



Q&A HIGHLIGHTS



**HOW ARE CHARITIES MANAGING
THEIR OFFICE SPACE IN LIGHT OF
EMERGING TRENDS IN OCCUPANCY?**

OUR PANELISTS



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Andrew Small, Partner, Charities Property Lead
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QUESTION:

Does WaterAid senior management feel that they are 'walking on eggshells' when trying to broach to staff the subject of returning to the office?

For example, have people's contracts been left unchanged, even though they probably state where the workplace is, and could theoretically be enforced?

ANSWER:

I think the challenge has been how we continue to balance the orgs needs vs the wants of staff whilst also being very focussed on supporting staff with their health and wellbeing as we transition into the new norm for WaterAid.

We have always been very transparent with staff that we need to find the right balance longer term and that we are not aiming to be a homeworking org. We feel that whilst we have worked well during the height of the pandemic, we have also seen issues arise from lack of F2F contact and collaboration.

The new starter experience has also been more challenging especially for those who wish to be in the office more with their teammates. If I am honest, we have also had a challenge with getting all senior leaders on the same page. Many themselves wish to work fully flexibly and have benefitted from being able to work from home more and one of our challenges has been we need senior leaders to lead by example and be visible in the office but in some areas this has not happened so it then trickles down - we struggle to push for colleagues to come in if they don't see their leaders leading by example and being in or creating those office touch points eg team office days, in office team meetings, away days etc.

It's been a slow process and for some staff they would have preferred a harder mandate whilst others wanted complete autonomy to choose how and where they work.

Contracts wise we moved the majority of our staff onto one contract over COVID so most are affiliated with the London office. We have a handful of exceptions due to type of role etc, but expectation is that all staff, regardless of location in UK, connect with the London office regularly.

There is a bubbling conversation right now regarding how fair it is for all staff to be on same contract and salary (eg no regional vs London salary distinction) if some staff are coming in 40% and some are not due to their location. You could argue we move to a hybrid and homeworking salary structure, so those coming in benefit from higher salary to support commute costs.

Main thing we agreed is that we didn't want to start having lots of contract variations and we wanted to keep things flexible to benefit both employee and WaterAid so we can flex/adapt as needs change.

ANSWERED BY:

Emma Downie

Property and Environment Lead

WaterAid

emmadownie@wateraid.org

QUESTION:

We have two years left on our lease - we have less than 30% occupancy and want to exit the lease earlier. What is possible to achieve?

ANSWER:

If you don't have a break clause in the lease that could be actioned, the most realistic exit route would be to agree a surrender with the Landlord.

You would need to reach agreement on payment of outstanding rent and dilapidations. The more development potential the building has the more likely it is that the landlord will be interested in a surrender.

ANSWERED BY:

Andrew Small

Partner & Charities Property Lead

Russell-Cooke

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QUESTION:

Interesting to see the "gaining momentum" slide of average days increasing across UK. Is there any data available that shows what that looks like for the charity sector specifically?

I assume the private sector is ahead of the curve in terms of bringing staff back in to the office.

ANSWER:

The private sector is substantially ahead of the charity sector in terms of desk occupancy and requesting staff back to the office.

Our data is showing for London this is now at 3.25 days a week on average up from 2.75 days at the start of the year. There is also a correlation to an increase in returning to the office linked to security of jobs and any redundancy announcements being made which makes sense.

Unfortunately, we have no data just on the charity sector although the charities we currently advise are suggesting that this ranges from a couple of days a month + 1 day a month up to 40% of their working hours spread over 2 weeks.

It also worth knowing that the number of fundraising jobs advertised offering hybrid working has grown by 900% since the pandemic.

ANSWERED BY:

David Earle

Head of London Office Advisory

Lambert Smith Hampton

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QUESTION:

My name is Carolina and I am the Chair of a small charity that has a national remit and only five members of staff, half of them in London.

We are losing our offices in London in the new year - are our options co-working spaces and catered spaces like We Work and others.

Is there an interest from landlords and/or other larger charities or companies who might host/share space with smaller charities who do not use desk space on a daily basis?

ANSWER:

Hi Carolina, yes you do have some options as we are seeing more Charities downsize and offer their space to other like-minded organisations.

We have recently transacted 2 office share deals with Charities and yes, the serviced office is an option but this tends to be quite expensive and will also include VAT.

Happy to help with your search and advise you if you want to contact me.

ANSWERED BY:

David Earle

Head of London Office Advisory

Lambert Smith Hampton

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QUESTION:

Is there a difference in the private sector to what Emma describes in the charity sector re: returning to the office?

ANSWER:

The difference between private v charity (returning to the office) is the level of occupancy and number of days staff tend to come in. The private sector is now on average 3.25 days a week in the office for London up from 2.75 days at the start of the year.

We are also seeing more corporate companies state the days/hours staff are now expected to work in the office whereby last year these statements were few and far between.

The charity sector is far more passive in encouraging staff to return which is also fuelled by the number of fundraising jobs advertised offering hybrid working which has grown by 900% since the pandemic.

