HOUSE OF COMMONS

Parliamentary Works Estimates Commission

Oral evidence: Parliamentary Works Grant Supplementary Estimate 2022-23

Tuesday 7 February 2023

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Watch the meeting

Members present: Lord Gardiner of Kimble (Chair); Lord Macpherson of Earl's Court; Dame Rosie Winterton.

Questions 1 - 28

Witnesses

I: Sir John Benger, Clerk of the House of Commons; Simon Burton, Clerk of the Parliaments; David Goldstone, Chief Executive, Parliamentary Works Delivery Authority; and Dr Patsy Richards, Interim Managing Director, Restoration and Renewal Client Team.

Examination of witnesses

Witnesses: Sir John Benger, Simon Burton, David Goldstone and Dr Richards.

Q1 **Chair:** Welcome to this meeting of the Parliamentary Works Estimates Commission. We are here to consider the parliamentary works grant supplementary estimate 2022-23, and although I think we know each other, I would be most grateful if the witnesses would introduce themselves for the record.

Dr Richards: I am Patsy Richards, and I am the interim managing director of the Client Team for R&R.

Sir John Benger: I am John Benger. I am Clerk of the House of Commons.

Simon Burton: I am Simon Burton, Clerk of the Parliaments in the House of Lords and corporate and accounting officer for the Lords.

David Goldstone: I am David Goldstone. I am the chief executive of the Delivery Authority.

Q2 **Chair:** Thank you very much. Can I open by asking the two corporate officers for their overview of the supplementary estimate? I am particularly interested in what you both think has been accomplished, but am also mindful of the Treasury, ourselves and yourselves, and the issue of value for money. I would very much like to hear your overview.

Simon Burton: The supplementary estimate, which we are discussing, seeks some technical changes to provision required by accounting standards; no additional funding is being sought. These changes relate to the transfer of budget and accountability following the abolition of the Sponsor Body, and also there are some particular adjustments to be made to allow the Delivery Authority to take a long-term lease on 64 Victoria Street.

The budget of the Sponsor Body comes to the two Houses, and that will be £4.2 million for you, Sir John, and £2.8 million for the Lords. The Delivery Authority continues to have its own budget. We also propose that the name be changed to the parliamentary works grant estimate, and that responsibility for this estimate passes from the accounting officer of the Sponsor Body—not a post that exists any more, Patsy now being the SRO for the programme as well as chief executive of the Client Team—to the two of us. It becomes part of our budget for the two Houses.

Your question also addresses the broader issue of the spend on R&R, which I think is a matter for the Public Accounts Committee in the first instance, but was indeed a matter of some discussion by those involved in the governance processes set up by the Client Board, which is the two Commissions of the two Houses, plus me and my chief operating officer. I think this Committee will have a chance to scrutinise the main estimate later in the year, when David will come forward with proposals for money going forward. By that point, we as accounting officers will want to be satisfied that what you are being asked to approve is value for money in the full sense of the word, so there will be another opportunity later in the year to look at the main estimate, rather than the technical issues that we are here to discuss.

Sir John Benger: I obviously agree with everything that Simon said. On the value for money point, the National Audit Office will retain its locus for the Delivery Authority spend, but we have agreed, as accounting officers, that it also should have access to the spend by the Client Team; hitherto, it would have had access to the Sponsor Board sums. Normally in Parliament we keep the NAO out of it, on constitutional grounds, but we are very anxious that there should be maximum transparency for this process, and that the move to an internal Client Team should not be seen as us hiding things from public view, so the NAO, on an invitation basis—we will grant that invitation, other than in very odd circumstances—can look at the Client Team.

You yourself, Lord Gardiner, will have seen yesterday that the Client Board already exercises quite a deal of rigour and scrutiny over the overall spend. I expect that to be echoed in the Programme Board, which, as well as having the benefit of the two accounting officers, will have on it some extremely expert, independent voices, belonging to people with a huge collective experience of major corporate projects who, I think, will be very persistent in keeping our eyes focused on the overall spend.

Q3 **Chair:** I am sure that all our witnesses will understand the imperative of value for money, and the confidence that we must all have regarding what are obviously very considerable sums of public money. Could I move to—I am not quite sure whether this is for Dr Richards or David Goldstone—the lease of 64 Victoria Street? It forms, as I understand it, part of the figures that we are considering. How does this lease agreement compare with terms that might have been offered to the Sponsor Body? Also, I think there was an outstanding issue about VAT; has that now been clarified? Is it factored into the Delivery Authority's new lease arrangements? In other words, are the new arrangements for 64 Victoria Street clear?

