

**Strategic capital review (A/69/760) and
Flexible workplace strategies (A/69/749)**

Statement by Stephen Cutts, Assistant Secretary-General for Central Support Services
to the Fifth Committee
13 March 2015

Mr. Chairman,
Distinguished Members of the Committee,

I am pleased to introduce two reports of the Secretary-General today under item 132. Programme budget for the biennium 2014-2015: firstly the report on the Strategic capital review (A/69/760) and then the report on Flexible workplace strategies (A/69/749).

I will start with the report on the Strategic capital review. The places in which we work, host meetings, engage our clients and the public are essential for the smooth functioning of the United Nations. These places must be kept safe, efficient and must be continuously modernised, adapted and remodelled to respond to ever-changing needs.

As we approach the 70th anniversary of the establishment of the United Nations, many of our buildings are showing their age and are in need of significant repair.

The report before you presents a 20-year capital maintenance programme for the period 2018 through 2037 covering the owned and leased buildings at eight main locations: Addis Ababa, Bangkok, Beirut, Geneva, Nairobi, New York, Santiago and Vienna, as well as at 20 sub-regional commission locations. These buildings have a total gross replacement value of \$3.644 billion. This represents a huge investment by Member States, and the value of these assets needs to be safeguarded.

In accordance with direction of the General Assembly, the review does not address field missions and duty stations which are not managed by the Office of Central Support Services.

The Secretary-General proposes to use the results of this review to develop a 20-year capital programme which will be maintained continuously and updated at appropriate intervals. Members will recall that the need for a long-term capital programme, for planning purposes, was recognised by the General Assembly in its resolution 68/247B.

The review aims to project capital maintenance requirements more accurately, in order to provide the General Assembly with a tool to consider these requirements well in

advance. In addition, the review aims to reduce the overall capital requirements by employing a life-cycle approach to managing real estate. This approach entails the provision of systematic existing conditions surveys, and planning and implementing capital improvements gradually over time, rather than the current reactive approach, whereby we wait for our assets to fail before we take remedial action. The proposed approach would enable the Organization to avoid what would otherwise be larger and higher cost projects.

A number of major maintenance projects have been identified based upon the organizational objectives set forth in the review. These objectives are: life safety, accessibility for persons with disabilities, maintaining property value, maximizing space usage efficiency, modernizing building systems, improving energy efficiency, preserving heritage assets and minimizing work disruption.

The report presents the identified renovation, replacement and upgrade projects for the first ten years in terms of estimated costs and schedule. It should be noted that the report does not include any proposals in respect of these projects, which will be presented, in due course in accordance with the established procedures for budgetary proposals and the United Nations Financial Regulations and Rules, as stipulated by the General Assembly in its resolution 68/247B.

The main conclusion of the review is that the ongoing requirements of these projects amount to an average total in the range of \$110 million per biennium (in 2015 dollar terms) which is higher than the approved programme budget levels in recent biennia for major maintenance alterations and improvements. The report notes that the reactive approach to building maintenance has resulted in the need for large scale capital projects such as the capital master plan and the strategic heritage plan, which of course represent major budgetary undertakings separate from the approved programme budget levels I have just mentioned. These larger scale renovation projects are disruptive and more costly due to their complexity, and require costly swing space and significantly more resources to manage. The report states that the steady life-cycle approach to buildings maintenance would be less costly overall and less disruptive to normal business.

Against this background, the General Assembly is recommended to:

- Take note of the report; and
- Request the Secretary-General to report on the long-term capital maintenance programme (2018-2037) in the first part of the resumed seventieth session, including detailed information for the preliminary planned projects and the related costs estimates.

Secondly, I am also pleased to introduce to you the report on Flexible workplace strategies (A/69/749). This report is submitted pursuant to General Assembly resolution 68/247 B which requested the Secretary-General to submit to the General Assembly a report containing a comprehensive business case for the application of flexible workplace strategies at the United Nations.

The Secretary-General regards this initiative as an important complement to other reform initiatives such as Umoja, aimed at equipping the staff of the Organization with the tools of the modern workplace to enable them to perform their tasks more effectively and efficiently.

