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Final report on the implementation of a flexible workplace at United Nations Headquarters

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the final report of the Secretary-General on the implementation of a flexible workplace at United Nations Headquarters ([A/76/669](#)). The Advisory Committee met virtually with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 1 March 2022.

2. The Advisory Committee recalls that the Secretary-General, in his last progress report ([A/75/342/Add.1](#) and [Corr.1](#)), indicated that, as of January 2021, 22 floors of the Secretariat Building had been reconfigured into flexible workspace of the 27 originally planned, resulting in an additional capacity of 1,291 in the main Headquarters complex since the start of the project. At that time, the Secretary-General presented two scenarios and proposed proceeding with scenario 2 (project closeout, without the completion of the remaining five floors), which, in his view, offered more compelling advantages and fewer risks. The Committee, in its related report ([A/75/7/Add.42](#)), recommended that the General Assembly request the Secretary-General to close out the flexible workplace project on 31 December 2021, without the completion of the remaining floors. The Assembly, in its resolution [75/253](#) C, endorsed the recommendation of the Committee.

3. In its resolution [75/253](#) C, the General Assembly, among other things, noted with appreciation the realization of efficiencies from the implementation of the flexible workplace project at United Nations Headquarters, including the additional capacity of 1,291 in the Secretariat Building, and the project's full return on



investment by 2021¹ (see also para. 26 below). In the same resolution, the Assembly recalled paragraphs 13 and 16 of the report of the Advisory Committee (A/75/7/Add.42) and requested the Secretary-General to present to the Assembly during the seventy-eighth session a comprehensive report that provided a forward-looking assessment of the workplace at Headquarters (see sect. III below).

II. Final report on the implementation of a flexible workplace at United Nations Headquarters

4. The report of the Secretary-General (A/76/669) is submitted pursuant to General Assembly resolution 75/253 C, in which the Assembly endorsed the recommendation of the Advisory Committee that the Assembly request the Secretary-General to submit a final project report in the first part of the resumed seventy-sixth session of the Assembly (see A/75/7/Add.42, para. 9). The report of the Secretary-General provides information on a project overview (sect. II), project status (sect. III), project costs (sect. IV), projected and realized project benefits (sect. V), lessons learned (sect. VI) and implementation of the recommendations of the Board of Auditors (sect. VII).

Flexible workplace project closeout activities and final expenditure

5. The Secretary-General indicates that, as at 31 December 2021, all necessary project closeout activities, except for post-occupancy surveys to be conducted by a consultant (see paras. 8–10 below), have been finalized, including payment of final invoices, reconciliation of project expenditure from the inception of the project, termination of contractual services and submission of handover documentation by the project team for record-keeping and future use (A/76/669, para. 9).

6. It is indicated in the report of the Secretary-General that, following the closure and reconciliation of the flexible workplace project, the final project expenditure amounted to \$48,212,600 as at 31 December 2021,² as reflected in table 1 of the report. Upon enquiry, the Advisory Committee was provided with information on final costs, per floor, for construction and furniture (see annexes I and II to the present report).

7. With respect to the reconciliation of project expenditure and the revaluation of total capitalizable value, the Secretary-General indicates in his report that, in response to the recommendation of the Board of Auditors (A/76/5 (Vol. I), paras. 279–282), the Administration has completed its final reconciliation of all the 2015 and 2016 purchase orders for the project, including all those that are in the archives of the legacy system preceding Umoja. The annual project expenditure for those years, which was reported in the progress report (A/75/342), had been revised and reflected in table 1 of the final report (A/76/669). Furthermore, the total capitalizable value for the entire project has been revised to \$33,601,434 from the previously reported capitalizable value of \$25,544,832 as at 31 December 2020 (*ibid.*, paras. 21–22). Upon enquiry, the Advisory Committee was informed that the total project cost of \$48,212,600 included expenditure that did not meet the capitalization criteria or threshold, such as information and communications technology equipment and

¹ With respect to the full return on investment (final project cost compared with the cost avoidance from vacating leased space as a result of the increased capacity gained from the project), the break-even point was reached in 2021 (see A/76/669, para. 18 and table 2).

² According to the previous progress report of the Secretary-General (A/75/342/Add.1, paras. 26 and 33 and table 6), while scenario 1 (to complete the project as initially intended) would cost \$55,296,050, total project costs for scenario 2 (without completion of the remaining five floors) were estimated at \$48,327,800.

accessories, loose furniture, office moves and project team cost, in line with International Public Service Accounting Standards guidelines.