David Goldstone: It is for me to respond, because we are taking on the agreement. We are using the word "lease", but maybe I should clarify precisely what the arrangements are, because it is slightly more complicated. There is a head lease between the ultimate landowner—a private property business—and Westminster City Council. There is a sub-lease between the city council and the corporate officers, taking a number of floors of the building. Then, effectively, we have an agreement to occupy two floors. We have started an agreement between the corporate officers and the Delivery Authority for the two floors that we are occupying and to use some of the shared facilities. The new agreement we have entered into is for three years from the end of the month just past—January. We have break rights in that, but in effect it is just a sub-agreement of the more senior agreement that exists already between Westminster and the corporate officers. We have really just reshaped it to give us a longer period of occupancy, because we can be more confident, although we have break clauses and there is no open-ended commitment. We have negotiated a fee for the first 15 months of that, and then a basis on which it will be updated. I think, in public money terms, the totality is equivalent. We have recast it, in effect, between the corporate officers and ourselves.

Dr Richards: Do you want me to answer on the VAT issue? That is an accounting legacy issue for the Sponsor Body, and it will be dealt with as part of the shutdown of the Sponsor Body accounts with the House of Commons.

Q4 **Chair:** So that has been—

Dr Richards: That has been addressed.

Chair: Concluded and addressed.

Dr Richards: Yes.

Q5 **Chair:** Just to tease this out, do you have very similar terms to the Sponsor Body?

David Goldstone: We have, but we have extended it for an extended period.

Q6 **Chair:** Obviously in terms of period, but in commercial terms—

David Goldstone: Commercially, yes.

Q7 **Chair:** I understand. Thank you. Dr Richards, there is a query about the two largest movements in the latest forecast from the main estimate relating to the programme management cost and central adjustments.

David Goldstone: They are both within our budget.

Q8 **Chair:** teasing it out, I think it is rather more about the programme management cost, which is almost 25% less than the main estimate. It would be helpful to see whether that was caused by a delay in planned works. Do you have an explanation?

David Goldstone: As you say, the two main movements are the programme management and the central adjustment, which are quite different factors.

Within the programme management movement of just over £4 million, there are two factors. The main factor, which is a positive reason for that reduced spend, is that we drove out a lot of savings. We took about £3 million of savings out of the original budget this time last year. Although that is good, I don't want to overstate how good it is, given that, as you will remember, we had to do that budget in a very compressed timescale, because we had a short time between the Commission's decisions in early February and the end of the financial year. We put together a budget very quickly, and we anticipated that we would be able to find some savings out of that. I will come on to that in a moment. In that budget line, we were able to find about £3 million of savings.

We transferred some responsibilities internally for assurance, which will be of interest to this forum. We put our internal assurance under our chief financial officer, so it had more independence from the programme work. We moved about £1 million of spend from the programme to corporate activities in the corporate area under the CFO.

The balance—the £3 million—was genuine savings that we were able to achieve. We have used them, as is reflected in this supplementary estimate, to fund areas we had not budgeted for at the start of the year. The £4 million reduction in programme management is £3 million of savings and £1 million that we transferred internally. Do you want me to say something about central adjustments?

Q9 **Chair:** Yes. Is that ringfenced in any particular way?

David Goldstone: It is not ringfenced. The central adjustments are a bit of a pot of different sorts of things. At the start of the year—again, this reflects the speed at which we had to do the budget—we did a bottom-up budget, and then we made central adjustments to reflect the immaturity, in terms of how quickly we had to do it.

We reduced our budgeted spend by about £8.5 million in three ways. We put in a savings target to commit ourselves to drive savings. We made an allowance of about £2 million for work that we thought might slip, partly because we were restarting the work in a new way. We also put in about £3 million to reflect the fact that we knew that some of our cost would be capitalised—for example, some of the work and some of the equipment that we use in surveys. There was £8.5 million of reductions in spend in those central overlays, and about £3.5 million, which were allowances for risk, contingency, inflation and depreciation on assets. That is why we ended up with a net reduction of £5 million in the budget at the start of the year.

