

Parliamentary Works Estimates Commission

Oral evidence: Parliamentary Works Sponsor Body Main Estimate 2022-23

Tuesday 26 April 2022

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Members present: Dame Eleanor Laing (Chair); Mr Nicholas Brown; Lord Gardiner of Kimble; Lord Macpherson of Earl's Court.

Questions 1-36

Witnesses

I: Sarah Johnson, Chief Executive, Parliamentary Works Sponsor Body, Gurdip Juty, Finance and Corporate Services Director, Parliamentary Works Sponsor Body, David Goldstone CBE, Chief Executive, Parliamentary Works Delivery Authority, and Tanya Coff, Chief Financial Officer, Parliamentary Works Delivery Authority.

Examination of witnesses

Witnesses: Sarah Johnson, Gurdip Juty, David Goldstone CBE and Tanya Coff.

Q1 Chair: Welcome, everyone, to today's meeting of the Parliamentary Works Estimates Commission. We are here today to consider the Sponsor Body's main estimate for 2022 to 2023. I am delighted to welcome Sarah Johnson, the chief executive of the Sponsor Body; David Goldstone, the chief executive of the Delivery Authority; Gurdip Juty, the director of finance and corporate services of the Sponsor Body; and Tanya Coff, the chief financial officer of the Delivery Authority. Thank you all very much for coming to see us this afternoon.

We have quite a few questions for you, as there are many matters to be explored, and we appreciate that certain changes of direction are in the air and that, since our last meeting, we are all possibly working within slightly different parameters than we were previously. We appreciate that the task before you, as if it wasn't sufficiently complex already, might well have become more complex. That is among the things that we would like to explore, but before we ask any specific questions, Ms Johnson, can I ask you to briefly summarise the contents of your estimate, and to take us through the salient points as you see them and draw to our attention anything you would like to make sure we are aware of?

Sarah Johnson: Yes, thank you, Chair. I am happy to do so. Just before I go to some of the detail, as you have alluded to, we are in a bit of a different situation at the moment than when we had this conversation this time last year. You are aware, I know, that the two House Commissions have indicated that they might perhaps like to see a different direction for the Restoration and Renewal programme. That, of course, is subject to debates in both Houses in due course.

With that backdrop, despite both the Sponsor Body and the Delivery Authority having undertaken a very extensive business planning process for the current financial year, the proposals that are in front of you had to be put together very quickly following the announcement from the two House Commissions in February this year. We have had to make quite a lot of assumptions about what we might spend money on during the course of this financial year, so it is just important to take this estimate in that context, which I know you appreciate.

Broadly speaking, our estimate for 2022-23 is £87 million, £7 million of which is for the Sponsor Body running its organisation. The lion's share, the £80 million, is for the Delivery Authority to undertake its work. Both organisations obviously need to keep going, to pay our staff and to retain control frameworks, as you would expect. Then, in line with the parameters that the two House Commissions published on 18 March, the Delivery Authority will be undertaking survey works through the course of the financial year. It will be working with the Sponsor Body and, indeed, the two Houses to consider what new proposals for Restoration and Renewal might be, and of course retaining our proper functions: parliamentary engagement; any public engagement, to the extent that we

need to, although we have no plans for that at the moment; and just maintaining good financial control of our organisations.

That is the broad overview of what we will be doing. I am sure you will have questions, but I will just ask David if there is anything he wants to add.

Q2 **Chair:** Thank you. Mr Goldstone?

David Goldstone: Thank you, Chair. I would only add, in terms of the scale of the reductions that we have made—*[Interruption.]*

Chair: Sorry to interrupt, but we are losing Nick Brown for a moment or two, because there is a Division in the House of Commons. It is a very busy day, because we are at the end of the Session, so there are several Divisions going on today. We mean no discourtesy by being down to three of us just for a very short while. Mr Goldstone?

David Goldstone: Thank you. Just to add a bit more detail on the very significant changes we have made in the circumstances, as Sarah described, the business plan we put together and that our board approved in December was for about £125 million. Reducing it to £80 million the following February and into March, taking out £45 million of costs—over a third of all the costs we had planned to incur—and re-engineering what we are doing, how we are doing it and the budget that goes with that has been a quick exercise. I think it reflects the uncertainty we are in, but there is obvious risk in that, in that we have lost and reduced a lot of our capacity already. There is obviously uncertainty about the future. We are working to the new, agreed direction and the parameters the House Commissions agreed, but we have reduced our capacity very significantly, and that will have impacts on the future.

Q3 **Chair:** May I just take you, in a very general way, to the difficulties that we appreciate have arisen? Can you give us an idea of the activities that you are currently undertaking to prepare for the transfer of the sponsor function to the two Houses of Parliament? I appreciate that that is pretty wide, but could you give us an idea of what is happening at the moment, please?

Sarah Johnson: Absolutely. The first point on any transfer of a sponsor function is that, although the two House Commissions have indicated that they would like to see some revised sponsorship arrangements for Restoration and Renewal, there is as yet no confirmed agreement as to what those revised arrangements might be.

There are two options under consideration. One is for the sponsorship function effectively to become an in-house department within the parliamentary administrations. As to whether that sits just within the House of Commons or is a joint department between the House of Commons and the House of Lords, that has not yet been determined.

There is another option on the table at the moment, which is another form of arm's length body. There is an independent assurance exercise, which I



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believe is starting the week after next, to provide advice to the two House Commissions on which of those two options the independent assurance panel might suggest is the appropriate future form for a sponsorship function.

At the moment, although we are aware that there has been an indication that a revised proposal for the sponsorship function is being considered, we have not got an agreement on what we are to move to. Therefore, it makes it quite difficult to make arrangements to transfer a function from one place to another.

None the less, my team and David's team and our colleagues in both House administrations have set up a number of workstreams to look at the possibilities that might need to be considered. We have got eight workstreams, including one focused on our people and one focused on the legal implications, as well as what the new proposal for the works looks like and what the design of a sponsor function is. At the moment, because we do not have an endgame, we cannot start to make progress to move any function from my organisation to somewhere else, which you will appreciate is challenging for the staff.

Q4 Chair: Yes, I think we do appreciate that that is challenging. We will come to more specific questions in a minute, but I want to ask my fellow Commission members if there is anything they would like to take up on that issue. No? That is okay then.