Post-occupancy surveys

8. The Advisory Committee recalls that the General Assembly approved an amount of \$30,000 for 2021 for the post-occupancy surveys for all floors completed in 2019 and 2020 (resolution [75/253](#) C, para. 5). The Secretary-General indicates in his report that commitment for the surveys has been made from the resources approved for 2021 for the eight floors completed during 2019 and 2020 ([A/76/669](#), para. 14). Upon enquiry, the Committee was informed that a consultant had been engaged to conduct the surveys (the last deliverable for the flexible workplace project) and that the committed funds would be disbursed when full service was rendered satisfactorily during the course of 2022.

9. The Secretary-General indicates in his report that the surveys originally scheduled for April 2020 were not completed in view of the reduced and varying occupancy levels in the Secretariat Building during the coronavirus disease (COVID-19) pandemic outbreak and that the exercise will be undertaken, when feasible, in 2022 when occupancy levels are no longer affected by the pandemic (*ibid.*, para. 10). The Secretary-General also indicates that it may be necessary to restructure the evaluation to take into account the likely higher rate of telecommuting among staff. Upon enquiry, the Advisory Committee was informed that the Administration would work with the consultant on adapting the surveys to a post-COVID-19 environment and ensuring that comparisons with the base surveys were meaningful. The consultant was working across a variety of industries on similar assessments and was following closely the impact of the pandemic on the workplace and on evolving staff expectations. **The Advisory Committee acknowledges the Secretariat plan for adapting the post-occupancy surveys to reflect a post-COVID-19 environment and ensure that comparisons with the base surveys are meaningful. While the Committee considers that the pandemic would likely continue to have an impact on certain activities during 2022 (see also [A/76/7](#), chap. I, para. 11) and possibly on the occupancy levels of the Secretariat Building during the year, taking into account the hybrid working arrangements for staff, it expects that the post-occupancy surveys will be conducted during 2022 as planned, through hybrid survey methodology, if necessary.**

10. Furthermore, it is indicated in the report of the Secretary-General that, once completed, the Administration will review its results and identify any variations from the previous post-occupancy studies and incorporate the findings into wider organizational efforts to provide office space that is fit for purpose and continues to meet the requirements of the Organization. The Advisory Committee was informed, upon enquiry, that if, as anticipated, a significant proportion of Secretariat staff opted to telecommute regularly, they might adopt different rhythms of working than staff who telecommuted less frequently. The trend found across many industries is that staff who telecommute for a large proportion of their workdays tend to use time in the office more for collaborative team activities, while they will use telecommuting workdays more for individual focused work. The post-occupancy evaluations will need to take those likely changing work patterns into account. **The Advisory Committee trusts that the post-occupancy survey findings, in particular those relating to the post-pandemic work trends, will be reflected in the assessment on future office requirements and working arrangements (see para. 24 below).**

Future plans for the remaining five floors of the flexible workplace project

11. The Advisory Committee requested and received information on the status of the remaining five floors (floors 8, 29, 32, 36 and 37) that are not completed under

the flexible workplace project (see table 1 below; see also para. 2 above). The Committee was also informed, upon enquiry, that the total office space capacity in the Secretariat Building was broken down into 3,171 personnel in completed flexible workplace floors and 762 in non-flexible workplace offices or workspaces.

Table 1

Status of the five floors in the Secretariat Building that are not completed under the flexible workplace project

<i>Floor</i>	<i>Department/Office</i>	<i>Status</i>
8	Department of Safety and Security	The users were notified, and initial discussion and preliminary user engagement occurred in 2018. Given that the Department was going through an internal restructuring, the Under-Secretary-General for Safety and Security requested the implementation to be rescheduled. The memorandum for a new engagement was sent in April 2020
29	Department of Economic and Social Affairs	At present, 2 of 3 floors occupied by the Department have been converted into a flexible workplace. Both floors were completed in March and July of 2020. The Department's Executive Office agreed to proceed with the twenty-ninth floor when there was more clarity on the COVID-19 situation
32	Department of Management Strategy, Policy and Compliance, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and Office of the Special Advisor on Africa	Of the three occupants of the thirty-second floor, both Offices confirmed their interest and readiness to start the user engagement process. The Department expressed concerns regarding working in the open space environment during COVID-19 and asked for the user engagement process to be deferred until more information regarding the pandemic and impacts on workspace became available
36	Office of Legal Affairs	Preliminary user engagement has taken place with the Office's senior management
37	Executive Office of the Secretary-General	Prior to the pandemic, the thirty-seventh floor occupants were issued with laptops and prepared to vacate the floor so that the construction could start. A new construction date will be discussed

12. Upon enquiry, the Advisory Committee was informed that, while the flexible workplace as a distinct project was closed, a flexible workplace remained the preferred environment, in particular taking into account the likelihood of increased levels of telecommuting of staff compared with pre-COVID-19 pandemic levels. Accordingly, subject to funding and, in particular, if required to facilitate a reduction in leased office space, the reconfiguration of some of the remaining floors remains under consideration. It was indicated to the Committee that closeout documentation and as-built drawings had been incorporated electronically into the database for all projects and could be used for any future work. **The Advisory Committee is of the view that the reconfiguration of the remaining five floors of the Secretariat**

Building to reduce rental leases at Headquarters is a viable option to be considered in the context of the strategic assessment and cost-benefit analysis of the Organization's real estate portfolio in New York as requested by the General Assembly (see paras. 24 and 26–36 below). The Committee therefore trusts that any potential additional resource requirements for converting the five floors into a flexible workplace would be submitted for consideration by the Assembly in accordance with established procedures.