When we reforecast more recently and came to what is in the supplementary estimate, we crystalised all those savings. We do not need to allow for significant underspends anymore, and we know what is happening on the capital assets. All we have left is a smaller allowance for risk and inflation of £2.5 million. Again, I think it is quite a positive explanation. We had those allowances, which reduced the budget. We now just have the balance for those issues.

Chair: Thank you. Any points from members of the Commission? No. That was a helpful opening. We will move to the transition programme, and I will hand over to Dame Rosie.

Q10 **Dame Rosie Winterton:** Initially, this is probably to Sir John and Simon Burton. I really want to know whether the Client Team is now fully embedded. Are the two Houses working effectively together? Presumably, the roles, responsibilities and lines of accountability have all been agreed. Is that the case?

Sir John Benger: It is getting there, yes, more or less. My feeling is that the arrangement of having the client function in house has seen a step change improvement in co-ordination both between the two Houses and between the Client Team, our estates team and the Delivery Authority. There has been an absolutely marked and noticeable change, which everyone involved in the process has felt.

Patsy will speak more eloquently than I can on the organisation and the restructuring of the Client Team. They have completed the transition phase, so they are ours, and the TUPE-ing over has worked fine. There is a bit of work going on with organisational design, to ensure that the new Client Team appropriately supports the different functions. I will hand over to Patsy on that.

Dr Richards: Thank you, John. To reiterate, the move in house has essentially happened. We have closed the transition programme; I was SRO for that, and it was closed in January, with just a couple of outstanding areas still to address. The act of moving us in house fostered that collaboration between our team and the in-house teams. We were working closely with the Digital Service, Speaker's Counsel and so on. That was a fantastic way of everyone getting to know each other and working together to deliver that. It was quite challenging to get the SI through, for example, so that the transfer happened on 1 January.

As John said, the staff have been TUPE-ed in, and the organisational design work is taking place. Because we lifted and shifted the team in, we are already carrying some vacancies. We really want to be sure that we have the right capabilities in that team to do our role, as required by the Act.

Q11 **Dame Rosie Winterton:** These are communications, engagement and business vacancies?

Dr Richards: When you look at the Act, we have to engage with the parliamentary community and Members on the business case. We have to lead on the strategic business case process. We also have to assure the programme and hold the Delivery Authority to account, in terms of deep dives or assurance on the DA's budget and delivery. We task the Delivery Authority with work and then we check that has been delivered. Those are the main responsibilities of the Client Team. We want to ensure that we have the right skills and capabilities in the team for that. That piece of work is just starting to conclude now at high level, and we are looking to precisely match against that to see what gaps we may have in capability.

Q12 **Dame Rosie Winterton:** When we talk about transition costs, how much are they?

Dr Richards: That was the specific cost of bringing the team in house. I have them here. There was the independent advice and assurance panel; they were appointed straight after the Commission's decision to advise on how we should set ourselves up. The cost of the independent advice and assurance panel was £58,000. We then had a recruitment company—an executive search company—that helped us to appoint the external board members of the Programme Board. That was £67,000. We had a contractor who programme-managed and orchestrated all the teams working together to deliver the actual transition—that was £98,000, including VAT. The other costs were absorbed by House teams providing services to us. They were the main transition costs.

Q13 **Dame Rosie Winterton:** What is the headcount in the Client Team?

Dr Richards: The complement is about 40, but we have only about 25 people who we TUPE-ed in, because we were carrying vacancies. There were also four secondees from the House who have moved back into the House.

Q14 **Dame Rosie Winterton:** We are going to come on to some of the delivery options. The question is what the Programme Board's immediate priorities will be, and what the approach will be towards shortlisting the options provided by the delivery authority. I think we probably need to know when they will be ready, don't we?

Simon Burton: Before we come to that, can I give the Lords' perspective, because this is a bicameral body? It is important to note that the Client Team has been brought into Parliament as a formal joint department of both Houses. There is only one other such team, which is the Parliamentary Digital Service. Other things that are done together are done by one House for the other. The Lords provides the Parliamentary Commercial Directorate and the Parliamentary Archives. The Commons provides strategic estates and security and so on. But the Client Team, like the Parliamentary Digital Service, is a formal, joint department of both Houses. That means that John and I have joint responsibility for it. John is Patsy's line manager, and I am Patsy's counter-signing officer. We have both jointly appointed Patsy as SRO for the programme.

As a small example, John and I went to a meeting in person with all of Patsy's team a couple of weeks ago to work on the department. Both Houses are taking their role in this very seriously.

