

Lease on Walsingham Place

21st October

Walsingham Place lease

Our current lease on Walsingham Place expires in July 2022. The lease requires that we give six months' notice about our future intentions. Given the lead time for such decisions the October Board meeting is the most appropriate forum to make that decision.

Options

An options paper is attached. We have looked at three scenarios:

1. Downsize to shared office space within Council or other 3rd sector premises
2. Negotiate new lease for Walsingham Place
3. Upsize to larger offices with space for a large meeting room

The options paper sets out the main pros and cons and financial implication of each option. There may be other arguments, but these are the principal points.

A fourth option?

There is a possible fourth option - to have no office at all and use the current rental budget to hire external rooms for meetings as and when required. A form of permanent home working. We have ruled out this option for a number of reasons including:

- The lack of flexibility it would give us to arrange meetings at short notice
- Unknown costs regarding constant hiring of rooms - and the possible lack of availability of these
- No location to allow one to one meetings with both internal and external colleagues



- We would need to rent storage space for the substantial amount of outreach, marketing and other materials we use.
- Would place an excessive demand on our administration through constant room bookings etc
- There would be no discernable address or physical identity for HC
- We would have to dispose of our entire office of IT equipment, furniture etc
- Extremely inconvenient to staff to not have access to an office and a desk as they currently do
- Would mean the end of hybrid working and in effect a fully home working scenario - this would potentially have mental health challenges for some colleagues

Conclusion

Based on the options available I recommend to the Board that we choose option 2 - negotiate a new lease for Walsingham place. The landlord has indicated that there would not be a rent increase were we to renew.

Options 1 and 3 would again require us to end hybrid working and have an office working regime only. I do not believe the staff would be willing to accept this, certainly as infection rates in Cornwall remain relatively high.

There is a challenge in respect of option 2 - the break clauses in the lease do not completely align with the renewal options for our Core Contract. However, the decision to extend our core contract by a further year (it is currently 3 years +1 + 1) must be taken in the spring of 2022, before the resumption of the new lease. In the very worst case scenario - and at this point in time - frankly an unimaginable one, if the council chose not to renew our contract we would have to wind up and would use reserves to invoke and pay for the one year break clause on the new lease .

Recommendation

That the Board approves us entering into negotiation to renew the lease on Walsingham Place.



PREMISES OPTIONS - 12TH OCTOBER 2021

Background

The HC lease on Walsingham Place expires end July 2022. A decision needs to be taken regarding our future office requirements prior to that date, as it will require substantial lead time for any changes to be managed seamlessly and effectively. Prior to the pandemic, it had been recognised we had outgrown the office space at Walsingham Place and the Board agreed to committing expenditure on larger premises to suit our increased staffing levels and need for meeting rooms within our office rather than having to outsource for all meetings of more than about 6 people (including team meetings).

Since the start of the pandemic, office space became a “non issue” as staff were working mainly from home. It was agreed not to activate the break clause and we continued with the current lease. Staff have begun to return to working in the office. This is being continuously monitored and risk assessed according to current Government guidance and infection levels. The intention is to continue an element of hybrid working, with flexibility for staff to work both at the office and remotely whilst ensuring the needs of the organisation are met at all times. It is envisaged these arrangements will continue to the foreseeable future.

	Option 1	Option 2	Option 3
Option description	<u>Downsize to shared office space within Council or other 3rd sector premises</u>	<u>Negotiate new lease for Walsingham Place</u>	<u>Upsize to larger offices with space for large meeting room</u>
Summary	<ul style="list-style-type: none"> • Would require hot-desking and significant element of planning diaries in advance • Possible options include Age UK offices. • May also be option of Council offices as we understand they are looking at redundancies as well as more remote working (but no response from initial enquiry) 	<ul style="list-style-type: none"> • Would require hot desking. Arrangements for this already in place • Would be 6 year lease • Initial break clause of 1 year • Next break clause would be 3 years (2025) 	<ul style="list-style-type: none"> • Would be able to maintain individual workstations in one large office space • Length of lease and break clauses similar to option 2 • Currently 2 potential office spaces available in Turo

<p>Financial implications</p>	<ul style="list-style-type: none"> • Cost of renting office space unknown at present but would be less than current rent and include utilities and maintenance which are currently a separate cost • Cost of hiring meeting rooms would be a variable cost and likely to be similar to current cost 	<ul style="list-style-type: none"> • Rent unlikely to change (currently £15k + VAT per annum) given current market for office space • Would continue to pay service charge, general maintenance upkeep and utilities • Would require internal re-decoration in first year • Hire of external meeting rooms meetings would be extra but Library inexpensive 	<ul style="list-style-type: none"> • Current rentals available vary from £20,000 - £25,000 plus VAT per annum • Would continue to pay service charge, general maintenance upkeep and utilities • Some internal partition either required or to be taken down in first year • No extra charge of hire of meeting rooms - could possibly be an income generator if offered externally (but cannot guarantee).
<p>Pros</p>	<ul style="list-style-type: none"> • Cheapest option • Not tied into long lease • Networking opportunities • Potential to rent meeting room on site as and when needed • Some parking may be available by negotiation 	<ul style="list-style-type: none"> • Staff like current offices • No need to notify stakeholders, suppliers etc • No change to IT infrastructure • Minimal transition change (hot-desking) • Current office costs unlikely to change • Best location of all options • Appropriate for the status of the organisation 	<ul style="list-style-type: none"> • All staff would be able to be in office at same time. • Could choose our own layout • Meeting room on site • Potential for hiring out meeting room • Some parking likely to be available by negotiation
<p>Cons</p>	<ul style="list-style-type: none"> • The landlord may seek to apply restriction on our activity • Would not allow HC to expand if we needed to • Potential loss of reputation with a shared address - not appropriate to our status • May need to vacate at short notice 	<ul style="list-style-type: none"> • Small offices - not possible for staff to meet all together • Break clauses of new lease may not tie in with Core Contract review • No parking 	<ul style="list-style-type: none"> • Most expensive option • Lack of potential space in Truro with disabled access • IT infrastructure implications • Break clauses of new lease would not tie in with Core Contract review • Would scrap hybrid working