13. With respect to additional capacity on the remaining five floors, the Advisory Committee was informed, upon enquiry, that a further increase in capacity in the Secretariat Building from completing the remaining five floors was previously estimated between 110 and 150, depending on final user requirements ([A/75/342/Add.1](#), para. 22), which was based on preliminary test fit plans and a capacity-to-seat ratio of 1:1.25 (8 workstations for 10 personnel), where applicable. However, the increase in capacity would be greater if a higher seat assignment ratio was applied to reflect the reduced daily occupancy of office space due to increased telecommuting. The future staff-to-seat ratio is still being determined, given that it would be informed by the actual level of telecommuting and is expected to vary by entity on the basis of the nature of their mandates and staff functions. **Taking into consideration the likelihood of increased levels of telecommuting of staff compared with pre-COVID-pandemic levels and acknowledging different levels of office requirements subject to mandates and functions, the Advisory Committee considers that the application of higher seat assignment ratios compared with those applied for the flexible workplace project is another viable option to increase the capacity of the existing and new flexible workplace floors of the Secretariat Building and to reduce rental leases at Headquarters.**

14. The Advisory Committee also requested information relating to potential separate projects to convert the remaining five floors into a flexible workplace and was informed of the following:

(a) Regarding service contracts, the remaining five floors had preliminary floor layout designs that could be further developed, if needed, to specific departmental functions and requirements. Such design modifications could be performed with the existing architectural and engineering on-call service contract. However, furniture purchase and installation and construction services would require new procurement process, given that the previous contracts had already expired;

(b) Regarding cost estimates, while an estimate to convert all remaining floors with the same requirements in a few years was not possible at this time, it was fair to expect that design fees, construction materials and labour costs would increase over time, as was the norm in the design and construction industry as part of annual contractual negotiated increases and inflation in the construction industry.

Flexible workplace project benefits

15. As indicated in the report of the Secretary-General ([A/76/669](#), paras. 16–17), since the start of the project's implementation in 2015, a fully flexible workplace has been created on 22 floors in the Secretariat Building, with swing space³ in the basement of the General Assembly Building. The project has created an updated and modern working environment for more than 3,100 staff at Headquarters. The implementation of flexible workplace environments, combined with information

³ The Advisory Committee was informed, upon enquiry, that the swing space for the project, which was designed for 200 occupants, was now used for temporary requirements and the accommodation of staff affected by ongoing on-site and off-site office alteration projects. In addition, the swing space provided temporary accommodation for surge requirements during the General Assembly's general debate sessions.

technology initiatives, created a more mobile workforce, which helped to facilitate the transition to remote working during the COVID-19 pandemic and thereby contributed to business continuity. Furthermore, the capacity gained of 1,291 personnel in the Secretariat Building facilitated the discontinuation of three commercial leases and two floors of another lease (see table 2).

16. Upon enquiry, the Advisory Committee was informed that improved business continuity and disaster recovery was one of the potential benefits identified in the proposals for the implementation of the flexible workplace at Headquarters, as discussed in paragraph 18 of the report of the Secretary-General. The COVID-19 pandemic served as a case study on the positive impact of the flexible workplace project on organizational resilience during the pandemic, when personnel were asked to work from an alternative work site in order to facilitate business continuity. The project contributed to the increased flexibility and adaptability of the Organization because personnel designated to work in flexible workspaces were equipped accordingly and accustomed to working from different locations.

17. The Advisory Committee enquired about the environmental impact discussed as one of the benefits in the report of the Secretary-General and was informed that it was difficult to place a dollar value on the reduction in the environmental impact specifically resulting from the flexible workplace project. Such a benefit was secondary to the main objectives of flexible workplace strategies and no baseline or methodology was developed at the start of the project to quantify it. By virtue of enabling the Organization to vacate three leases, which resulted in long-term savings of \$18.8 million annually, the project had a direct impact on reducing the environmental footprint of Headquarters. Another stated benefit of the project is the greater degree of consolidation of personnel for a number of departments (*ibid.*, para. 18 (c) and annex I). The Committee requested and received two tables on the current occupancy, by floor and by department, in the Secretariat Building.