Q15 **Chair:** Thinking through those who have been transferred and obviously making sure that the Client Team has the right skillsets to have a comprehensive force, as it were, I wonder whether I could tease out any further comments. Some of those figures, when compared with some other figures we may be considering, sounded like quite large sums to me, although some are not so much. I am assuming those sums you described for Programme Board external members and so on would have been gone through with the rigour of a very fine-tooth comb to ensure that they represent what it really would cost, because they seem quite high.

Dr Richards: We did decide to go for an executive search firm. We did not have to do that. It was actually the House's decision. We could have just advertised, but we really wanted to go out into that market and find the right people. We were looking for four particular specialisations. We asked the search firm to look for a very diverse field. We did not actually end up with a very good gender balance, but they did do their best. They went out to networks and searched for, for example, women in an under-represented industry. The search firm really did perform for us. We have now ended up with not a very gender-balanced group of externals, but on the other hand we know we did our best to appoint a much more diverse group. We had a mixed panel, for example.

I feel that was a high price to pay, but on the other hand we know that we really tested the market. The quality of the external people we have on our Programme Board is extremely high. We have met them a couple of times now. They are offering us real input and expertise that we might not have got had we not used that search firm.

Q16 **Chair:** How about the spread of skills or skillsets that you need?

Dr Richards: We have somebody who is a health and safety expert on major national infrastructure programmes, and somebody who is a finance expert and a former permanent secretary—that will really help us in navigating the Treasury. We have somebody who is a heritage expert and has worked on Buckingham Palace reservicing as the director of property for the Royal Household. Between them, they all have major programme experience. We feel that will be a really great help for us in the programme.

Q17 **Chair:** I actually meant the skillsets on the Client Team internally. In the transfer, it is very important that the Client Team has the skills that I am convinced the Programme Board nominees have. I have read their CVs and they look outstanding and will make a very significant contribution. I am interested in making sure that you are confident that the Client Team has got the right range.

Dr Richards: I am confident we will have. To start off with, we have lifted and shifted. All the brilliant people who were there have come in-house and are still with us. We have a great range of skills there already. As I said, this organisational design work will identify any areas where we did not have the right capabilities. At the moment, that is largely highlighting the need for more engagement resources, for example.

There are also the vacancies we have been carrying. My predecessor put on a recruitment freeze last year, which is understandable because the programme had been paused. We have now lost the entire former leadership team. When I came in, I started the recruitment for some of those roles again. Today was our first leadership meeting where we had a pretty full team around the table again. For example, we have a business case director, which is obviously a key role for us.

I feel that we are now recruiting up again and filling those vacancies. With the addition of that organisational design work, we will have a lean but really high-quality client team that will fulfil the role. People like David, who has huge experience of sponsor and client bodies, have been involved in that work to say what makes a good client team—what skills and capabilities you need to be able to hold an organisation like the Delivery Authority to account and task it appropriately.

Q18 **Chair:** Could I therefore move to a more delivery focus? I think this is therefore more directed at David Goldstone.

On the evaluation of delivery options, where are we at in terms of completion? We hope that the Programme Board will be up and running later this month. What information will be supplied to them? Is the shortlisting on track to be completed in the first half of the year? Where are we with that whole area of evaluation? It seems to me that that is where the Programme Board is going to have some of its first, early considerations.

David Goldstone: Absolutely. For me, it is the absolute prime purpose and priority for this year to do that. First, by way of headline, the work is on track. I am really delighted with how it has gone.

We sort of embarked on this journey just under a year ago, after the change. We didn't need to create a completely new approach to taking forward the programme of work that the Act requires, but the Commissions made the decisions they made at this time last year.

We anticipated that we would be able to develop a wide range of options. That is what the Houses agreed we should do last summer in the mandate, and we have been working on that really intensively. When I say it is on track, we have basically completed now—just to really clearly answer your question—the detailed technical analysis of all of the options against all the evaluation material. If you like, the raw material is ready.

As you have heard already, the members of the Programme Board have been nominated. We have started induction meetings. It was always planned that March would be the month that we would start engaging with them on those options. We are absolutely on track for that, and we will be ready for it.

The options work is detailed and comprehensive, but also quite high level, because, from the mandate the Houses gave us, we had to look at a wide range of options. We came up with a range of different outcome levels—what could be achieved from the programme in terms of scope and benefits, and a range of different ways in which the works could be delivered, which would impact the timescales and levels of moves of House functions into temporary accommodation at different times.

