered into on behalf of the 1992 Fund only. It also noted that, whilst the preference of the UK Government would be to relocate the IOPC Funds' offices to the International Maritime Organization (IMO) or within Government-held estate, given that any lease would be taken out by the 1992 Fund, it was agreed that a private landlord option could also be explored. It was also noted that the UK Government would continue to pay a percentage of the rent of privately-rented accommodation however this will be no higher than the amount that the UK currently contributes. The Administrative Council noted the UK Government's expectation that the floor space of any new premises would be substantially smaller than that at Portland House.
- 1.3 The Administrative Council further noted that the Director had been informed that IMO could not accommodate the IOPC Funds' Secretariat, that the UK Government would not provide a contribution towards relocation expenses as it did in 2000 and that the Director's intention was to move from individual offices for all staff members to a mix of cellular offices and open plan, thereby ensuring that less office space would be required. It was also noted that the Director intended to engage

consultants to assist with finding premises, project management and office planning, to be paid for by the 1992 Fund.

- 1.4 The Administrative Council also authorised the Director to pay expenses in connection with the relocation of up to £250 000 and this appropriation was included in the 1992 Fund General Fund administrative budget for 2014.

## **2 Current staffing and possible future staff requirements**

- 2.1 The 1992 Fund has 34 established posts, of which 29 are currently filled. There are three vacancies in the Professional category: the post of Claims Manager which has not been used since May 2003 and the posts of two in-house Translators (French and Spanish) which have not been used since October 2000. In October 2008, the 1992 Fund Assembly decided to retain the two in-house Translator posts within the structure of the Secretariat (documents 92FUND/A.13/25, paragraph 16.6, SUPPFUND/A.4/21, paragraph 16.6 and 71FUND/AC.23/18, paragraph 13.6). In addition there are two vacant posts in the General Services category.
- 2.2 In planning for future office space, three of the above-mentioned five vacant posts, those of Claims Manager and the two posts in the General Service category, have been taken into account as they may be filled in the future depending on need.
- 2.3 In addition, the 1992 Fund continues to carry out tasks necessary to set up the Hazardous and Noxious Substances (HNS) Fund. In the event that the 1992 Fund is requested to also administer the HNS Fund additional staff may be required. For future office space planning purposes an estimate of four additional staff has been included.

<b>Current staff</b>	<b>Established posts taken into account for office space planning purposes</b>	<b>Future requirements (Four additional staff to administer HNS Fund)</b>
29	32	36

## **3 Developments since the October 2013 session of the governing bodies**

### **3.1 Workplace analysis**

- 3.1.1 The Director engaged consultants (Deloitte Real Estate (DRE)) to undertake a workplace analysis and the summary findings of the study are provided at the Annex. The workplace requirements were identified through interviews and workshop sessions with the IOPC Funds' Secretariat during November and December 2013.
- 3.1.2 The office requirements identified are standard, including an open plan environment, private offices, a meeting room (with flexibility to split into smaller rooms) with a capacity for at least 35 persons, break-out space, staff room/kitchenette, library, file/general storage, IT and printing facilities. The IOPC Funds hold receptions/luncheons periodically for Member States and other stakeholders and it is therefore important that any design accommodates space to enable such events to be held.
- 3.1.3 Three space requirement options were identified, namely:
- Option A allows for the current staff headcount of **29 staff members**.
  - Option B allows for **32 staff members** made up of the current headcount of 29 staff members plus 3 vacant posts.
  - Option C allows for **36 staff members**, ie Option B plus an additional four staff member for future expansion in the event the 2010 HNS Fund is administered by the 1992 Fund Secretariat.
- 3.1.4 The space requirements under the three options above are 644 square meters (6 936 square feet), 668 square meters (7 187 square feet) and 699 square meters (7 521 square feet), respectively. The area requirement under Option C of 699 square meters (7 521 square feet) provides for maximum

flexibility given that any new premises would be taken with a 10-15 year lease.

