



HOUSE OF COMMONS

Parliamentary Works Estimates Commission

Oral evidence: Parliamentary Works Grant Main Estimate 2024-25

Wednesday 1 May 2024

Ordered by the House of Commons to be published on 1 May 2024.

[Watch the meeting](#)

Members present: Dame Eleanor Laing (Chair); Lord Gardiner of Kimble; Mrs Sharon Hodgson; Lord Macpherson of Earl's Court.

Questions 1-56

Witnesses

I: David Goldstone CBE, Chief Executive, Delivery Authority, Dr Patsy Richards, Managing Director, R&R Client Team, Simon Burton, Clerk of the Parliaments, House of Lords, Tom Goldsmith, Clerk of the House, House of Commons.



Examination of witnesses

Witnesses: David Goldstone, Dr Patsy Richards, Simon Burton and Tom Goldsmith.

Chair: Good afternoon, ladies and gentlemen. Thank you very much for coming to meet us this afternoon. Before we begin our questions and our consideration of the complicated matters before us, David and Patsy, we are very sorry to hear that you are both—coincidentally, at the same time—leaving and moving on to other things. We thank you very much indeed for the diligence with which you have carried out your duties, in sometimes rather difficult circumstances, over the past several years. You have always co-operated extremely well with us, and we appreciate that and wish you the very best for the future.

David Goldstone: Thank you.

Dr Richards: Thank you.

Chair: You might not think we mean that when we commence the next part. We have a few things to explore with you before you go. Simon and Tom, we are very glad you are staying.

Simon Burton: Thank you.

Tom Goldsmith: Thank you.

Q1 **Chair:** May I begin by asking a question of the Clerks, Simon and Tom? We are aware of the introduction of the third option, which I think the last time we met was not on the table. May we ask you what independent assurance you have sought to ensure that the third option of Enhanced Maintenance and Improvement is credible before it is presented to Members? We realise that the interaction of a major project with the democratic process is not an easy one. We would like to explore that, if you would care to enlighten us.

Tom Goldsmith: Thank you, Dame Eleanor. I will kick off, if I may. The detailed work on EMI, as we are calling it, is happening now. It is at a much less mature stage than the other options. Our in-house Strategic Estates team are leading that work, and they will make sure that there is a very detailed understanding of what EMI means before any decisions come to the Houses. There will also be some independent assurance of their work before that work reaches the Houses. We have less detailed information about how EMI would work at this stage than we do about the other options, which have been on the table for much longer.

Simon Burton: As Tom says, the EMI option will be worked up by the Strategic Estates team through the Client Team. It will come to the Programme Board, and the Programme Board will digest it and present it to the client body. As Tom says, at various points during that, there will be assurance, as there will be for everything else we do.



HOUSE OF COMMONS

Q2 **Chair:** This is the third option, which in shorthand is referred to as enhanced maintenance. Does that mean that parts of the project were previously categorised as being in the R&R project, therefore not part of the ongoing maintenance of this building? Are they now amalgamated with the R&R project?

Simon Burton: The term that is used, which everyone is using, has come from us and it is enhanced maintenance, but that is not the same as the maintenance as we do it today. The safety team, the maintenance team, keep the building going today—that is not EMI. EMI is a different way of doing things that might be part of R&R as we go forward. The word in there that means something in particular to me is “enhanced”. EMI is more than the current rolling programme of work. It is difficult to know exactly what EMI means until we see it, but it is being worked up. I assure the Commission, however, that it is not just what we are doing now; it is more than that, or it will be something more than that.

Q3 **Chair:** Enhanced Maintenance and Improvement is what you refer to as EMI.

Simon Burton: Correct.

Q4 **Chair:** Right. David, do you have anything further to enlighten us on that?

David Goldstone: No. As the Clerks said, the Strategic Estates team are working up that option. We, the Delivery Authority, are still working on the two options that the Client Board agreed to shortlist, which we discussed previously here: one, effectively, a full decant of both Houses; and one with a continued presence of the House of Commons Chamber.

Q5 **Chair:** Thank you. That is in itself an important answer, which sets the scene. Sometimes it is difficult for those who observe our proceedings to understand what that means. Does that mean that, at present, the Strategic Estates team are running in parallel with the Delivery Authority, working up different options?

David Goldstone: Yes, and we are working very closely, collaboratively, together. Patsy will want to come in, as that is partly because the Client Team have a key role in co-ordinating and making sure we are doing all this in a consistent way, but we do work very closely, collaboratively, with Strategic Estates. They have had access to all the analysis we have prepared over the last few years, and all the detail behind the options we prepared last year. So, yes, but with that joint work to make sure that we are doing it as efficiently and seamlessly as possible.