Let us progress to ask you just how far the results of your engagement work with Members of both Houses influenced your strategic objectives. Did your engagement with Members provide you with any foresight on the growing concerns regarding the sensitivities around cost and time?

Last time we met, we were looking at a certain figure for cost, which we understand has grown. Also, the time this project was estimated to take was several years, but it has now gone into several decades. Could you give us an idea of how that conclusion was reached, and of your engagement with Members?

Sarah Johnson: The first thing to say is that the cost and schedule information that prompted the current circumstances—copies of which we placed in both House Libraries—was part way through a process. It was not formal estimates of cost or time; it was an indication of a direction of travel. We understand that that has been compared, quite rightly, with the £4 billion cost figure that was produced in 2014 by the independent options appraisal work. The numbers that we have shared are clearly quite different from that £4 billion.

However, that £4 billion was never a formal cost estimate. David and I are both on record as saying that we understand the work that underpins that £4 billion was not a number that we recognised. Part of our process was a full, bottom-up assessment of what it is going to cost and how much time it will take to restore the Palace, in line with the requirements of the 2018 resolutions, the 2019 Act of Parliament and the objectives that we agreed with both House Commissions, following our strategic review. The cost and



time figures need to be viewed in that context—partway through a process.

- Q5 **Chair:** You say partway through a process. Are you saying that you are now dealing with completely different cost and time figures—on a different scale—from those envisaged at the beginning of the process?

David Goldstone: We agreed a plan. We had a strategic review, which we published about a year ago, which had a two-year time period for producing the first detailed, costed plan for doing the restoration and renewal of the Palace, and the associated works that would need to go through. We were not quite halfway through that two-year period when, as Sarah said, we presented some initial estimates that were coming out of that work. I do not think I would say it was an increase from anything, because there had not been any real, costed plan before. Anything else that was in the public domain was less detailed, and done for comparative purposes between different options, rather than a real estimate of cost.

We were partway through a two-year plan to produce that detailed and costed estimate as part of a full programme business case that would follow all the Treasury requirements and the NAO and PAC lessons that have come out about properly preparing detailed plans before programmes go ahead. That is what we were doing; we were trying to follow all that good practice advice, and lessons from other programmes that had gone wrong. We were partway through that. We presented the initial estimates. That was when the decisions followed at the beginning of February.

The reason I came in on your question was that it was about why the numbers were coming out as high as they were, and higher than people had expected.

- Q6 **Chair:** Yes. It is that comparison that I am exploring, because they are not just different. We are not looking at a time and cost increase of, let's say, 10%. It is really very significant.

David Goldstone: Exactly. It is.

- Q7 **Chair:** It would be helpful to put that in context.

David Goldstone: We were partway through a task and, for me, this is to do with the complexity of the task. That should be highlighted. Restoring and renewing this Palace is a massively complex task which, as is self-evident, has never been undertaken before.

We all talk about it almost as though it is one building. The scale is more like a small town. The area is about 1,000 homes, not one building. There are thousands of void spaces. There are 11,000 heritage items. That's the scale of the task, not to mention the massively outdated systems and services that are in desperate need of replacement, with generations added over time, all of which need replacing. We are on a very congested and constrained site in the centre of London.



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As Sarah alluded to, we were following an ambition for scope that was defined in resolutions and the Act, and then in strategic objectives defined by and agreed by the Commissions. That was significant in terms of the ambition to address the problems in the Palace. We were tackling issues around fire safety, asbestos removal and security, as well as areas around the building services and building fabric—the conservation of the actual structure. There were accessibility requirements, catering and logistics. There was a wide range of scope, all with minimum standards we were going to have to achieve, on this enormously challenging site.

The information we produced in January, partway through the process to produce the detailed plan, was the outcome of that first piece of work to look at how, with that scope, you would actually tackle the work. We produced a detailed schedule of how the Palace would be addressed to deliver that scope; we said we would do it in a phased way to minimise the period the Palace had to be vacated. There were some works that could be done while the Palace was occupied—a lot of enabling works using the river and setting up works compounds and logistics sites. However, in that plan a lot of the work would happen while the Palace needed to be vacated.

We were going to be looking at dividing the Palace into about 14 different zones and going through stages of work for each zone. Those would look at, for example, dealing with heritage items, and putting in temporary services before we could tackle the outdated ones that needed to be replaced. We would look at removing asbestos, and the initial estimate was that it would take two and a half to three years and probably over 300 people just to deal with the asbestos—it is probably the biggest project tackling asbestos that there has ever been in the UK. We would also be doing conservation work on the internal fabric, and putting in fire compartments to make the building safe for all its users in different areas. New lifts and lift cores would also be required for accessibility and access routes, and new building services would need to go in. We were going to go through all those stages of activity in 14 zones to tackle the scope of the site.

Q8 Chair: You say “We were going to”, but this is work that has to be done.

David Goldstone: The plan we were producing was to tackle the question we had been asked by the legislation. That was the plan we were producing. The decisions that were made at the beginning of February effectively told us to stop that. We stopped the work on that plan, and we are now looking at a new question. We have been told to stop the work on the question we had been asked by the legislation and tackle a new question. The Commissions met jointly and agreed some parameters, and we are now asking, “How can we tackle the problems with the Palace in a way that is aligned with the parameters that the Commissions have agreed.” It is a completely different question, and it does not predefine the scope. It challenges us to, first, come up with a range of options—to give a number of choices of options around scope and much more variable options around decant periods. There is a very clear and welcome focus on health and safety and protecting those using the building. The range of



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parameters published in the middle of March poses a very different question from the one that we had been asked, and that we were part way to tackling, when we produced the information in January that led to the February Commission decisions. Does that make sense?

Q9 Chair: It makes sense. We understand the complexity and the nebulous state of the task that you have before you. We appreciate its complexity. Thank you for explaining that. I want to go back for a moment to ask you about engagement with Members. You explained where we have got to; has engagement with Members been part of that?