18. The Advisory Committee also enquired about arrangements of working from home instead of in the flexible workplace and was informed that the flexible workplace project had been planned when telecommuting remained very limited. The project focused on enabling staff to be mobile within the office and the capacity ratio was determined on the basis of occupancy patterns at the time, taking into account leave, travel on business and meetings. Full remote working was an exceptional measure during the COVID-19 pandemic. The Committee has made observations and recommendations on work modalities in its reports on the composition of the Secretariat: staff demographics ([A/76/733](#), para. 38) and progress in the implementation of the organizational resilience management system ([A/76/7/Add.37](#), para. 11).

Lessons learned

19. The Secretary-General indicates in his report that the flexible workplace project integrated lessons learned throughout the life of the project. Through feedback gained from engagement with clients and post-occupancy surveys, the project was able to make necessary adjustments and improvements during its implementation ([A/76/669](#), para. 19). Upon enquiry, the Advisory Committee was informed that, according to the Secretariat, the overall concepts of the project proved to be sound and functionally effective, while areas of concern and deficiencies were brought to the attention of the flexible workplace team, namely, insufficient personal storage capacity requirements, the need for smaller rooms and additional focus booths, and departmental adherence to the protocols and utilization of the space as intended. Those limitations were expressed by staff early on in the project and addressed by the team during its progression.

20. With regard to staff satisfaction identified in the post-occupancy surveys, the Advisory Committee was informed, upon enquiry, that, in the annual progress report (A/74/345, paras. 9–16), focus group participants consistently reported a preference for the new flexible workplace to their former office environment, including greater access to natural light, improved personal function resulting from the use of height-adjustable desks, the openness of common spaces, thereby reducing physical obstructions, and an increase in performance on floors where a flexible workplace environment was used as intended. Most complaints expressed in the post-occupancy surveys involved an overall lack of adherence to and unequal application of the flexible workplace protocols. According to the information provided to the Committee, staff voiced general support for the new layouts and basic concepts of the flexible workplace.

21. Upon enquiry, the Advisory Committee was also informed that, while productivity itself remained difficult to measure, it was considered reasonable to use workplace satisfaction as a proxy for productivity. Workplace satisfaction can have a direct relationship with productivity, given that staff develop positive attitudes and behaviours when working in an environment that facilitates the ability to perform their work well. A connection is drawn between overall staff satisfaction with the workspaces and the degree to which staff report that the workspaces support their various kinds of work. In this context, the workplace performance index,⁴ which has been utilized in surveys over the past few years, can provide valuable insights, in particular if changes are assessed over time. Separately from workplace satisfaction measured through the post-occupancy surveys, the performance management and development framework provides a means to measure staff productivity according to individual function. The Committee has made observations and recommendations relating to the post-occupancy staff surveys in the context of the previous progress reports of the Secretary-General on the implementation of the flexible workplace project (A/75/7/Add.13, paras. 27–29; A/74/7/Add.18, paras. 15–18).

22. Upon enquiry, the Advisory Committee was informed that lessons learned from the project at Headquarters in New York had been shared since the inception of the projects at other duty stations. Given the onset of the COVID-19 pandemic, Headquarters had facilitated periodic meetings among project teams to discuss the potential impact of the pandemic on the projects, sharing design documents and minor adjustments in response. In addition, as previously reported, teams had endeavoured to ensure that the primary structures and main building systems were designed to support periodic and ongoing adjustments to the interior office environments (i.e., furniture and interior partitions) to adapt to changing requirements over time. It was indicated to the Committee that the flexible workplace project in New York was the second interior office renovation project that entailed in large part the modification of an already predominantly “open office” environment through the capital master plan, while at the other duty stations the capital projects being undertaken were the first renovations in recent years, which were transforming the previously mainly enclosed offices into open office environments. It is not expected that the decision to close out the project in New York will result in the same decision elsewhere. **The Advisory Committee is of the view that the Secretariat should ensure that lessons learned from the capital master plan and the flexible workplace project are properly considered during the implementation of the ongoing construction projects at other duty stations.**

⁴ According to the progress report of the Secretary-General (A/74/345, figure I), the scores measured in the workplace performance index were 48 for the 2014 feasibility study and 54, 57 and 52 for the surveys conducted, respectively, in 2017, 2018 and 2019.