- 3.1.5 Based on the three options, the consultants have recommended that the IOPC Funds' property search should be based on a net internal area between 650 and 696 square meters (7 000 and 7 500 square feet).
- 3.1.6 The current office space in Portland House is 1 087 square meters (11 700 square feet) (plus 56 square meters (600 square feet) of basement storage). Option C therefore represents a 36% reduction on the current office space in Portland House.
- 3.2 Landlord's current position
- 3.2.1 The Director was informed by the landlord in January 2014 that the proposed redevelopment of Portland House has been pushed back to June 2016.
- 3.2.2 This has been reconfirmed to the Funds' consultants who have also been advised that the landlord is hoping to enter into lease renewal discussions with tenants within Portland House on flexible leases extending up to June 2016; the lease would, however, be up to March 2018 with a lease break clause whereby the landlord and tenant would be entitled to terminate the lease in June 2016.
- 3.2.3 The Director has informed the UK Government of this latest development. The UK Government has confirmed that it has no objection to the 1992 Fund extending the lease for its offices at Portland House provided that there will be no additional cost to the UK Government.

#### **4 Summary of consultants' observations**

In their report the consultants made the following observations:

- (a) There is very limited suitable office accommodation that would justify going to the market early and committing to vacate Portland House. It would be difficult to agree any favourable exit terms with the landlord and it may be that the landlord may seek to negotiate some strip out/dilapidations costs if they are forced to refurbish and remarket the premises until 2016-18.
- (b) The landlord is offering new leases expiring in March 2018 with breaks from June 2016. This would provide the IOPC Funds with time to look for office space beyond March 2015 and provide time to deliver a more suitable long term property solution for the IOPC Funds. A lease extension until June 2016 has a number of advantages:
- The extension provides for a further 15 months beyond 24 March 2015.
  - Possible cost savings extending the lease at the current rent.
  - It continues the relationship with the current landlord who has shown to be reliable.
  - It allows for further time to consider properties that the current landlord and will be bringing to the market in 2016/2017.
  - The market is currently lacking in supply and by 2016/17 there may be more options for the IOPC Funds to consider beyond those offered by the landlord.
  - Extending the stay allows for further discussions with the landlord regarding strip out/dilapidations costs to be minimised.
- (c) During negotiations with the landlord, the 1992 Fund should continue to explore the market for new opportunities that may arise over the next 3-6 months. Should an opportunity arise, this would allow six months for a relocation/fit out to be completed and allow any move to dovetail with the present lease which ends in March 2015. A target date of August/September 2014 would need to be set for a decision on a preferred option and agreement of new Heads of Terms/Lease. In this context the consultants expect the current market conditions to continue with rental growth and do not forecast significant suitable office accommodation to be delivered into the market during early 2015 for the IOPC Funds to consider.

## **5 Cost of relocation**

- 5.1 As reported in October 2013, it is not possible to give a clear estimate of the costs that will arise from a relocation of the IOPC Funds' Secretariat since these would depend on the requirement for how much refurbishment of the new premises would be needed and what additional furniture and office equipment would be required.
- 5.2 The workplace review undertaken by our consultants provides an indicative budget for the completion of fit-out works (including design fees, fitting out costs, furniture, IT cabling). The budget estimate provided is for a mid-range standard fit-out. The exact scope of the required work and details of finishes, fixtures and fittings would need to be identified at the design stage and choices made will have an impact on any estimate.
- 5.3 It is the Director's intention to negotiate with any new potential landlord, the possibility of fit-out costs to be borne by the landlord in lieu of the rent-free period. Given that the 1992 Fund would be looking to enter into a 10-15 year lease, a rent free period of some 12-18 months should be possible.
- 5.4 Using Option C (paragraph 3.1.4 above) and a net internal area of 699 square meters (7 521 square feet), the cost of the fit-out works is estimated at some £850 000.