Sarah Johnson: It has. For example, through the course of 2021 we did a whole range of engagement activities with all users of the parliamentary estate—Members but also the staff and experts who have been in and around the building much longer than we have. The views of all users of the estate are important for the project. For example, with Members in particular, in the spring of last year we had some quite extensive engagement with the domestic Committees in both Houses on some of the assumptions that should underpin our design work. Partly due to the pandemic, we held an online engagement exercise with Members last summer, and then in the autumn, we were able to be on the estate for five weeks, asking Members of both Houses their views about certain aspects of R&R and what was really important to them.

As well as getting a lot of support from Members of both Houses for us actually being on the estate, being visible and there to engage with, one of the other biggest messages that we got was, “Just get on with it, please.” The situation that we find ourselves in now is a bit at odds with some of those reactions.

Q10 Chair: I take your point. When you talk about Member engagement, can you give us an idea of approximately how many Members? I do not mean anything like exact figures, but was it 50, 200, or 400?

Sarah Johnson: For example, the online exercise we did last summer included 122 Members. The engagement that we had on site—

Q11 Chair: Do you mean that was a message that went out to all Members, and 122 corresponded?

Sarah Johnson: Yes. We always broadcast our activities to all Members. When we were actually on the estate, we had 143 peers come to talk to us, and 67 MPs. Clearly, given the number of Members in both Houses, we have not yet been able to reach all of them, but those two examples are of some of the things we have done. We’ve got a brilliant team that are really on the front foot, trying to get to all Members.

Q12 Chair: So the Members are, of necessity, self-selecting. You have put out a message, and obviously you can only take into consideration the comments and questions of those who have responded. Of Members of Parliament, approximately 10% have responded, and 90% have not.

Sarah Johnson: That is true, but in particular—

Chair: I am not making any value judgment; I am just getting into the context.

Sarah Johnson: No, I understand, but being present on the estate itself—particularly in places like Portcullis House—meant that people could just walk past and spend two minutes with us. We had planned to do much more of that through the course of this year, because as you will know more than I do, it is much more effective than trying to do online engagement. Members of both Houses are extraordinarily busy, so being able to just have a two-minute conversation is a very effective way of doing it, and we saw that last autumn.

Q13 **Chair:** I agree that it is, because Members' inboxes are overflowing with matters that do not absolutely have to be dealt with, and therefore you will not get an immediate response. That is very helpful; thank you very much. Mr Goldstone, would you like to add anything to that?

David Goldstone: No, I don't think so.

Q14 **Chair:** That is not your side; that is very much the Sponsor Body side of things. You said that your general feeling, having got this feedback from a small proportion—but a significant number—of MPs and peers, was that people were saying, "Just get on with it."

Sarah Johnson: Broadly speaking, yes. There was a range of different views about individual issues. That probably indicates the attitudes of the people who stopped by—that they were perhaps more supportive and do want us just to get on with it—but that is certainly something that we hear regularly, day in, day out: "We thought this was happening. Can't you just get on with it?" That is why I think it will be quite interesting to see what the response is to whatever motion comes to the Floor of both Houses later this year.

Q15 **Chair:** And was that "Just get on with it, while we are here getting on with our work" or "Just get on with it, and we will go away and come back"?

Sarah Johnson: Get on with it within the premise of what had previously been agreed with the resolutions and the Act. That would require this building being vacated.

Chair: Thank you. I appreciate that I am making you condense an enormous subject into a moment or two, but that is most helpful. I am going to turn to Lord Gardiner to ask some further questions.

Q16 **Lord Gardiner:** I wonder if I could take us to the issue of surveys, which is probably more directly for Mr Goldstone. We know there was some slippage, but it is obviously important to have a most comprehensive survey, both non-intrusive and intrusive, with such a large project. The new task brief makes it clear that surveys should continue. Indeed, there is £14 million in the estimate to undertake surveys critical to facilitating the design options.

A number of questions arise from that. Obviously, the surveys continue. I am interested to hear, if the word is uncertainty, that that does not deflect

from the importance, in whatever direction is decided. It is clear that it is only from the surveys that much of the way forward can be properly considered. That is the importance of the surveys.

Could you explain what will be achieved with that £14 million investment that I understand is in the estimate? You picked up the word asbestos. It is important to ascertain whether we would receive comprehensive knowledge, from an analysis all the surveys undertaken, of how much asbestos there is and where it is. That could be a very important and expensive part of any renewal. I want to know about the extent of the surveys and your justification of that £14 million.

David Goldstone: There are a number of points, as you said at the start. The surveys are an important part of our work and the planning for any future programme, as you implied. It is important that we find out as much information as we can, to understand the building, its current condition and the ground around it. That will help us assess risks and understand the building fabric we are working with.

I will comment on one thing you said. It will not tell us the solution. It will help us understand the challenge of the structure, the building and the site we are working with. We will understand condition better and the challenges, where there is stability of structure and condition, all those sorts of things, and the risks around them. It will not tell us a design solution to the challenges of the Palace's requirements.

The surveys are important work. They were a priority for us under the old plan. They are no less a priority, and we are getting on with it, with exactly the same urgency, focus and priority now, as we were before. There has been no change in that. It is the one area of all our work where there has been absolutely no change. We carry on with it in the same way.

They are important, but I don't want to pretend they will give us an answer to the whole question of what we are going to do to restore and renew the Palace. They are really important. When we started the plan that we referred to earlier, about a year ago, looking ahead two years, we anticipated about 100 different surveys, intrusive and non-intrusive, over that time. We are pretty much halfway through that, with about 50 or so complete. It is the big programme of intrusive surveys that is planned to take place largely this coming summer recess, which is when it was planned to be.

You alluded to it. We did have a delay at the start of our procurement process, but we are on track. Since we identified and dealt with that issue, not only the procurement process, but all the different aspects needing to come together to enable those surveys, have proceeded on track.

It is a bit like a microcosm of the whole project. Doing these surveys is a pretty challenging task in itself. There are a lot of aspects. Surveying the Palace has never been done in the way we plan to do it. It has never been done before. The complexity of the building is a real challenge, particularly for all the different contractors we will be bringing in.



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There are obviously challenges you will all be familiar with, just with access and time for doing noisy work around sittings. We need to work with an extensive range of Parliament's existing services. When we are surveying a particular room, we may need support from parliamentary services in relation to moving carpets, furniture, clocks and artwork. All those sorts of things that ushering staff do. We end up with quite a complicated picture of multiple teams working together, just to facilitate individual surveys: our teams, project management teams, contractors and parliamentary colleagues.