Q6 **Chair:** And you are reasonably confident that there is not unnecessary duplication?

Dr Richards: Yes, we are. My way of explaining EMI—do you remember we used to talk about the “how” and the “what”? EMI is partly the “how”, so it is a different way of delivering it, but we do not know what that looks like yet. We also do not know what the “what” looks like yet either. It is building on the foundation of work that the Delivery Authority has already done. They had worked up a full decant option, and then we asked them



HOUSE OF COMMONS

to work up a continued presence option. This is Estates working up an EMI option building on that foundation. It is not duplicating work or starting from scratch. It is using the information, the surveys and the work done by the Delivery Authority to work up another way of potentially doing it. The caveat is that we do not know what it will deliver yet. While the full decant and continued presence options are defined by this outcome level 4, which is the “what”—

Q7 **Chair:** What is outcome level 4?

Dr Richards: That is the Programme Board’s recommended scope or moderate level of ambition that would deliver enhancements to the Palace.

David Goldstone: The two options we are working up that were shortlisted are both to the same outcome level.

Q8 **Chair:** They are single, alternative ways of getting there.

Dr Richards: That’s right.

Chair: You realise that we have to cut through the jargon. I understand why you use shorthand, but we just have to try to understand it.

Dr Richards: This is another way of getting there—enhanced maintenance—but we do not know if it will get to that same goal. We have to do the work to see how far it will get. It would be worth talking about outcome level 4, and that is what the Strategic Estates team will be aspiring to, but it may not be able to reach it with this Enhanced Maintenance and Improvement option. We have to find out. They might be able to reach that level in some areas and not others. Really, that is why this EMI option still needs to be scoped out and defined.

Chair: I am just going to ask if any of the Commissioners would like to ask anything further on that subject.

Lord Gardiner: I think I will develop that a bit further.

Q9 **Chair:** We will further explore that in a moment. Let me just check something. I asked specifically about assurances; have there been independent assurances? And am I right in saying that EMI, as we will now call it, is referred to in other places as the “third option”?

All witnesses indicated assent.

Q10 **Chair:** You can see why it is difficult—it’s like a whole new language. Do we have any independent assurances so far in the process that EMI, or the third option, is viable?

Dr Richards: We have taken advice. The first report that we had was done the Independent Advice and Assurance Panel. That was in early 2023 and they advised us to look at whether a more phased or agile approach could deliver the work, and that is what set us off on this course. We had another report done by David Orr, an external reviewer. He concluded that the rolling programme of works did not appear to be technically feasible or practical to deliver the same level of ambition. That was his view, but



HOUSE OF COMMONS

really he was talking about a rolling programme of works using the same level of funding as we have at the moment in the Houses. That was how he defined it. We need to know what this Enhanced Maintenance and Improvement option can deliver. That is why we have to do the work to see what can actually be delivered and either put this to rest once and for all or give people the option of doing that.

Q11 **Chair:** Right, and the Programme Board will scrutinise this?

Dr Richards: Yes, the Programme Board will, and we will. Both the Delivery Authority and the Client Team have our own assurance. We will get external assurance, and this will all go to the Programme Board and the Client Board as well.

Chair: Thank you. I am going to hand over to Lord Gardiner to take the matter forward.

Q12 **Lord Gardiner:** Thank you very much. This is probably specifically to the Clerks, given what Patsy has just told us about a report on EMI. This is sort of further teasing out the concept of independent expert advice, alongside assurance as to whether a rolling programme, which I assume is envisaged by EMI, would be suitable for a Restoration and Renewal programme, given the level of ambition that is captured in legislation. I am mindful of access in the public areas particularly, but also, beyond that, for Members with disabilities and visitors to have far greater accessibility. Some of that is quite specialist.

With the late arrival of EMI, I would like some assessment, particularly from the Clerks, but obviously from anyone on the panel, as to whether further in the process, now that it is rolling, you will need further independent expert advice on some of these key, rather technical areas, which I assume would involve quite a lot of technical work for the Delivery Authority, in considering an ambition for accessibility and all of those things.

I wondered if I could ask you to explain where you thought you ought to be, or whether there is a consideration in looking at this expert advice on some of the areas. I recognise that what Patsy has just told us about this rolling programme may not enable us to achieve the level of outcome that the legislation and the ambition was originally directed toward, but I think we all need to know about that. Obviously, one of the most important things is whether EMI fulfils these elements of accessibility in all the areas that Parliament thought were important. This is where I would like to know whether you are seeking this particular expert advice on some of these key issues, which are, of course, the reason that we have the edifice that we now do.