## **6 Director's considerations**

- 6.1 The Director is of the view that it will be in the 1992 Fund's best interests to extend the current lease for Portland House until March 2018 with a lease break clause from June 2016. This new lease would provide additional time for the Secretariat and its consultants to find suitable premises.
- 6.2 The Director also intends to continue to work closely with the UK Government so that any recommendation he makes to the governing bodies is fully endorsed by the host Member State.
- 6.3 The Director accepts that the current size of the Secretariat's offices is larger than its requirements and intends to follow the consultant's recommendation to choose Option C, ie 699 square meters (7 521 square feet). This option, which provides the possibility to accommodate 36 staff members, covers a possible decision by the 2010 HNS Fund Assembly to request the 1992 Fund Secretariat to administer the HNS Fund. This option represents a 36% reduction on the current office space in Portland House.
- 6.4 The Director further proposes to fund the relocation through budget appropriations in 2014, 2015 and 2016 of £250 000 each year and will make a proposal for approval by the 1992 Fund Assembly at its October 2014 session.

## **7 Action to be taken**

### 1992 Fund Assembly

The 1992 Fund Assembly is invited:

- (a) to take note of the information contained in this document;
- (b) to authorise the Director to enter into a new lease with the current landlord to extend the lease to March 2018 with a lease break from June 2016; and
- (c) to note the Director's proposal to fund relocation costs through budget appropriations in 2014, 2015 and 2016.

# Key requirements

The table below summarises the quantities of operational office spaces which the IOPC Funds has confirmed are required. These are instrumental in determining the IOPC Funds future office size requirement. During the interview process, the IOPC Funds communicated the need for a quantity of quiet spaces for staff phone calls. We have translated the IOPC Funds comments into a suggested quantity of dedicated quiet room for phone calls. Headcount figures in the table below total **29 current staff**. The IOPC Funds has advised that **3 vacant positions exist**, plus the IOPC Funds anticipates a further **4 future projected positions may be created**. These figures inform the space budgets in the Space Planning section of this report.

IOPC Funds future office requirements												
IOPC Funds Sections	Open plan	Offices	Additional potential headcount	Break-out spaces	Meeting rooms	Deloitte suggestions	Storage	IT & Security	Specialist areas	Staff welfare	Reception	Parking
Director & Legal	2 (Incl. Director's P.A)	2 (Director + Legal)		No	1no. adjacent to the Director's office for 8no. people		16no. floor-to-ceiling height filing cabinets			Functions space supporting cold / delivered food only	1no. dedicated reception desk	
Claims	4	1 (Manager)	Vacant positions = 3 staff  Future expansion = 4 staff	Limited to 1no. for the three Sections combined (separate from the Café which provides an alternative break-out space)	1no. large meeting room for 36no. people for conferences, divisible into 3no. smaller meeting rooms, each for 12no. People. Requirement based upon total potential headcount (36 people)	2no. quiet rooms for private phone calls (not as a private office, quantity based on conversation with the IOPC Funds)	23no. Railex rotating storage units  Filing cabinets for staff and to split up the open office space	1no. MFD per Section  1no. Server room  1no. security office (can be combined with Server room)	1no. dedicated Documents, Printing, Post room combined  1no. small library with seating for max 6no. people	1no. staff café with microwave, coffee machine and seating area  Café doubles as Director functions space and break-out space  WC's for staff and visitor use (dedicated to IOPC Funds office)	Visitor seating area for 4no. people  1no. visitor coats cupboard  Publications on 1no. display cabinet/wall  1no. brand signage on display	Min 2no. Car park spaces  Min 3no. cycle racks and showers
Finance & Admin	9	1 (Manager)					1no. staff coats cupboard  Consumables storage (publications and other printed material)					
Totals:	24 Current headcount = 29 staff	5	36 Total potential headcount	1	2 (incl. 1no. divisible into 3no. rooms)	2no. quiet rooms						