Throughout the past 12 months or so, the good thing is that everybody has worked together really collaboratively, and recognised the importance. Nobody is dissenting from the idea that these are really important. The House teams, our teams, the Sponsor Body colleagues have all worked together to work through the challenges, such as the access, the services and all the various things we need to make this possible. We are on track for doing all the surveys we plan to do this summer and throughout this financial year, when we will use that £14 million in our budget.

We will have got through around 20 detailed, intrusive surveys. That is on areas such as the building fabric, ground conditions, looking at where there is ground or building movements. There is a whole range of intrusive surveys, and a further tranche of non-intrusive. So, we will have completed around 100 or so, as planned.

We have let all the framework contracts. We have let eight different framework contracts from those procurements we referred to. We are now just engaging all those contractors for the first call-offs for those works this summer. We are getting agreements with all the parliamentary services in place. We are getting the consents.

All those things are coming together, so that we can do that work. You can be reassured. It is emphasised in the task brief, quite rightly, and stressed to us in all the Commission meetings before we got to this stage in our process. It was a priority in the old plan, and is no less a priority now, and we are progressing to that plan. I would say, as I will in other areas, with all those factors needing to come together, there is inevitably still some risk, and things we are working through. But I have no reason to think it won't go ahead as planned this summer.

You had a particular question about asbestos. We have already done a lot of investigation of asbestos in areas where we are going to do detailed surveys on building condition. Because we need to do that to ensure that the appropriate protective arrangements are in place. Without surveying every wall, cavity or space of the Palace, you only know what you know from the areas you have surveyed.

One thing we learned from visiting other heritage sites is that you often find that no area is typical of the whole structure. We will know a lot more. We know quite a lot now. I mentioned earlier that we know there are something like 2,500 sites where we will be tackling asbestos. It will take the best part of three years for 250 or 300 people to do the work. We



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know it is the biggest project of its sort in terms of asbestos in the UK. Will we know every location and site before we start? I doubt that. The amount of surveying that would be necessary for that would require the Palace to be inoperable in a way that you could not countenance.

When I say 2,500 locations, we are talking about void spaces, walls, ceilings. There are about 90,000 square metres of coverings of things such as pipes, all of which are coated in asbestos. The scale is enormous and not to be underestimated. Because of the safety and health issues with it, we obviously have to prioritise it.

We are doing what we can. We are prioritising all the survey activity. We are ensuring that we do the preparatory asbestos surveys before we do anything that would expose colleagues to it. But inevitably there will be a discovery learning as the project as a whole progresses.

I mentioned the programme for this summer. We are initiating all these surveys. We are meeting a plan to produce the full, detailed plan for the whole programme for next year. The surveys themselves will run on for a long time. They were always planned to run on for 18 months to two years—obviously, working around sitting times and not disturbing. The surveying process will carry on for, probably, the next 18 months to two years, at least.

Q17 Lord Gardiner: In that connection, we are talking of an estimate of £87 million. The surveys are £14 million of that and are one of the major areas of continuing work. It is absolutely clear those surveys are the resource by which we will know in the next phase about design and what actually needs to be done. Are you confident that with £14 million you will be able to do what you have set out in terms of this comprehensive result, recognising that doing every square inch of the Palace is not feasible?

David Goldstone: Let me say a bit more about the estimate in total, if I may. The £87 million is £7 million Sponsor Body funding and £80 million Delivery Authority funding. As you say, £14 million is specifically for the surveys—that is, in effect, the teams and the contractors who are managing the activity I have just described. But getting a new approach for the works, and a new way of delivering Restoration and Renewal that reflects the parameters that the Commissions have now set—as opposed to the plan we were working to before—is not the whole answer. We have also engaged—and we can probably about double that £14 million—a design team who are looking at all the scope options of what a future solution might be: what standards and what work we produce, and how it might be delivered in terms of construction.

Planning for all the what and the how of the delivery of a future programme will be informed by the surveys but, as I say, the surveys will not give us a design answer or a delivery solution, so we need those three things to work together. The surveys will help inform that, but over half our budget is in what I have just described: the surveys and all the work on the new proposals for, if you like, a new approach to the works,

including design, programme management and engineering planning for how those works will be delivered.

Lord Gardiner: Thank you very much.

Chair: We move now to Nick Brown.

Q18 Mr Brown: This question is more for David than for Sarah, and it rather follows on from what we have been exploring on the more detailed and penetrative surveys. I accept the point about disturbance. Are you certain that it would be possible to carry out everything you feel is necessary over the summer recess period? Have you approached the House authorities to see if it is possible to artificially arrange House business without any loss to anyone, so that you get a long run at it and as much time as you need without the issue of disturbing Members who are deliberating coming into the calculation?

David Goldstone: I think there are three different parts to the answer. For the intrusive surveys, which will create noise and, potentially, dust and disturbance, we have been working really closely with the House authorities for a year or so—or more—on planning what we do and when, so that we can do the work we need to do so it fits in a sensible and appropriate way with House business. We are planning the large bulk of that activity during the summer recess, but that is one part of the answer, I think.

We have also been carrying out an extensive programme of non-intrusive surveys. When I talked about a total survey programme of about 100 surveys, about 20 of them are intrusive surveys, and some of those are in large numbers of spaces—more than 150 rooms in the building intrusive survey, but we treat that as one survey. But we have been doing non-intrusive surveys that do not have the same level of disruption. They have been carrying on; we did about 15 to 18 in February, and more recently around the Easter period, looking at areas that do not have that same impact.

That is all done with joint collaborative planning with the House authorities to make sure that everybody is happy that we can go into and investigate those spaces in a sensible way that works with the House authorities, so that we can achieve what we need to, and House business is not disrupted. It has genuinely been very good joint work between the two House authorities, the Sponsor Body team and our team, in terms of all the detail on that.

The non-intrusives have all been going on well in that way. The intrusive surveys are planned to kick off in the summer but go on for an extended period, as I said. I think the third bit of my answer is to say that we have also been exploring, and were asked to look into, whether we could make beneficial use of an extended recess later in the summer. That was intended to be really helpful, to enable us to go further with the programme than we are already planning. It would be beneficial; we would be able to do more. Again, it would obviously have consequences



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for House business. We have provided quite a detailed analysis of that to the House Commissions and we are waiting to hear feedback on whether or how that will proceed.