Simon Burton: I think the answer is that we will do that. At the moment, with EMI, we are trying to work out what it is. That is the first stage of thinking that is going on. When we have got a bit closer to defining what it is, we will then be able to compare it against the requirements of the Act, and we will be able to bring in that independent assessment, as has already been said. Don't forget, of course, that we do also have independent expert members on the Programme Board who themselves



provide part of that scrutiny. But you are absolutely right: we do not yet know what EMI looks like. When we are a bit closer to knowing what it looks like, we can then begin to assess it against the very important factors that you have outlined, because they are there in statute.

Q13 Lord Gardiner: I am thinking about this David Orr report, which I have not read, that you mentioned, Patsy. I don't know what its content is.

Dr Richards: His report was not particularly on EMI because EMI had not been put on the table then. David Orr was really looking at our down selection process and assuring that for us, and it was almost in passing that he made his assessment of what a rolling programme, or more or less what we have at the moment, could achieve.

It is probably unfair to compare that directly to what EMI could achieve, because we haven't defined EMI. So far, the only definition we have for EMI is that it has to address the priority areas that the Client Board identified, which are fire safety and protection, building services, asbestos and fabric conservation. That is the minimum that EMI has to deliver. Of course, the Act requires us to have regard to many other factors, such as accessibility. Strategic Estates will have to—and the Client Team will ensure it does—look at what it achieves for each of the areas to which we have to have regard, such as carbon neutral savings, accessibility and so on. We will have to have a measure against that goal or outcome that the other two options can achieve, so that they are being compared like for like.

Lord Gardiner: You have explained that David Orr's report was before the EMI came forward, which does rather suggest that, although there may well be some specialism on the Programme Board, there may be facets of this, in some of these key areas, where, mindful of accessibility and other aspirations, independent expert advice would need to be part of this proposal.

Dr Richards: Yes, absolutely.

Q14 Lord Gardiner: I just wondered about something. As I understand it, Strategic Estates have been asked—again, I think this is really for the Clerks—to provide the costings, in effect, for the third option, rather than the Delivery Authority, as I think we understand it.

I suppose that the first thing to say is that Strategic Estates already have a very considerable task in the maintenance of this Palace and a recognised backlog of maintenance.

Again, in terms of the custodianship side of this, and the ability of Strategic Estates actually to undertake this, given that they are stretched already, as I can imagine—unless there can be some cross-fertilisation with the expertise on the Delivery Authority—as this is an Estimates Commission consideration of the finances, I want to pose this question: unless there is this cross-fertilisation with the Delivery Authority, what will be the extra investment costs for Strategic Estates to get to the really intricate and detailed EMI option? That will come before—well, obviously,



HOUSE OF COMMONS

the sequence of events, but eventually before the Client Board and then both Houses. The imperative is that we are able to compare a consistent range of options, rather than one that doesn't have perhaps the sophistication—and I don't mean that in any disparaging way, but you're catching up.

I wondered, particularly from the Clerks' responsibility point of view, whether there was an explanation as to how you foresaw—maybe David wants to come in on this, as well—the work that may be done with Strategic Estates and the Delivery Authority. And how much more by Strategic Estates, which I imagine is a separate team, given that, as I know and all of us know, the maintenance of this building is at full stretch?

Tom Goldsmith: That is a very reasonable point. Strategic Estates are a busy team, doing what they do for us day to day. We've given them an extra budget of £2 million to run until November in the first instance to do this particular work, so they have set up a discrete team to work on this and they will be using some external consultancy.

I have no doubt they will need further budget. As I said, that extra budget runs till November. But they are of course doing that cross-fertilisation that you talked about with the Delivery Authority. They are drawing on all the work that the Delivery Authority have been doing in the last few years—those 320 or so surveys of different parts of the Estate, for example.

Q15 **Lord Gardiner:** And David, from your point of view, that work and that process—?

David Goldstone: Absolutely. We are very mindful that Strategic Estates have been asked to do this, as the Clerks have said, late on in the process, and are doing a piece of work to catch up and get to a comparable analysis. It is absolutely beholden on us to do everything to help and facilitate that.

We have got a lot of information, both from all the surveys we have done, which you know about, and from the work that we have done looking at some construction planning and designs in different options. We are making all of that available to Strategic Estates.