## Notes:

- For security reasons, WC's for staff and visitors must be contained within the IOPC Funds office space (i.e. not accessible to other organisations if the IOPC Funds leases part of a multi-tenanted building);
- VC and plasma screen capability required to meeting rooms;
- Large meeting room to be a flexible spaces with divisible walls to create 3no. smaller meeting rooms;
- Door access to be provided between the Director's office and the adjacent 8no. person meeting room;
- The Director's PA must have an open plan desk slightly secluded from other open plan areas;
- Reception to be partitioned off from the open plan office space;
- Headcount figures supplied by the IOPC Funds are broken down by current headcount (29); vacant positions (3); future projected headcount (4) = total potential headcount of 36 staff.

# Space Planning

## Area Required

We have considered a combination of elements to determine three options for the IOPC Funds estimated space requirement. The elements used in the analysis are:

- The IOPC Funds new office criteria and headcount requirements, detailed in this report;
- DRE's suggestion of 2no. quiet rooms;
- BCO guidelines and best practise;
- DRE experience in workplace analyses.

**Option A** – This option is based upon the IOPC Funds current headcount of 29 people (29 desks) as detailed on page 13 of this report.

**Option B** – This alternative space estimate includes the IOPC Funds vacant positions (3 staff). Total headcount in this option is 32 people.

**Option C** – Option C includes the IOPC Funds projected future expansion headcount (4 people), making a cumulative headcount total of 36.

The table below summarises the headcount build-up and space requirements of the three options.

Option	Headcount				Area requirement	
	Current headcount	Vacant positions	Future expansion	Total headcount	Sq.m	Sq.ft
<b>A</b>	29	-	-	<b>29</b>	<b>644</b>	<b>6,936</b>
<b>B</b>	29	3	-	<b>32</b>	<b>668</b>	<b>7,187</b>
<b>C</b>	29	3	4	<b>36</b>	<b>699</b>	<b>7,521</b>

Based on these options, DRE recommends that the IOPC Funds commences the property search based on a Net Internal Area between **7,000 – 7,500 sq.ft.**

This range allows for some flexibility in the property search while the IOPC Funds considers which option is the most appropriate for their future headcount needs.

7,521 sq.ft represents a 36% reduction in space when compared to the IOPC Funds current 11,700 sq.ft office in Portland House (excluding the existing basement storage).

This reduction in space can be accounted for in a number of ways, including:

- The elimination of offices for the majority of staff;
- Moving to a professionally space planned open plan environment;
- Flexible meeting spaces;
- Assuming the IOPC Funds occupies a building with an efficient use of the floor space (the existing Portland House office does not use space efficiently, especially around the core and circulation spaces);
- Relocating to a modern and purpose-built office building.

A detailed breakdown of the area calculations for both options is below. This includes the area breakdown for the IOPC Funds existing office, based on a capacity of 34 staff.

Data for the existing office areas have been provided by the IOPC Funds and DRE has not completed an independent measurement of the accommodation.