Unfortunately, we have no data just on the charity sector although the charities we currently advise are suggesting that staff returning to the office ranges from a couple of days a month + 1 day a month up to 40% of their working hours spread over 2 weeks.

ANSWERED BY:

David Earle

Head of London Office Advisory

Lambert Smith Hampton

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QUESTION:

Emma - do you think organisations overall engagement is adversely affected by non-face-to-face interaction - and if so at what point do you just let engagement just slide?

ANSWER:

This is a hard one...I think we still remain a highly engaged org due to our cause and mission, but I do wonder if longer term if we will struggle to retain staff for longer periods of time as their 'connection and enjoyment' of org is weakened due to less cross org mixing etc.

We are seeing more silo's returning which we had worked hard to break down pre-pandemic. We have just completed a mini engagement survey (we do a detailed one every 2 years) and engagement levels remain high across org.

Only time will tell if this changes longer term.

ANSWERED BY:

Emma Downie

Property and Environment Lead

WaterAid

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QUESTION:

What would be your advice to an organisation with 30+ desk spaces and meetings rooms to rent out from next year? We are reliant on the income from this space.

ANSWER:

Hi Liz, I would need to know more information about where the office is, the quality of the space and the length of term you have remaining or wish to sub-let for?

We have been successful advising clients in sub-letting space or sharing space with other charities/organisations so would be happy to arrange a confidential discussion and learn more about your situation.

ANSWERED BY:

David Earle

Head of London Office Advisory

Lambert Smith Hampton

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QUESTION:

What is difference between Grade A & Grade B office space?

ANSWER:

Grade A refers to office space which is either brand new or recently refurbished with building services to include air conditioning, raised floors, lifts and high quality finishes throughout and should have an Energy Performance Certificate(EPC) of B or more.

Grade B office space tends to be older offices either poorer quality with limited building services or similar to Grade A but with the services over 10 years old and tends to have a EPC from G-B.

Since 2018 the government has imposed legislation that buildings cannot be leased or marketed unless they have an EPC of E and from 2030, the minimum EPC requirement will be B. I will email you our London Office Cost guide which should help you in terms of total property costs.

ANSWERED BY:

David Earle

Head of London Office Advisory

Lambert Smith Hampton

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QUESTION:

Is there any stock availability for charities to purchase rather than rent? As part of the downsizing within the sector.

ANSWER:

Yes, there are buildings to purchase and with high interest rates and the cost of debt increasing if you are well funded there are some competitively priced buildings available.

Capital values in some areas of London have reduced by 15-25% since last year and outside of London 25-50%.

We have advised clients on buying and can help you with this but would need to know some more background from you on size, location, budget, timeline etc.

Perhaps we could schedule a confidential Teams or physical meeting to find out more about your requirements?

ANSWERED BY:

David Earle

Head of London Office Advisory

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QUESTION:

Question for Emma, do you have any specific attendance requirements for new employees and their supervisors/line managers?

ANSWER:

All our roles are advertised with 40% F2F time and that is how everyone is inducted.... every LM is then expected to review with the individual based on their role and the team needs once they have joined fully.

I would say the challenge has been that 40% F2F time is harder to manage than 40% in office time - how do we really track it. Even more so when you can phase your time over a week, a month or a quarter etc.

ANSWERED BY:

Emma Downie

Property and Environment Lead

WaterAid

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QUESTION:

Our landlord is planning to redevelop the building - can that negate the dilapidations?

ANSWER:

Potentially yes.

A tenant's dilapidations liability is limited by reference to the extent the lack of repair reduced the value of the landlord's interest in the building.

If they are going to completely redevelop that should negate dilapidations.

However, there is no obligation on the landlord to be candid about this. A good surveyor will check to see if the landlord has applied for planning permission.

ANSWERED BY:

Andrew Small

Partner & Charities Property Lead

Russell-Cooke

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QUESTION:

Question for Emma please, what questions are your survey to staff asking please? We have asked staff what they want and they suggest things and then no interest.

ANSWER:

Yes, we are asking staff to comment on what wellbeing related activities they have liked over the past 2 years - what they would like to see more of and which they are not fussed about.

We want to try and put our efforts into activities that get the most engagement. Some have been well received initially or with sign-ups but then turnout is poor. We cannot continue to put energy into things that staff won't actually attend.

If we don't get much feedback, then maybe that is telling in itself..

ANSWERED BY:

Emma Downie

Property and Environment Lead

WaterAid

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QUESTION:

Our lease has a clause that doesn't allow us to sub-let - what can we do? We would like to sub-let our empty space.

ANSWER:

If the lease permits sharing of occupation, then structuring the arrangement as a licence may work.

However, the arrangement must be genuine sharing rather than granting exclusive possession.

The alternative is to seek landlord's consent although they are under no obligation to give it or to be reasonable. However, if you are able to say "let us sublet or we will break/vacate" that could give you good leverage.

ANSWERED BY:

Andrew Small

Partner & Charities Property Lead

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