We have evaluated that wide range of options against the list of evaluation criteria that was agreed. It was a really detailed and comprehensive piece of work, and that is ready to start engagement.

We are working with the Client Team and the House teams on how we best bring that to life for the Programme Board, and how we can best engage them on it to help make those decisions on time. It is starting in March and we are trying to get clarity of a shortlist before the summer recess. But it is all on track.

Q19 **Chair:** That is very encouraging to hear, because obviously the Programme Board is going to embark on some very serious work as soon as it is formed, and it must have that raw material that you describe, so thank you for that positive reference.

Could I turn to the strategic case? Patsy, I think this may be your brief. How confident are you that this would be in a position for consideration by the end of this year? At what point next year do you think we will be in a position to have detailed, costed proposals that both Houses could give their approval to?

Dr Richards: As David has just outlined, we have quite an ambitious timetable for this year, and that is all about getting that agreement. Provided the Programme Board is able to make recommendations to the Client Board by summer recess, and then the Client Board gives us something to work on over summer recess and we can come back to the Houses and consult in autumn, we are fairly confident that we can have a strategic case by the end of 2023.

You might well ask, "What is a strategic case?" It is not going to be a full business case in the full Treasury meaning. It is going to be higher level than that, with designs, indicative costs and indicative timing, and we are hoping that the Client Board and the Programme Board will, by then, be recommending one option or a small number of options. It really depends—if we can get to one preferred option or way forward, we will take that and work that up beyond 2023; if there are two options, that will obviously take longer and cost more to work up.

Basically, sometime during 2024 or 2025—and this might depend on the timing of a general election, for example—we will be coming back with a more specific, costed piece of work with a cost envelope that we will be asking the Houses to vote on in the more conventional manner. That will be the vote in each House that will potentially be able to start the main works and the end of phase 1.

Chair: Thank you. Are there any comments from members of the Commission?

Dame Rosie Winterton: No, that is very clear.

Chair: On the delivery options, we have been given some positive news, so let us hope that everything remains on track in that area. We will now move to future approval for works and funding.

Q20 **Lord Macpherson:** The legislation requires us to assess estimates in the context of your cost assessments. I fully recognise, given the events of the last year or so, that it is pretty pointless you producing yet another cost estimate. Nevertheless, it is now over a year since you came up with the magic figure of £402 million. Are we going to get an updated cost before we consider the main estimate for 2023-24?

David Goldstone: Are you referring to the phase 1 expenditure limit?

Lord Macpherson: Yes.

David Goldstone: Yes. The way this has worked so far is that, following Commission decisions, we would bring an annual update each year, and effectively the expenditure limit would be what has been accumulated up to that point plus the proposal for the new year. When we bring the 2023-24 estimate to you, we can absolutely bring a new phase 1 expenditure limit total at that time, effectively reflecting the spend to date plus the proposal for that year.

What I cannot do, given the future decisions that Patsy has just described, is give you a detailed estimate to the end of phase 1, because until we have the decisions on the strategic case and we know how many options are going to be taken forward and which options, it is very difficult for us to estimate what we will have to do subsequent to that strategic case to get to the detailed costed proposals for the vote. I think it is going to keep being on an annual accumulated basis, as it has been in recent years. It is basically the same as it has been—we can do it the same as you have approved in the past—but not looking right to the end.

Q21 **Lord Macpherson:** Right. The downside of that from our point of view is that it is very difficult to make judgments other than just rolling forward the programme without getting a sense of the aggregate costs.

David Goldstone: What I can say is that we have a plan. There is confidence but uncertainty about the decisions and the timing of them, and I think therefore it would be quite speculative to put on the table for your formal approval a budget through to the end of phase 1 at this stage.

Q22 **Lord Macpherson:** Okay. I am persuaded. What about when we do start getting firmer estimates for phase 2? Will we be asked just to approve some aggregate number, or will there be, in effect, multiple approvals under section 7 of the Act?

Dr Richards: We do have to bring an overall envelope for a stand-alone R&R package; we can't be coming in dribs and drabs. We have to come to the Houses to say, "This is the package of works that you want, and this is how to deliver it, and this is how much we think it will cost."

At that point, that will be, I would say, an upper or outline envelope, because, as you know, there will be a lot of risk in there and we will not know exactly what we are delivering. After that, we would anticipate bringing back full business cases, or FBCs—four pieces of work. We would be coming back to say, "Okay, we've done more work on this part of it. Are you happy to approve that in the normal manner?" so that we have more accuracy each time we come back.