Independent evaluation by the Office of Internal Oversight Services

23. The Advisory Committee recalls that the General Assembly, in its resolution [75/253](#) C, among other things, endorsed its recommendation that the Secretary-General entrust the Office of Internal Oversight Services (OIOS) with an independent evaluation of the flexible workplace project, including with respect to the accomplishment of its stated objectives ([A/75/7/Add.42](#), para. 13). In conjunction with the independent evaluation to be conducted by OIOS, the Assembly also requested the Secretary-General to present during the seventy-eighth session a comprehensive report that provided a forward-looking assessment of the workplace at Headquarters (see para. 24 below). **Taking into account the implications for flexible workplace strategies in other duty stations, the Advisory Committee stresses again the importance of an independent and comprehensive evaluation by the Office of Internal Oversight Services (see also [A/75/7/Add.13](#), para. 29).**

III. Further lease terminations and efficiencies and the submission to the General Assembly at its seventy-eighth session of a comprehensive report with a forward-looking assessment of the flexible workplace at Headquarters

24. The Advisory Committee recalls that the General Assembly, in its resolution [75/253](#) C, recalled paragraphs 13 and 16 of the report of the Committee and requested the Secretary-General to present during the seventy-eighth session of the Assembly a comprehensive report that provided a forward-looking assessment of the workplace at Headquarters and that covered, among other things, the evolving needs of the Organization, findings from the ongoing work to define future work modalities, lessons learned from the flexible workplace project and the experience of the COVID-19 pandemic, the impact of any new work modalities, including with respect to flexible work arrangements, the Secretary-General's strategic assessment and cost-benefit analysis of the Organization's real estate portfolio in New York, implications for other United Nations offices, the realization of additional efficiency gains, considerations related to productivity, health and occupational safety and staff well-being, and proposals on any future flexible workforce needs, including costs and benefits, and that is considered in conjunction with an evaluation conducted by OIOS of the completed flexible workplace project to be presented at the same session.

25. Upon enquiry, the Advisory Committee was informed that, as reflected in General Assembly resolution [75/253](#) C, the requested report of the Secretary-General should provide a forward-looking assessment of office space needs that, among other things, would take into account lessons learned from the flexible workplace project and an OIOS evaluation of the project. It is anticipated that patterns of remote working will become more established and work teams will adopt more predictable routines of hybrid working (a mix of in-person and remote/virtual working and collaboration). This would inform decisions on different types of workspaces, seat-sharing ratios, meeting room configurations and technology support requirements.

Commercial rental leases in New York

Leases terminated

26. The Advisory Committee requested and received a table with information on rental leases terminated as a result of the implementation of the flexible workplace project (see table 2), including the buildings, floor space and annual cost avoidance, based on the cost of the leases at their time of expiration. It was indicated to the Committee that the number of staff vacated from the buildings was based on capacity

rather than actual staff, given that the planning of the lease termination and staff relocation was based on capacity, for occupancy numbers could vary owing to a number of factors, such as staff recruitment and reassignment, as well as temporary staff, consultants and interns. **The Advisory Committee recalls that the General Assembly, in its resolution 75/253 C, noted with appreciation the realization of efficiencies from the implementation of the flexible workplace project (see para. 3 above).**

Table 2
Leased buildings terminated since the implementation of the flexible workplace project

<i>Building</i>	<i>Floor space (square feet)</i>	<i>Number of staff vacated</i>	<i>Annual rental savings (United States dollars)</i>
220 East 42nd Street (Daily News Building)	14 295	125	2 421 000
3 Court Square, Long Island City (United Nations Federal Credit Union Building)	79 079	295	3 589 000
300 East 42nd Street (Innovation Building)	127 197	616	10 267 000
304 45th Street (FF Building), fourth and fifth floors	47 170	227	2 493 000
Total	267 741	1 263	18 769 000

Current rental leases

27. The Advisory Committee also requested and received information on the rental leases currently held by the Organization at Headquarters, including on future plans for those leases (see table 3).

Table 3
Current rental buildings held by United Nations Headquarters

<i>Building</i>	<i>Date of lease expiry</i>	<i>Square feet</i>	<i>Annual rent (2022 estimates for base rent and operating charges) (United States dollars)</i>	<i>Comment on future plans</i>	<i>Capacity</i>
DC-1 Building (Secretariat only)	March 2023	196 566	9 612 272	To be vacated at lease expiration	978
DC-2 Building	March 2023	339 597	15 506 149	To be renewed at lease expiration. Significant increase in annual rent cost expected. Current market rates are significantly higher than existing lease rates	1 255
31-00 47th Avenue, Long Island City (Falchi Building)	December 2024	50 413	1 232 654	To be vacated at lease expiration. The Falchi Building is used exclusively for the storage of United Nations archives	21
305 46th Street (Albano Building)	September 2027	187 060	11 781 633	Plans to be determined as part of the assessment of post-COVID-19 long-term accommodation requirements	750
304 45th Street (FF Building)	December 2027	141 837	9 015 405	Plans to be determined as part of the assessment of post-COVID-19 long-term accommodation requirements	643
Total		—	47 148 113		3 647