# Option A – 29 desks

Space Use		Target Space Strategy		Cum. m <sup>2</sup> % of total area		Existing Space Usage (Portland House)		Cum. m <sup>2</sup> % of total area	
Summary									
Employees		29 nr				Employees	34 nr		
Visitor Hot Desks		0 nr				Visitor Hot Desks	0 nr		
Desk to Staff Ratio		1:1				Desk to Staff Ratio	1:1		
- Desks Required		29 nr				- Desks Required	34 nr		
Office Space Requirement		644 m <sup>2</sup> / 6,936 sqft		243 m <sup>2</sup> 38%		Office Space Requirement		1,023 m <sup>2</sup> / 11,012 sqft	
Workstations : Offices : Hot Desks		29:5:0							
- Workstations		24 @7m2		168 m2		- Cellular Offices, incl. Staff Room		360 m2	
- Director Office		1 @25m2		25 m2		- Director Offices		58 m2	
- Manager Offices		4 @12.5m2		50 m2		- Manager Offices		116 m2	
- Hot Desk / Touchdowns		0 @6.25m2		0 m2		- Hot Desk / Touchdowns		0 m2	
Total		29		243 m <sup>2</sup> 38%		Total		534 m <sup>2</sup> 52%	
Detailed breakdown									
a	Breakout Space	0.25m2/desk		7 m2 1 nr	250 1%				
b	Quiet Room	2 person @10m2		20 m2 2 nr	270 3%				
c	Formal Meeting Rooms					Formal Meeting Rooms			
	- 8 person (adjacent the Director's office)	@ 2.5m2		20 m2 1 nr		- Small Meeting Room		29 m2 1 nr	
	- 12 person (36 seats when combined)	@ 2.5m2		90 m2 3 nr		- Large Meeting Room		66 m2 1 nr	
	Sub Total (Formal Meeting Rooms)			110 m2	380 17%	Sub Total (Formal Meeting Rooms)		95 m2	629 9%
d	Resource Space (Copy / Print Zone)	- 1nr/IOPC Section		12 m2 4 nr	392 2%				
e	Staff Café / Function area			40 m2 1 nr	432 6%				
f	Storage Filing Space					Storage Filing Space			
	- Filing Cabinets			5 m2		- Filing units		25 m2	
	- Rallex Units			20 m2		- Cloak & Fax Room		10 m2	
	- Sundry Cabinets			5 m2					
	- Coats Cupboard			5 m2					
	- Consumables			10 m2					
	Sub Total (Storage / Filing space)			45 m2	477 7%	Sub Total (Storage / Filing space)		35 m2	664 3%
g	Server / Security Room			15 m2	492 2%	Server / Security Room		13 m2	677 1%
h	Documents / Print / Post Room			40 m2	532 6%	Documents / Print / Post Room		26 m2	703 3%
i	Library			20 m2	552 3%	Library		10 m2	713 1%
j	WC's			35 m2	587 5%	WC's and Lift Lobbies		50 m2	763 5%
k	Reception			15 m2	602 2%	Reception / Corridor area		260 m2	1,023 25%
l	Circulation Adjustment	7 %		42 m2	644 7%				
				Area % check 100%				Area % check 100%	

# Option B – 32 desks

Space Use	Target Space Strategy	Cum. m2	% of total area	Existing Space Usage (Portland House)	Cum. m2	% of total area
Summary						
Employees	32 nr			Employees	34 nr	
Visitor Hot Desks	0 nr			Visitor Hot Desks	0 nr	
Desk to Staff Ratio	1:1			Desk to Staff Ratio	1:1	
- Desks Required	32 nr			- Desks Required	34 nr	
Office Space Requirement		668 m2 / 7,187 sqft		Office Space Requirement		1,023 m2 / 11,012 sqft
Workstations : Offices : Hot Desks		27:5:0				
- Workstations	27 @7m2	189 m2		- Cellular Offices, incl. Staff Room	360 m2	
- Director Office	1 @25m2	25 m2		- Director Offices	58 m2	
- Manager Offices	4 @12.5m2	50 m2		- Manager Offices	116 m2	
- Hot Desk / Touchdowns	0 @6.25m2	0 m2		- Hot Desk / Touchdowns	0 m2	
Total	32	264 m2	40%	Total	534 m2	52%
Detailed breakdown						
a Breakout Space	0.25m2/desk	8 m2 1 nr	272 1%			
b Quiet Room	2 person @10m2	20 m2 2 nr	292 3%			
c Formal Meeting Rooms - 8 person (adjacent the Director's office)	@ 2.5m2	20 m2 1 nr		Formal Meeting Rooms - Small Meeting Room	29 m2 1 nr	
	@ 2.5m2	90 m2 3 nr		- Large Meeting Room	66 m2 1 nr	
Sub Total (Formal Meeting Rooms)		110 m2	402 16%	Sub Total (Formal Meeting Rooms)	95 m2	9%
d Resource Space (Copy / Print Zone)	- 1nr/IOPC Section	12 m2 4 nr	414 2%			
e Staff Café / Function area		40 m2 1 nr	454 6%			
f Storage Filing Space	- Filing Cabinets	5 m2		Storage Filing Space		
	- Rallex Units	20 m2		- Filing units	25 m2	
	- Sundry Cabinets	5 m2		- Cloak & Fax Room	10 m2	
	- Coats Cupboard	5 m2				
	- Consumables	10 m2				
Sub Total (Storage / Filing space)		45 m2	499 7%	Sub Total (Storage / Filing space)	35 m2	3%
g Server / Security Room		15 m2	514 2%	Server / Security Room	13 m2	1%
h Documents / Print / Post Room		40 m2	554 6%	Documents / Print / Post Room	26 m2	3%
i Library		20 m2	574 3%	Library	10 m2	1%
j WC's		35 m2	609 5%	WC's and Lift Lobbies	50 m2	5%
k Reception		15 m2	624 2%	Reception / Corridor area	260 m2	25%
l Circulation Adjustment	7 %	44 m2	668 7%			
		Area % check 100%		Area % check		100%