Mr Brown: We are pleased that that work is going on.

David Goldstone: And, again, that is work we have done by working with the House teams to prepare a shared understanding of the analysis.

Q19 **Mr Brown:** When the fruits of the surveys are with you, in addition to the information that is already known, including previous surveys on the core structure of the building, will you be in a position—I think you hinted to us earlier that you might not be—to decide on the big questions such as, “Would R&R require a complete decant?”? My assumption is that it would and should, but that is being challenged by the length of time we are now told we would have to be out of the building for and, separately, the costs. When would whoever it is—I suppose everyone who has the information—be able to make an evidence-based decision? Can I ask in another way? What other elements would be necessary before you could make a rational decision on this?

David Goldstone: Thank you. I will take the latter version of the question.

Chair: That just about sums it up!

David Goldstone: Rightly or wrongly, I am starting with the joint statement from the two Commissions, which they produced—published—on 18 March. It gives a set of parameters for, if you like, the challenge to us to answer that question: how are we going to develop a new approach that responds to these parameters? And that is what we are trying to do.

Sarah and I talked earlier about the previous approach being based on a scope that was defined by legislation, resolutions and objectives. We are doing it completely differently now, because this is a completely different ask. We are anticipating something that is much more iterative between what work is delivered, what output—what scope—is delivered, and how it is delivered, which goes into the decant consequences and how long a period the Palace would have to be vacated for. So we are really trying to explore the trade-offs between those two things, because self-evidently the more work we do, the more impact it may have, and it will have an impact on time and cost.

The way we are going about that is through, again, taking the steer from the Commissions. There is a focus on priority and critical works and trying to focus on what they are and to do some really analytical work: in each design element, what is the priority, what would be critical, in relation to, for example, fire safety, asbestos removal or the mechanical and electrical systems? We can say each of those is really important in itself, but not everything in each respect is critical or a priority. So we are trying to break them down to what the really critical, priority things are in each of those areas, and looking at what would be necessary, some of which would be a consequence of those areas of work, on, for example, the

building fabric, on security and on where people and functions would be occupied. All of that is looking at what the work would be.

We are looking at some other major heritage projects. We are looking at what the Canadian Parliament and Buckingham Palace have done, to say, "Can we benchmark the level of ambition we might have here to other major projects that have reserviced heritage buildings?" That is one side of it.

The other side is how the works would get delivered. We were asked, for example, to look at if there could be a pilot project to start things earlier, what work could be done before a major programme of work, how construction could be delivered in different ways, how work could be scheduled and sequenced and trying to optimise that. We are looking at how we could better integrate what we are planning to do with the existing works the House authorities already have planned.

All of those—trading off the work with how it would be delivered—would enable us to bring together some analysis that puts that against some criteria about delivery. Is the priority the amount of time one or both Houses is out of the Palace? Is it the overall duration of the programme? Cost is obviously going to be really important. There are a number of criteria. We are trying to anticipate a matrix where we can say, "For this scope, it would have this sort of delivery impacts and consequences on time and cost," and give a menu of options we can get political engagement on and that we will need to get decisions on.

As I said earlier, the survey will really inform that, but we need to do that work on what the scope is and how it is going to be delivered, as well. It is that package of work. That is what we are planning—a package of work on both surveys and the approach that we will bring you. We will then be capable of a decision about a future direction, to answer your question.

The key thing I would stress is that we can do all this work but, as Sarah said earlier, we are going to have to get some decisions about whether this is going in the right direction. If we can't get any consensus, we will be a bit stuck. We can do the work, and we feel optimistic and that there is opportunity to come up with a new approach that is capable of getting buy-in and consensus. We are getting at that work.

The team has shown enormous enthusiasm and appetite for trying to tackle this new challenge in a new way, and really embrace the challenge of how you might restore and renew this place in a different way to the original ambition, but we will need to engage and we will need to get decisions because, as you can imagine, there is a long list of potential options and we need to narrow it down and narrow it down as we progress.

Q20 Mr Brown: Is it possible to tackle the issue of the services themselves—the electricity, the gas and the water supply—which is like a district heating system, as it is common to the whole House. Is it possible to tackle that incrementally, in other words without evacuating the building

or part of the building, or is it not?

David Goldstone: When Sarah referred to us publishing the cost and schedule work in February, we included in that the analysis we had done through last year on what we call the “continued presence”. That was the analysis of whether restoration and renewal work could be carried on with the House of Commons sitting, either in its own Chamber or at least in the Palace, throughout the work. That was the other analysis we produced.

To summarise quite a detailed piece of work, the conclusion was that it can. That is technically possible, so the answer is yes. However, what we said was it takes an enormous time—decades—longer, it costs an enormous amount of money, partly due to the time and partly due to extra work that needs to be done, and there are significant risks around health and safety, fire safety and the level of disruption that Members would have to put up with from significant construction work going on, on the site, while a House of Parliament was trying to do its business continually, throughout the works.

I often struggle at this point to find the right words to articulate the level of risk, but one of the technical consultants we had just said, “It’s an extraordinary level of risk.” That’s the point. Members would have to understand, if that were the way you wanted to go, that that is what you would be choosing to adopt. The answer we came up with, from the work we did at that initial stage, is that it is technically possible, if the time, cost and risk consequences were accepted.

Q21 Mr Brown: Is that still the case?

David Goldstone: We only presented that work to the Commissions in December.

Mr Brown: It was an unfair question in a way.

David Goldstone: I don’t think our analysis has changed since then, but I should stress that it was to the original scope set by the Act and the resolutions. Nothing has happened to change the result of the work we did during last year, which we presented in January.

As I say, we are looking at the question completely afresh now to say, in effect, something more like, “What is the minimum scope in each area, and how might that be delivered?” So we might come up with a different answer, because we are asking a different question.

Chair: Thank you. I am anxious that, just like the matter we are discussing, our questions and answers are likely to go over time, because there is so much to discuss. Let me turn to Lord Macpherson.