28. Upon enquiry, the Advisory Committee received information on the departments and offices, with number of staff, working in each rental building (see para. 17 above). **The Advisory Committee notes from table 3 that, excluding the two building leases (DC-1 and Falchi) planned for termination in 2023 and 2024, respectively, the estimated annual rent and operating charges for the remaining three leased buildings (DC-2, Albano and FF) amount to \$36.3 million (at the 2022 estimates) to accommodate a total capacity of 2,648 personnel (see paras. 32–35 below). The Committee trusts that information on the potential significant increase in annual rent cost for the DC-2 Building, if renewed, will be provided to the General Assembly during its consideration of the present report.**

Vacating DC-1 Building in 2023

29. The Advisory Committee was informed that the upcoming expiration of the current lease on the DC-1 and DC-2 Buildings in March 2023 provided the first opportunity to adjust the rental portfolio at Headquarters. In that context, it is planned that the Secretariat's lease on the DC-1 Building⁵ will not be renewed and that the ability to accommodate approximately 950 personnel currently in the DC-1 Building in other Secretariat locations is due primarily to the implementation of unassigned seating through the flexible workplace project on the 22 reconfigured floors in the Secretariat Building. The Committee was also informed that detailed discussions were ongoing with the departments and offices concerned and that, to the extent necessary, some reconfiguration might be undertaken or unassigned seating policies might be implemented in regular office space with the agreement of the office concerned.

30. Another factor contributing to the increased accommodation capacity in the Secretariat office space relates to the application of higher staff-to-seat ratios in the workplace than those used in the flexible workplace project (see para. 13 above). The Advisory Committee was informed that plans being developed for vacating the DC-1 Building assumed that staff would telecommute one to two days a week on average, which would allow for a higher staff-to-seat ratio than that of the project. It appears clear that, compared with the pre-COVID-19 situation, most departments and offices will see a higher level of telecommuting and a lower daily presence in the office, thus enabling the application of higher staff-to-seat ratios, through which more personnel can be assigned to flexible workplace floors. The Committee was also informed that future staff-to-seat ratios, however, were still being determined subject to actual levels of telecommuting, which was expected to vary by entity, depending on the nature of relevant mandates and functions.

31. Furthermore, the Advisory Committee was informed, upon enquiry, that the Secretariat anticipated that the reconfiguration of the incomplete five floors of the flexible workplace project would not be required for the planned relocation of staff from the DC-1 Building upon termination of the lease in 2023.

Planned renewal of the lease of the DC-2 Building in 2023

32. As indicated in table 3, the Secretariat plans to renew the current lease of the DC-2 Building when it expires in 2023, with an anticipated significant increase in annual rent cost, given that the current market rates are significantly higher than the existing lease rates. The Advisory Committee notes from the information that it received upon enquiry that the DC-2 Building included departments and offices with a wide range of occupants, from a few hundred to a dozen staff on site. **The Advisory Committee again stresses that greater efforts should be made to assess evolving**

⁵ The Committee was informed that the United Nations Development Programme, which occupies 10 of the 26 floors, was in discussions with the United Nations Development Corporation on their space needs in the building.

space utilization and market price fluctuations with a view to achieving greater efficiency gains, also taking into account the ongoing consideration of the work modalities. Furthermore, the Committee is of the view that, in its negotiations of rental leases, the Secretariat should give appropriate consideration to the inclusion of contractual clauses related to force majeure, flexibility for space occupancy adjustments and shorter durations of leases (see also [A/75/7/Add.42](#), para. 23).

33. The Advisory Committee therefore recommends that the General Assembly request the Secretary-General to explore options for relocating staff from the DC-2 Building to other Secretariat office spaces to facilitate a potential full or partial termination of the lease, though such measures as increased levels of telecommuting, reconfiguration of the five floors unfinished under the flexible workplace project and the application of higher staff-to-seat ratios to reflect the higher levels of telecommuting post-COVID-19 pandemic in new and previous reconfigured flexible workplaces (see paras. 11–13 above).