Q23 **Lord Macpherson:** That is really helpful and sounds very sensible. As part of the annual process, once we have got to that phase, can you commit to providing revised estimates for the aggregate cost of the programme every year? I suppose that what I have in mind is my worry about those sorts of programmes—High Speed 2 come to mind—where every few years you are suddenly told that it will cost twice as much. I know it is difficult to re-estimate every year, but I think it is far easier to manage the programme if you are regularly updating things. Will you be doing that?

David Goldstone: Yes.

Dr Richards: It does depend, also, on scope not changing, I would have to say, but other than that, yes.

Lord Macpherson: But in principle—

Dr Richards: In principle, yes.

David Goldstone: We will be re-forecasting the total lifetime cost for the programme on a pretty continuous basis, certainly annually. We will probably be doing it internally quarterly, I expect. One of the big variables over this length of time will be inflation and what inflationary assumptions we use. When we bring the proposals for the vote that Patsy just described, we will have to give you information that is money of the day, disregarding uncertainty of future years inflation, but for funding, clearly it will have to recognise that the cash required will have an inflation element, and therefore we will need to bring that back at subsequent points, again as Patsy said. But we will absolutely be forecasting the total expenditure for the programme. I am sure we will be able to bring it annually; I think we will be doing it more frequently than that.

Q24 **Lord Macpherson:** One of the benefits of the revised arrangements, at least in principle, is that there is a lot of activity in the conventional estates space that maps on to, or it is possible to integrate it with, the R&R programme. I wonder whether there had been any developments on that front.

Sir John Benger: I think there have. The Act imposes certain constraints on work that can be done ahead of R&R, but it does say that we can do, for example, safety-critical works. Now, in a funny sort of way, the longer R&R takes to get going, the more safety-critical works we have to do, and we are doing them. I think that what is much better now is the clearer sense that we are part of the same process—that the House estates team is on the same page as the Delivery Authority.

I will give you a couple of extreme examples to give you a sense of the problems and opportunities, if you like. If we look at the problems, we have spent—from memory—something around £150 million on temporary fire safety works. Most, if not all, of that will go in the bin when David's team reservices the building; they are not designed to be permanent. But we need them now, because the fire might happen today; we can't wait seven or eight years and hope that there aren't any fires.

However, if you look at the Elizabeth Tower, where we have spent something in excess of £80 million, that is permanent work. That has had the R&R process. The exterior stonework of the Elizabeth Tower and the highly complex clock mechanism have been done to a superb standard, in my view and the view of the independent experts, and that is permanent. Stonefall from that tower poses a serious risk to safety, so that is safety-critical works.

We are on track to do the Victoria Tower, which has a surface area—from memory—three times that of the Elizabeth Tower. Again, that is safety-critical work, where we now have a lot of in-house experience, but we are sharing our workings, all the time, with David's team in the Delivery Authority, so that is a kind of mutually beneficial process.

There will inevitably be things that fall between those two stools. Do we need to do it now? Can it wait? Is it better value for money? What we do is apply an R&R test to the work that we are doing—not the work that David's team is doing—to see how it fits within the overall package of R&R. Is it good value for money? Does it need to be done now? Is there a particular way of doing it that will facilitate R&R?

Simon Burton: We do that through the business case process. When John and I are presented with business cases—many business cases are joint; some are Commons-only, some are Lords-only, but the vast majority are joint—we apply the R&R test. We ask, "What account have you taken of what R&R is going to do in order to prepare your business case?"

I can give you a small example the other way: we also say, "If you are doing this work in this area, you will want to do surveys. Have you checked whether David and his team have already done some surveys and would you like to use those if you can?"

As John says, it is a mutually beneficial exchange of ideas, views and information between David's excellent people and our excellent in-house teams, to make sure that we work seamlessly together as we go forward. That is quite a new thing. We are becoming closer and closer, so we need to make sure that that seamless approach continues.

Q25 **Lord Macpherson:** I recognise that this is a pedantic point, but in the end, you have to account for how much was spent on R&R, and at any point in time there will be a whole lot of other background costs. How are you going to decide? You only have so much estimates cover. How are you going to determine what counts as R&R and what counts as business as usual?