Q22 Lord Macpherson: I am very pleased to hear that you are optimistic, David. My question comes back to the prosaic issue of the estimate. Through absolutely no fault of your own, you have had to put an estimate together in literally a matter of days. Equally, we are being asked to sign off an estimate, or at least scrutinise an estimate, on the basis of what is



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inevitably very flimsy evidence. Before I come on to some more detailed questions, can you just talk me through the process you went through before you submitted this magic number of £87 million?

David Goldstone: Sure. I will bring Tanya Coff in in a moment, because she actually led the work. Very high level, though, we had done a detailed business planning exercise, as we said earlier, which our board approved the outcome of in December. At the beginning of February, we heard the decisions from the Commissions, and effectively, as you rightly say, we had a short number of days—really, a couple of weeks—before we needed to get into going back to our board and then the Sponsor Board to head to the process that led here.

The high-level, immediate things we did were to review all our activity and say whether we should stop it completely, whether we should pause it, or whether there were things we could continue because they were likely to be useful in future. We put in a whole load of extra internal controls as well, to make sure we were not spending anything we should not be on activity that may not be valuable, but the budgeting exercise really was to ask, “What do we think we need to do in the new environment to respond to the new question we’ve got?” A lot of our costs really are fixed, and the parts that were more easily variable, if you like, were in all the bought-in resources we have in terms of design and project and construction management. We were focused on what we needed to change in relation to the agreements we have with our suppliers to have the capacity to respond to the new questions, and I think it is fair to say we did that in a pretty quick and top-down way initially to inform the estimate process.

Since then, we have been doing the detail that, in a more normal environment, we would have done much earlier. Normally, as you know, we would have built it up bottom-up; this time, we had to do something top-down and quick, just because of the time pressure. For example, we included just a target level for savings that we expected to anticipate as we did more detail. We have now identified where we can find those savings from. We have allocated the budgets in detail. We have agreed with our contractors the work they can do for the budget to be agreed, and to make sure we are meeting the parameters the Commission has agreed and the task brief we have agreed with the Sponsor Body. We did it top-down quickly first, and we have effectively gone back and made sure the detail stacks up and can support that since, if that makes sense.

Q23 Lord Macpherson: That makes very good sense. It is a fundamental principle of estimates that they need to be taut, and even in your short period of existence, you do have a history of underspends. You would be forgiven for putting in a higher figure at the margin because of the uncertainties. How taut is this estimate?

David Goldstone: The important thing to say is that it is a full-year equivalent of what we know we have been tasked to do at the moment for a relatively short time and probably not for a full year. So we have responded to a task brief that is explicit in saying that it is short term for this interim transitional period.



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The budget we put together is, if you like, a full-year equivalent of those activities. It is likely that we are going to have a conversation later in the year about supplementary estimates, and then saying in the autumn that we may know more about the future direction of the programme from all the work I described a few moments ago in relation to previous questions.

If we have got an emerging direction, we may need to rebuild some of the capacity that we have lost in reducing our budget and our resourcing as much as we have to get to the estimate that you see, taking it from £125 million in December to £80 million in March. We have significantly reduced our resourcing in design, engineering and all the programme management disciplines.

I would not pretend it has had the same rigour as it would have had if it was the product of our normal business plan process. I am not going to say it has, because it hasn't.

Q24 Lord Macpherson: We are not, as it happens, allowed to recommend an amendment to the estimate, but, if we had said that this £84 million looks like a number plucked out of the air, and, just to make life a bit more challenging for you, we had said we are going to give you £60 million, what would have happened?

Tanya Coff: There is an element of that cost, anyway, which is fixed with employees at the moment. We need to be careful how we tackle that, going forward.

I think, as David said, we did target the four big areas of expenditure—design, surveys, the data and digital area, and staffing areas. All areas have had reductions, some more than others, and we are constantly looking to drive further savings. We have subsequently identified the savings target that we put in initially. Some of the journey we have been on over the last 12 to 18 months has also been around an education of financial management and getting budget holders up to speed with not requesting money, because they fear they must request it in case they need it, and being more realistic about how quickly we can onboard resources and what our recruitment pipeline is to get people on board before we start spending that money.

Through the course of the last 12 months we have definitely been narrowing our forecasts to our actual expenditure, but we are still on a bit of a journey. That, combined with any new direction that comes later in the year, means there might be some flex in the number.

David Goldstone: It isn't plucked out of the air; we did do the work we have described. If we were given an arbitrary number significantly lower, whatever it was, first of all I could not sit here, as I can sit here now, and say that we can do the work that will respond to the Commissions' request for us to come up with a new approach to those parameters. I could not say that we could do that because we would have to cut the resource that we are currently planning for it, and we would almost certainly have to start making people redundant from our employed resource. If the Houses



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decided they do want this sort of programme, we would then have a longer period to remobilise and re-recruit the people we had lost and build capacity back again. It would have those sorts of consequences.

On the point about the level, as I have said a number of times, we have significantly cut all the resource for our technical capacity. We will have to remobilise that at a later point for a future programme whenever we have that clarity, and it will take significant time to remobilise. The further we cut, the harder it is to go back up that hill.

Q25 Lord Macpherson: We have touched on the cost of the surveys, but can I briefly explore the digital and data part of the spending programme? On the face of it, you are still spending a serious sum of money—approaching £20 million-odd—on a programme that is not closing down but is definitely reducing its activities. I have been responsible for IT programmes in the past, in terms of the running costs of an organisation, and that is not cheap. Can you explain why you need that amount of money? There is also investment—a capital addition. Can you talk me through that as well?

David Goldstone: That is part of the £20 million. Following the Act and the establishment of the two new organisations, we were required to set up those completely new start-up organisations. We have had to establish all the corporate services and corporate systems from scratch for the Delivery Authority and the Sponsor Body, and for our work with our suppliers and contractors.

There is significant activity in what we call information management—exchanging information and getting it through Parliament and House administrations. We have obviously had to establish a rigorous cyber-protection capability. Because of the sensitivity, we are employing in the support to the engineering, design and technical platforms. Most of that £20 million is in the operational areas that we have established a complete capability for.

A relatively small part of that—I think about £4 million—is the investment, some of which is to achieve future savings in the operating cost. There is a real spend-to-save aspect to it, and we think the running costs will come down. We can produce some savings in-year—about £3 million to £4 million—but probably about £7 million per year going forward from some of the investment spend. Some of it we need to enhance the cyber, and some of it is for capturing the data that comes out of the surveys, and for pulling all the information we get from the surveys with the design and make best use of that data capability from the work we are doing.