Leases of the Albano and FF Buildings

34. The Albano and FF Buildings accommodate a capacity of 750 and 643 personnel, respectively, and the leases on the two buildings are to expire in 2027. While it is indicated in table 3 that plans for the two buildings are to be determined as part of the assessment of long-term accommodation requirements post COVID-19, the Advisory Committee was also informed, upon enquiry, that the report of the Secretary-General to the seventy-eighth session of the General Assembly would not have an impact on the analysis necessary for a management decision on renewal or early termination of other commercial leases (Albano and FF Buildings). **The Advisory Committee notes the inconsistent information provided to it concerning the future use and leases of the Albano and FF Buildings.**

35. Recalling the General Assembly's request, in resolution [75/253 C](#), for the Secretary-General's strategic assessment and cost-benefit analysis of the Organization's real estate portfolio in New York, the Advisory Committee trusts that information and clarification concerning the plans of the Secretariat for the Albano and FF Buildings, including the initial lease for the implementation of the capital master plan and the current and longer-term use, will be provided to the Assembly during its consideration of the present report, as well as in the report of the Secretary-General to be submitted to the seventy-eighty session of the Assembly (see para. 24 above). Bearing in mind the early termination fees,⁶ the Committee considers that the Secretariat has sufficient time before 2027 to plan for future working arrangements and use of rental buildings at Headquarters.

36. Furthermore, The Advisory Committee recommends that the General Assembly request the Secretary-General provide updated and comprehensive information to the Assembly for its consideration well in advance of the start of negotiations for the renewal of its rental leases in New York (see also [A/75/7/Add.42](#), para. 23).

⁶ The Advisory Committee was previously informed that current lease agreements for the FF and Albano Buildings provided that early termination might be exercised, respectively, in December 2024, with penalty fees of \$25 million, and May 2025, with penalty fees of \$12 million ([A/75/7/Add.42](#), para. 21).

Impact of the COVID-19 pandemic on office space requirements and long-term office requirements at Headquarters

37. Upon enquiry, the Advisory Committee was informed that, owing to the ongoing COVID-19 pandemic, the extent of its impact on office space requirements was still being assessed. It is anticipated that more staff will opt for telecommuting within the current flexible working arrangement policy and that clear emerging trends in workplace management will include more attention to enabling videoconferencing needs and a greater commitment to unassigned seating with higher desk-sharing ratios than before the pandemic. This may require additional videoconference-equipped conference rooms, a different mix of collaborative and quiet space with potential office furniture layout adjustments, and online booking systems for both the shared spaces and on-floor conference rooms. The Committee was further informed that, while the possibility existed, it would not appear that office spaces would need to take into account physical distancing requirements. However, other trends to support staff in a post-pandemic environment are less clear because the return to office across many organizations has been delayed in large part by the ongoing uncertainty related to the proliferation of COVID-19 variants. **The Advisory Committee trusts that updates on the impact of the COVID-19 pandemic on office space requirements will be provided in the reports of the Secretary-General on the proposed programme budgets.**

38. With respect to the long-term office requirements, the Advisory Committee was informed, upon enquiry, that, given the number of variables involved, it was difficult to make long-term predictions regarding the size of the Secretariat. However, to the extent possible, this would be factored into the strategic assessment and cost-benefit analysis of the Headquarters real estate portfolio requested by the General Assembly in its resolution [75/253](#) C.

Flexible working arrangements and future work modalities

39. The Advisory Committee requested an update on the working group composed of 130 representatives of the Secretariat and the agencies, funds and programmes related to flexible working arrangements, as discussed in its previous report ([A/75/7/Add.42](#), para. 17). The Committee was informed that the working group had developed a set of guiding principles to inform a holistic approach to post-COVID-19 “next normal” planning and that each duty station would tailor its planning according to its unique mandates and operational environments. Furthermore, the impact of the guiding principles on the workplace and office accommodation requirements would be factored into the strategic assessment and cost-benefit analysis of the real estate portfolio at Headquarters. **The Advisory Committee notes the lack of information on the Secretariat’s planning for future flexible working arrangements and trusts that related information will be provided in the next report of the Secretary-General on the overview of human resources management, to be submitted during the seventy-seventh session of the Assembly.**

40. With regard to future work modalities, including the potential designation of specific functions to be performed remotely and non-location-specific work arrangements, the Advisory Committee requested but did not receive information on any indications or plans for the future at the Secretariat. Instead, the Committee was informed that, as part of its planning for the post-COVID-19 “next normal”, the Secretariat had found that a balance between on-site and off-site work would be most effective for those functions that could be performed remotely. The arrangements for working off-site will be in accordance with the flexible working arrangement policy, which allows personnel to telecommute up to three days per week. **The Advisory Committee notes that the information provided to it upon request relates only to the current flexible working arrangement policy.**

41. The Advisory Committee reiterates its expectation for the receipt of comprehensive information on the review of the current work modalities and any proposals for new work modalities, including their potential financial implications. The Committee emphasizes the importance of taking a holistic, coherent and proactive approach to human resources management strategies, which should be geared towards meeting the operational requirements of the Organization and building on lessons learned during the ongoing large-scale remote working experience. In addition, work modalities should inform the determination of future workspace requirements for owned and rented premises at Headquarters (see also [A/75/7/Add.42](#), para. 19).