David Goldstone: The Act really helps us with this. The Act quite clearly gives the Delivery Authority responsibility for certain things, which we will account for. There are the preparatory works, which the Act talks about, that we can do during phase 1. Those we account for in our estimates and, obviously, when we report in our annual report and accounts each year. Then we will bring, as we said earlier, a proposal for the full phase 2 scope and we will report actual costs and forecast costs for that each year going forward.

I think the Act does provide a delineation between what we will be doing and what the House's business-as-usual works up to that point, for keeping the Palace safe and operating, will be. I think they are quite clearly distinct and separate. There may be a nuance about the change of status of the Sponsor Body, as was, to the Client Team. We have committed—the Clerks have committed—that collectively we will produce an annual report each year, which puts together the Delivery Authority designated R&R spend and the Client Team and House spend related to R&R, so there is a totality visible. That is maybe the only wrinkle there would have been otherwise.

Simon Burton: I think that is a very important point. The instrument transfers to us a statutory duty to be transparent. Publishing an annual report is required and we will be doing that. We will be as transparent as we can in doing that.

Q26 **Chair:** I understand the whole point about the estimate and so forth, but in terms of what I describe as the dovetailing of certain work where there may be an element of distinction, but it may be an area—for instance, as Sir John mentioned, fire—where the dovetailing is such that it makes value for money sense that there is this interconnection, one of the pressures that I can see, in terms of the estimate, is actually working through that there may be value for money in certain areas. I am particularly thinking of areas where there may be a distinction between wanting to start some things earlier, which it seems may well have an interconnection of business as usual and R&R. What I am trying to think about in my own mind is making sure that, in the end, the taxpayer has the best value for money, mindful of the discipline of an estimate.

David Goldstone: I think maybe there are two things we are putting together. There is planning that thinks about what the House teams are doing and how that dovetails with what we are doing, and about making sure that we do not duplicate, that we share information and that we learn lessons, which we are doing, as has already been said, in a much closer way and a much more joined-up manner than we probably were before. That is all to the good. I would not confuse that or integrate it with where the funding responsibility lies.

I and my team cannot work on fire safety work before there has been a vote under the Act to start Restoration and Renewal main works; we are not legally allowed to. Once that vote has taken place and we have that approval, only we can do the works. It is very, very clear. While, in the preparatory period, we can learn lessons, talk to each other and make sure we are not duplicating and we are joining up in terms of planning, we can't do the work. Once we can do our work, the in-house teams can't. It is very, very clear. I think the funding distinction is quite clearly defined in the Act.

Q27 **Dame Rosie Winterton:** But could you ask for it to be done to a certain specification? Sir John said, "We're doing it in this way, as though it's not going to last," but could you say, "It would be quite handy if you did it that way, so it would last"? Is there that kind of discussion?

David Goldstone: There is absolutely that sort of discussion. Because we are not doing the works, there is no issue under the Act. The in-house teams could do work where we have discussed a level and a standard that meant we would not need to come back to do it later.

Dame Rosie Winterton: I think that was Lord Macpherson's point.

Q28 **Chair:** We are not wanting varying spinnings in separate orbits. This is a building with varying complexities and. We are perhaps moving forward in time, but it is very important, as I see it, from a value for money point of view, that everyone is joined up, even if there are distinct roles.

Sir John Benger: I completely agree with that. A couple of points, if I may. The managing director of our Strategic Estates team will attend the Programme Board, so they will be at the heart of the sharp end of the political discussions and the delivery discussions of R&R.

The second point I would make is this. Goodness me, I spent four years as Clerk of the PAC, so I absolutely agree with you on the value for money concerns, but a concern that trumps even that is the safety concern and our roles as corporate officer. I am afraid there may well be occasions—the fire safety works are a good example—where safety considerations trump value for money considerations, and I am afraid that, for us, there can only be one winner in that wrestling match. It is our legal responsibility to keep the inhabitants, users and visitors of this building safe. This building is in quite a deteriorated condition and there are serious safety concerns, which we need to address. That is always our first priority, and the mandate that came from the Houses put that at the heart of the R&R effort. I do not think there is any real inconsistency, but on occasions I am afraid pure value for money will be trumped by safety concerns.

Chair: Understood. Thank you very much. This is obviously a continuing process of us all seeking to do the right thing in terms of good custodianship of other people's money, and we are most grateful to you for your dialogue today. I am sure that if there are any further issues, we can follow up, but thank you very much indeed for your time. It is very much food for thought as we continue this great project. Thank you very much.