It's not just making it available; the teams are working together. We're trying to make sure that, where there are assumptions to be made about what can be done, we have a shared understanding of those things.

The other important bit, which goes to the Client Board and the Programme Board—which eventually the Houses will see—is that the output is in a consistent form and that we actually produce time, cost and risk information in a way that is consistent.

We have a set of templates that we used for the options work we did over a year ago and we are basically using that template, and Strategic Estates will work to the same form of output, so that the information that comes through will be consistent.



Q16 Lord Gardiner: So we can be confident that, although Strategic Estates has the responsibility for EMI and bringing that forward, all the investment that has gone into the Delivery Authority beforehand in the previous years will assist. You are granting a further £2 million directly to Strategic Estates, and yet we obviously have the estimate in terms of the Delivery Authority and considerably more millions in that regard. Would I be reasonable in asking how much of that should be utilised more fully, so that you would not therefore have to have a separate element of investment—the good custodianship of money, in other words? We are considering the Delivery Authority, and yet the arrival of this other option is already going to cost a further £2 million, and that is just up to November.

Dr Richards: I think Strategic Estates could not do this without the previous body of work. It is absolutely drawing on that. If you compare it to when the Delivery Authority worked up another option, it is a very similar time—three months—and probably a similar cost.

David Goldstone: When we did the options work, we originally anticipated that the shortlisting would be to one option, and then it was to two. We said that the cost of us working up a second option in parallel was about £1.5 million to £2 million. It is very much the same marginal extra cost for an additional option if we had done it. Strategic Estates was in a very similar ballpark.

Dr Richards: But by doing it through Strategic Estates, we are almost getting another view from the people who actually run the estate, to be sure that we are really trying to be as imaginative as we can in how we deliver. They necessarily have a different viewpoint, because they run the estate and all the capital projects. Strategic Estates are used to working with interruptions and having to work around the business of the Houses. I think the Client Board also thought it was important that it was done by Strategic Estates, to give that different viewpoint and make sure that we have really explored all the ways of doing this.

Q17 Chair: Additionally to that, I am imagining these parallel lines of work going on, but you have assured us that there is a lot of sharing of information and so on. I take it that what you are saying is that the money that has already been spent is not wasted, because the information is being used. But if, in the end, the decision is to go with option 3—EMI, as I am now learning to say—would that mean that the Delivery Authority would cease to exist?

Mrs Hodgson: That was going to be my question.

Chair: Would there then be no need for the Delivery Authority?

Mrs Hodgson: Would it revert back?

Dr Richards: Working up the option is very different from delivering the option.



HOUSE OF COMMONS

Simon Burton: They are very different stages of the work. What we are doing at the moment is working out what the option is. When we know what it is, and if it is chosen, how it is delivered is a different question.

Q18 **Chair:** This is quite important for us to have an understanding of what is actually happening and where the taxpayer's money is going, which is our duty. So the work is being done by Strategic Estates on option 3. Meanwhile, options 1 and 2 are also being developed. A decision will be taken at some point, and if the decision is to go with option 3, that will then transfer to the Delivery Authority to implement it. Is that it?

Tom Goldsmith: We would have to take a view at that point about how we deliver it. Our in-house Strategic Estates team could not do it, so you would need substantial external expertise to help you do it. We have this body that knows the building incredibly well and knows the political governance system here very well. It would seem very odd for us not to use the DA for that work, but we are a long way from making that decision at this point, because we still do not know enough about EMI.

Simon Burton: As Tom says, I do not see how we could just let Strategic Estates in its current form deliver any of these options, because it has a full-time job already. I think it is one thing to ask it to—

Q19 **Chair:** We have had a lot of evidence here showing that. We appreciate that. So is the answer that the decision has not been taken, and it is for something else further down the line?

Simon Burton: Yes.

Chair: Thank you. Lord Gardiner, does that cover your concerns?

Lord Gardiner: I think that covered enough ground. Thank you very much.

Q20 **Mrs Hodgson:** I have one tiny extra thought. I think I understand why Strategic Estates, rather than the Delivery Authority, was asked to work up this option, but was the Delivery Authority ever asked to provide any costings for the EMI option? Or is that ongoing—are you still in the process?

David Goldstone: Do you mean what delivering it would cost?

Mrs Hodgson: Yes.

David Goldstone: That will come out of the work that Strategic Estates is doing. So no, we have not been asked to, but it is fully in the scope of what Strategic Estates is doing.

Q21 **Mrs Hodgson:** So there is no input into the costings at this stage, but if that became the option, then the Delivery Authority would have to help to deliver the option?