IV. Other matters

Implementation of the recommendations of the Board of Auditors

42. In addition to the recommendation relating to the project capitalization (see para. 7 above), the Board of Auditors observed flexible workplace project assets idle for more than one year in the warehouse inventory, consisting of 273 notebook computers and corresponding accessories bought for the project, with a total acquisition value of \$220,416. The Board recommended that the Administration determine the usage of that information and communications technology equipment as soon as possible to avoid obsolescence and waste resulting from its non-use ([A/76/5 \(Vol. I\)](#), paras. 284–286). It is indicated in the report of the Secretary-General that the recently concluded physical verification exercise identified, as priority candidates for replacement, 472 other laptops currently in use with the useful life ended on or before 31 December 2018. The deployment of the flexible workplace project laptops is planned for the first quarter of 2022 ([A/76/669](#), para. 23).

43. Upon enquiry, the Advisory Committee was informed that the laptops and related accessories identified by the Board of Auditors had been received early in 2020, prior to the onset of the COVID-19 pandemic, and that their distribution under the flexible workplace project was dependent on the assignment of staff to the swing space while related floors were under construction. The laptops and accessories had been kept in stock pending a decision on the future of the project. The Committee was further informed that, once the close-out of the project was approved without completing the remaining floors, the Administration worked on identifying requirements from departments at Headquarters with obsolete equipment that required replacement. To date, 60 of the 273 laptops were distributed to staff in several departments, while requirements from other departments were being gathered for potential distribution. The accessories had a longer useful life and were being used on an as-needed basis. **The Advisory Committee concurs with the Board of Auditors on the recommendation relating to idle project assets and trusts that the recommendation will be implemented in a timely manner. Furthermore, the Committee trusts that an update on the distribution of the notebook computers will be provided to the General Assembly during its consideration of the present report.**

V. Conclusion

44. The actions requested of the General Assembly are indicated in paragraph 27 of the report of the Secretary-General ([A/76/669](#)). **Subject to its observations and recommendations in the present report, the Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**

Annex I

Construction cost change

(United States dollars)

<i>Completed floors in the Secretariat Building as from 2017</i>	<i>Original proposal</i>	<i>Change order</i>	<i>Total</i>	<i>Note</i>
12	805 367	—	805 367	
20	764 179	21 454	785 633	Additional work for increased capacity from initial design
21	823 639	10 147	833 786	Additional soundproofing in focus booths resulting from the survey recommendations
14	797 312	12 483	809 795	Additional closet millwork and notice board
30	820 978	—	820 978	
31	930 954	11 247	942 201	Additional lighting requested by the user post-move
17	722 271	122 286	844 557	Initial proposal did not include all user requirements
7	602 656	128 003	730 659	Initial proposal did not include all user requirements
11	776 783	588	777 371	Side door glazing
10	805 207	—	805 207	
9	792 010	—	792 010	
34	962 625	17 514	980 139	Relocation of furniture power outlets and installation of side door glass panel during off hours
22	816 582	3 513	820 095	Wooden door and hardware modifications
23	882 194	9 996	892 190	Convactor cover
33	882 903	21 321	904 224	Additional acoustic panels and graphic work
24	887 416	24 207	911 623	Door frame upgrade and installation of sound-masking and furniture outlets
25	853 172	—	853 172	
26	834 659	—	834 659	
35	975 087	17 977	993 064	Additional sprinkler work
Total	15 735 994	400 736	16 136 730	

Annex II

System furniture cost change

(United States dollars)

<i>Completed floors in the Secretariat Building as from 2017</i>	<i>Original proposal</i>	<i>Change order</i>	<i>Total</i>	<i>Note</i>
12	306 115	—	306 115	
20	340 362	22 339	362 701	Additional desks requested by the user after the move
21	436 688	—	436 688	
14	425 782	(56 856)	368 927	Overcharges found during record reconciliations for discount rebate and unit cost review
30	391 546	13 153	404 700	Additional desks requested by the user after the move
31	435 208	—	435 208	
17	364 976	44 855	409 831	Additional orders for floor 17 were issued under the purchase order for floor 7 to facilitate scheduling. The cost is now being assigned to the correct floors
7	440 155	(43 966)	396 189	Reversed charges for floor 17 in line with above comment
11	384 715	2 429	387 144	Additional storage
10	387 703	9 283	396 986	Additional storage
9	370 582	—	370 582	
34	402 513	—	402 513	
22	425 863	(78 111)	347 752	Rebate discount application
23	317 973	—	317 973	
33	442 548	—	442 548	
24	373 141	—	373 141	
25	385 100	—	385 100	
26	385 201	—	385 201	
35	370 278	(99 214)	271 064	Rebate discount application, and additional order of miscellaneous parts for reused furniture
Total	7 386 449	(186 087)	7 200 362	