Substantial progress has been made since the previous report on flexible workplace (A/67/387).

A team of expert consultants in this field started work in July 2014 providing assistance in developing the business case. A comprehensive study of space utilization was conducted and found that only 38 to 48 per cent of assigned workspaces are being used at any one time during the working day (depending on the time of day). A comprehensive survey of staff satisfaction with current space arrangements and attitudes towards flexible working, space and concepts was conducted and found that overall staff are ready for changes in the physical workplace, but that there are different levels of understanding of flexible workplace strategies.

The previous report assumed a prudent planning assumption of 20 percent reduction in office space needs resulting from the implementation of flexible workplace. Extensive engagement with a representative cross section of senior managers and staff has facilitated the refinement of the planning approach to flexible workplace. The present report presents five different planning profiles each of which involves a different mix of space types which are specifically tailored for the type of work tasks of different departments. Even though the planning profiles are used to plan the impact of implementation, as the report emphasizes, every implementation of flexible workplace needs to follow a detailed and in-depth analysis of the work needs and style, and be developed through direct consultations with the departments and work groups involved. The Secretary-General stresses that flexible workplace solutions must be tailor-made to the specific needs of those implementing, and direct engagement and consultation is necessary for success of the initiative.

The report before the General Assembly describes the flexible workplace pilot on the 18th and 19th floors of the Secretariat Building. The substantial positive feedback from participating staff, including some constructive criticisms about areas for improvement, clearly demonstrates that flexible workplace can succeed and deliver tangible benefits in terms of staff morale and satisfaction with the physical workplace at the Secretariat. The Secretary-General maintains that achieving these benefits rather than focusing on space savings should remain the primary objective of flexible workplace.

Managers from various Secretariat departments and visiting officials from other duty stations have expressed considerable interest in learning about the pilot and implementing flexible workplace in their areas and have asked for materials to assist in discussing possibilities with their respective staff. Flexible workplace is gathering momentum within the organization and we believe the time is right to extend implementation on a broader scale here in New York.

Therefore, in considering the United Nations New York real estate portfolio and the efficiencies that would accrue, the report proposes to implement flexible workplace strategies across 26 floors of the Secretariat Building and eight floors of the FF Building between April 2015 and February 2018, as this would gain sufficient office space efficiencies to enable the Secretariat to vacate a number of leased buildings when their leases expire.

As requested by the General Assembly, we have been attentive of the need to coordinate with other reform initiatives and related projects. Colleagues from Geneva have participated in the planning and execution of the pilot to assist them in incorporating flexible workplace as an option into the planning of the strategic heritage plan. With regard to the long term accommodation options under consideration for New York, the revised planning approach for flexible workplace has been incorporated into the overall population requirements projected for New York.

Subject to the approval of the General Assembly, the next steps for the Secretariat would be to:

- I) Extend internal communications to broaden understanding among New York based staff and management to achieve greater understanding of the initiative,
- II) Conduct in-depth internal consultations with the departments and work groups within departments which would be directly affected by the implementation plan to ascertain their specific needs,
- III) Develop programmatic plans, floor layouts, designs and procure as needed to implement construction and reconfiguration activities foreseen in 2015, and
- IV) Develop refined project plans and cost estimates for the project phases foreseen for 2016 through to early 2018.

At this stage, the Secretary-General requests approval of the proposed scope of the flexible workplace project at UN Headquarters; and authority to enter into commitments up to the amount of \$5.8 million during 2015 with authority to use of the Working Capital Fund and the Special Account on a cash flow basis.

In his next progress report to be submitted at the main part of the seventieth session, the Secretary-General will present a funding proposal for the overall project, estimated at \$49.6 million, That proposal will take into account the future savings in rental costs, and this regard, it should be noted that the costs of the project at Headquarters in New York are expected to be recuperated by 2020.

Thank you Mr Chairman and distinguished Members of the Committee, your continued support for both these important initiatives is vital for their success. My colleagues and I are available to answer questions and to provide clarifications on both reports as required.