On the £20 million, you are right that it is about that. It may not make you feel better if I say that it is very significantly reduced—about 40% reduced—from what we anticipated in the original business plan that we did before Christmas. That was about £36 million, because we were trying to put in all the programme platforms to deliver a major programme and use digital and our data capability to drive better value in how the project and programme are delivered.



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There is a lot of evidence from major programmes that that investment can produce that value, but we have scaled that back very dramatically. We have stopped almost all the investment activity now, and we are running the operating service and only targeting investment either for savings, for cyber or to support the surveys.

Q26 Lord Macpherson: Just to get a sense of the £20 million, what proportion is in-house, direct employees sitting in front of a computer generating stuff, and how much is bought in or contracted out?

David Goldstone: We have only just established the in-house senior team, so we have only recently got to the point where we could even answer that in a sensible way.

Tanya Coff: Last year, it was £3 million of £29 million. Going forward, we are looking to grow the internal capability and reduce our reliance on a more expensive supply chain. That is what is driving a lot of the operational savings—halfway through this year, £3 million to £4 million, and then up to £7 million in subsequent years. We are swapping out more expensive contractors for a lower level of in-house resource.

Q27 Lord Macpherson: Is that sustainable, given the uncertainty around the programme?

David Goldstone: The first thing the Commissions said was that there was “a united commitment to preserving the Palace for future generations.” They also mentioned their “collective duty as custodians” and their responsibility to ensure the safe operation of the building and those who use it.

Nobody has said to us that there is not going to be a significant programme of future work of some sort. We don’t quite know the what and how yet, and we are being really cautious now about what we spend it on, to make sure that we only spend it on things that, in any foreseeable future programme, should be of value, which is why, as I say, we have scaled back all the investment activity that was going to support specific programme platforms.

But there is a choice about keeping some corporate capability going so that we are here for the future, because if we descale it so much, you will find that you will be going back to 2018 or something and will need to start forming the whole organisation and all the capabilities again from scratch, which we have just been through.

Lord Macpherson: Understood; thank you.

Q28 Chair: Thank you; that was particularly interesting. Reading in conjunction the answers that you have just given to various questions and the underlying assumptions, and looking at the joint statement from the two House Commissions, in which the point is made that a “shorter life expectancy for the completed works should be considered (i.e. the infrastructure might require further renewal or ongoing upgrades in future decades rather than the current underpinning assumption to avoid this)”,



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would it reasonable to say that there is a general assumption now that this is an ongoing project?

You have just spoken, quite understandably, about the importance of keeping the administrative infrastructure in place. Do you envisage that perhaps this is a forever project? They joke about painting the Forth bridge: once it is painted, they have to go back and start again. Is that what we are really envisaging here? I think that at some points, this is referred to as the Restoration and Renewal project, as if it has a beginning, a middle and an end, and then it is done. But it isn't like that, is it?

Being perfectly reasonable, any building requires constant maintenance, renewal and updating. We are asking you about data and services such as electricity and water. Who knows what technological advances there might be, even in the medium term—20 years—that would require a different approach? Do you see this as possibly a Forth bridge-type of operation?

David Goldstone: The question we were answering previously, which we had originally been asked, was about a programme, as you just said, with a defined start, a programme of work and an end that would restore and renew, to some defined standards, the Palace. The defined scope was set in the legislation, the resolutions and so forth.

Even with that, obviously there would have been ongoing maintenance thereafter in services. It would not have been the end of all work, but one of the things we were trying to achieve was that you would never have to do it again. For example, we would replace the services in such a way that they could be maintained, accessed and replaced without the whole Palace having to be shut and vacated. That was the sort of thing—we were trying give you longevity.

Q29 **Chair:** Presumably, Sir Charles Barry thought that that was what he was doing in the 1840s.

Sarah Johnson: I think he probably did.

David Goldstone: He may well have done, but what subsequent generations did was install new generations of systems in the same locations, on top of what he had installed. We were trying to do it in such a way that you would never have to do it again, and that all those services, systems and other aspects could be replaced and maintained without the level of intervention that Restoration and Renewal anticipated.

Q30 **Chair:** I do not want to stop your flow, but in engineering and architectural terms, if you were building a new building, is that one of the assumptions that would be taken into account? Is that what most modern architects would say?

David Goldstone: Yes, you would design so that you could renew and replace and repair and maintain—absolutely.

The words in the agreed parameters ask us to consider a “shorter life expectancy for the completed works” so that is clearly a possibility. One of



the things we will ask ourselves in doing the new work that we are doing is, "If we don't replace the services in such a way that you avoid that level of intervention for the future, is that going to be a more acceptable route for the coming programme of work?" It might mean, for example, that the Palace has to be vacated for a shorter time, so that might be a more acceptable solution now, but Members would have to understand that it might mean that there is going to be a significant intervention again when the asset life of those assets we install reaches its end. There may then have to be, again, a subsequent significant intervention. That is what we are being asked to consider and look at. We will bring options that consider that approach to political decision makers when we have done that work. That is what we are now embarking on. We are definitely looking at that sort of question.

Whether that means it goes on forever or not, I don't know today, but it would certainly mean that there was a programme of work. I think it is quite likely that what we are doing will take us to where there is, if you like, a longer-term programme of rolling works; there may be a period of some intensive work, but there would be things that were planned to follow subsequently in phases. That may well be part of the answer that I think we are being asked to consider.

Q31 Chair: Thank you; that is very helpful. Is it unthinkable that instead of removing asbestos, some kind of sealing-in of asbestos might be possible? That is not a rhetorical question.

David Goldstone: No, you are absolutely right. We are not and we never were planning that you would necessarily remove all of it. I am not a technical specialist in asbestos, but I do know that where you come across it, there are areas and types of asbestos where it needs to be removed, and there are others where it can be contained. Often, it can be left. If it is not going to be disturbed, the safest thing can be to leave it, or it could be contained; in some cases, it needs to be removed. You have to analyse the case, the type and the situation to answer those questions. So all those options are there. We are not assuming and we were not assuming, even in the original full plan, that we would remove all asbestos.