# Option C – 36 desks

Space Use	Target Space Strategy				Cum. m2	% of total area	Existing Space Usage (Portland House)				Cum. m2	% of total area				
Summary																
Employees	36 nr								Employees				34 nr			
Visitor Hot Desks	0 nr								Visitor Hot Desks				0 nr			
Desk to Staff Ratio	1:1								Desk to Staff Ratio				1:1			
- Desks Required	36 nr								- Desks Required				34 nr			
Office Space Requirement													1,023 m2 / 11,012 sqft			
Workstations : Offices : Hot Desks																
- Workstations	31 @7m2				217 m2				- Cellular Offices, incl. Staff Room				360 m2			
- Director Office	1 @25m2				25 m2				- Director Offices				58 m2			
- Manager Offices	4 @12.5m2				50 m2				- Manager Offices				116 m2			
- Hot Desk / Touchdowns	0 @6.25m2				0 m2				- Hot Desk / Touchdowns				0 m2			
Total													534 m2			
534 m2													534			
52%													52%			
Detailed breakdown																
a	Breakout Space				0.25m2/desk				9 m2				301			
									1 nr				1%			
b	Quiet Room				2 person @ 10m2				20 m2				321			
									2 nr				3%			
c	Formal Meeting Rooms															
- 8 person (adjacent the Director's office)	@ 2.5m2				20 m2				29 m2				29 m2			
					1 nr				1 nr				1 nr			
- 12 person (36 seats when combined)	@ 2.5m2				90 m2				66 m2				66 m2			
					3 nr				1 nr				1 nr			
													9%			
	Sub Total (Formal Meeting Rooms)								Sub Total (Formal Meeting Rooms)				95 m2			
d	Resource Space (Copy / Print Zone)				- 1nr/IOPC Section				12 m2				443			
									4 nr				2%			
e	Staff Café / Function area								40 m2				483			
									1 nr				6%			
f	Storage Filing Space															
					- Filing Cabinets											
					- Rallex Units				5 m2							
					- Sundry Cabinets				5 m2				25 m2			
					- Coats Cupboard				5 m2				10 m2			
					- Consumables				10 m2							
									45 m2				528			
									6%				3%			
	Sub Total (Storage / Filing space)								Sub Total (Storage / Filing space)				35 m2			
g	Server / Security Room								Server / Security Room				13 m2			
													677			
h	Documents / Print / Post Room								Documents / Print / Post Room				26 m2			
													703			
i	Library								Library				10 m2			
													713			
j	WC's								WC's and Lift Lobbies				50 m2			
													763			
k	Reception								Reception / Corridor area				260 m2			
													1,023			
l	Circulation Adjustment				7 %								25%			
Area % check													100%			