Q32 Chair: Thank you; that is very helpful. Finally, a couple of small things. We have asked you before about the way this project affects the whole country, and the fact that it is seen by both Houses as being not about this corner of the capital city, but about this place being iconic and representative of the entire country. We have been concerned and I have asked you questions about, for example, the use of apprentices, for obvious reasons, and finding SME suppliers and contractors from all parts of the country. You have previously given us very satisfactory answers on how contracts were being awarded all around the country and how apprentices and others were being given a chance by being brought in on the project. Have those aspects of it changed significantly, or have we been able to keep those socially and morally desirable side effects?

David Goldstone: Some aspects have changed and some aspects are still the same; I think that is the short answer. We have employed a number



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of our apprentices ourselves; we have five, which we originally anticipated. I think there are also about 15 also employed by our partners on the programme. We were, if you like, ahead of our target; we had aimed to have 15 on the programme, but there were about 20.

On that particular question, the thing that we have had to pause is that, as we have discussed with you before, we anticipated what we called a shared apprenticeship scheme, where we were going to help small and medium-sized enterprises use apprentices on the programme and they would be able to move between different trades, different contractors and different employers on the scheme. Now, because of the uncertainty about the future work, we have had to put that on pause. That is still a thing we would like to do in future, but when and on quite what scale we have had to pause.

I think that we talked in one of the first meetings that we had about an overall target of one apprentice for every £5 million of work contracted on the programme. We have actually gone further than that on our surveys; we have agreed with contractors one apprentice for every £4 million of work there. On our digital contracts, it is one for every £3 million of work. So we have gone further than our target in both those areas.

On benefits around the whole of the UK, you will remember that we talked previously about the fact that we were engaging all the nations and regions of the UK. We had written and had discussions all around the country to talk about the potential benefits and access to the opportunities, so that, as you say, it felt like a project for the whole country and that the whole country would benefit.

We entered a partnership arrangement with the British Chambers of Commerce and the Scottish Chambers of Commerce. We were embarking on roundtable events with local businesses and training providers, again in all the nations and regions of the country. Again, we have had to pause that activity, because we don't have enough clarity now about the scope of the programme that we would be discussing the opportunities on to make that worthwhile. We had started that; we have had to pause it. Again, we would look to reactivate it if and when we have more clarity on the programme.

To use the surveys example, we let 18 contracts. I talked earlier about eight different frameworks; there are 18 different contractors. Twelve—two thirds—of those contractors are SMEs, which we were very pleased with. I will say that there is a reasonable spread around the country; not every nation and region has benefited, but there is a reasonable spread around the country, two thirds of them SMEs. We are continuing to do as much as we can and have made good progress in the contracts we have let so far.

Chair: Thank you very much; that is really very helpful. Do my colleagues have any further points?

Q33 Lord Gardiner: I have just one matter of detail, and it is on the heritage



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collections decant. I am mindful of the new task brief, yet in the estimate it has gone up 60% to £1.6 million. Just to clarify, I just wonder what the situation will be if the £1.6 million in the estimate—I think there is a caveat about solution-neutral tasks, but I was intrigued that we were increasing it by 60%.

David Goldstone: You are comparing it to the forecast for the financial year that has just finished, when a lot of the work on the heritage collections was paused because the overall direction had not been agreed with Parliament. Actually, we did very little that year.

The work that we can now anticipate is really about surveying the items, and logging and cataloguing, so that we have a good record. That is what we mean by option-neutral. That will be useful in any future programme, because it is difficult to anticipate a programme of work that does not require significant movement of heritage items, so surveying them, logging them and cataloguing them seemed to us—and we agreed with the Sponsor Body—worthwhile in any circumstance. It is, as you say, a higher level of anticipated spend than the very low level we could incur last year, when we had real uncertainty.

Q34 **Lord Gardiner:** So basically it is a sort of inventory of all our heritage assets, for whatever solution is then—

David Goldstone: Yes, of which there are at least 11,000; that is the number I have in my head. It is a very significant challenge in itself.

Sarah Johnson: And what it would take to protect them. So, where are they, and then how do you move them and how do you protect them?

Lord Gardiner: In any potential decant, or whatever.

Sarah Johnson: On any potential solution, yes.

Lord Gardiner: That is a very helpful clarification of detail. Thank you.

Q35 **Chair:** Thank you very much. Is there anything else that any of you—Gurdeep, Tanya, others—would care to say in conclusion? Is there anything we have missed that we ought to have considered?

Sarah Johnson: While I am sat here, I will say that we have had a good conversation about some of the challenges we are facing but also the positive way that our teams have responded and embraced what is going on. It is really, really important that we get some quick political decisions and some quick air cover. Both House Commissions are clearly very significant, but both Houses' wider memberships need to speak on this and give their view, because the longer that there is any sense of uncertainty, the more the risk of nugatory expenditure for us. That is why I am making the point at this Commission that we really do take seriously our obligations for value for money, but we do need certainty.

Q36 **Chair:** This is a very important point. We discussed earlier the questions that we needed to ask you, and we kind of talked around that. Let us be absolutely certain about this. For the sake of clarity, are you saying—it



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would not be surprising if you are—that the longer you go on operating with uncertainty and no definite decision having been taken—you put it very diplomatically by saying “the risk of nugatory expenditure”. Are you saying that money is being spent that would not otherwise have been spent if a decision could just be taken?

Sarah Johnson: As I sit here today, that isn’t the case. We are assuring ourselves on a daily basis that the money that we are spending is adding value regardless of what option is taken forward. That situation can only persist for a period of time before we will need to get, as David has said, some clear political direction: “We’ve done this, this and this. Now, which would you like us to do further work on?” The importance of that political engagement—that political buy-in to whatever it is that people would like us to do—I cannot overstate. Otherwise, there is a risk that we will carry on and do excellent work, but we will be sat here again in a year or two years’ time having the same conversation. We need the Members of both Houses to get behind this programme or not.

Chair: Thank you. That is a very helpful note on which to conclude. We take the point that you have just made—indeed, obviously, we take all the points you have made, and we thank you very much indeed for answering all of our detailed questions this afternoon and for bringing us up to date on where you are. We have very firmly now in our minds your closing statements—your plea that without firm and definite political direction, there will very soon come a point where money is being wasted instead of properly directed. Thank you very much indeed.