David Goldstone: As we said, the input is the sharing of information and of assumptions, and the form of output will be consistent. So it has access to all the information behind the costings we have produced previously.



But we are not doing a costing of the EMI option. That is part of the work that Strategic Estates is doing.

Q22 Lord Macpherson: May I ask a brief accounting question? The £2 million that has been given to Strategic Estates is not drawn from the Delivery Authority estimate. But in terms of ex-post reporting on the global expenditure on R&R, will the £2 million count against that?

Simon Burton: Yes. We publish transparently once a year in the annual report. The aim is to publish all the different buckets and pots from which the money comes, including this one.

Q23 Lord Macpherson: That sounds very sensible. A commitment was made— I cannot remember precisely when, but it was clearly before the days of EMI—that there would be a debate on the strategic case due to take place in December 2023. At what point do you now expect debate in both Houses on the strategic case? This must be a question for the Clerks.

Simon Burton: The key point to stress is that the strategic case is out and published, which we are very pleased about. There is no statutory requirement to debate that. There is a requirement for the costed proposals—the options we have been talking about. That chunk of work has to be presented and debated in Parliament. There is no requirement for a debate to take place on the document that we have already produced. If such a debate is tabled in either House, we are ready to support it. But that is a matter for the Members and the usual channels in both Houses. There is no statutory requirement to have a debate at this point.

Q24 Lord Macpherson: So the chain of causation is that as and when you have fully costed proposals, there would be a debate?

Simon Burton: That is correct.

Q25 Lord Macpherson: Dr Richards, you may not be here yet, but do you envisage the costed proposals including a recommendation from the Client Board on the most appropriate option?

Dr Richards: That would have to be for the Client Board. When we have done the work, it may be so obvious that one choice is preferable. It really would be up to the Client Board. It is quite influential in deciding what goes into these things. We will have an underlying business case as well, of course. I would imagine that the cost proposals will need to reflect whatever the business case is saying.

Q26 Lord Macpherson: Will you publish the final business case?

Dr Richards: Not necessarily. I do not think all the major projects' business cases are published. We may publish an executive summary, as I believe some major projects do. We would have to see how much material would need to be redacted because of security or commercial concerns.

Q27 Lord Macpherson: I totally accept the security and commercial things, but a degree of transparency will be necessary to get the public's support



as well as Parliament's support.

Tom Goldsmith: That is very much my instinct too. It will be up to the Client Board, but I would have thought that it is in everyone's interest to publish as much as we possibly can, given those constraints that Patsy has talked about. In any event, we know that whatever happens with the business case itself, both Houses will need lots of information to be able to take a sensible decision on this.

Simon Burton: As was said earlier, we need that information to be as consistent as possible across the three options, so that Members can choose and the public can see and understand how the options fit together and compare. As David said, it is very important that we produce the options in a form that can be so compared.

Q28 **Chair:** So that consistency is one of your main aims here, so that when a debate eventually takes place, as Lord Macpherson asked, those taking part in it are comparing apples with apples and not apples with pears.

Simon Burton: Indeed.

Q29 **Mrs Hodgson:** I have a couple of questions to David and then to Patsy. Coming on to the expenditure on phase 1, why have phase 1 costs increased by £53 million since your projection last year?

David Goldstone: You see the total projection provided, which is to the end of 2025-26—the years subsequent to this one. What we provided last year and the letter that we provided to this Commission made clear that we had a range at that time, and we said that lots of decisions were pending, so we could not be more precise then. I think that we had a range between £452 million and £472 million.

We provided an update in December that used the midpoint of that range, so the increase that you see now is basically because getting to the debates and decisions on the costed proposals that colleagues have been talking about will now clearly be in the '25-26 financial year; it will not happen this financial year, so we have had to bring in an extra year of our assumed budgeting. Obviously, we will not fix that budget for about another 12 months, but we have brought in the '25-26 financial year. Our estimate at the moment for that year is around £89 million.

The impact on the total is reduced because every year that is affected, we have brought down our spend in the year from what our budgets or forecasts have been. For the year that has just finished, '23-24, we ended up about £8 million under our forecast. Our budget for next year is £22 million less than we thought it would be a year ago, and the same applies for the previous year. For all those things, we have taken out about £36 million of planned expenditure of those years, but we have added the extra year. The net effect is £53 million, as you say.

Q30 **Mrs Hodgson:** So, would it be fair to say that the delay has cost £53 million, or would that not be the conclusion?



HOUSE OF COMMONS

David Goldstone: I think it would be fair to say that adding the extra financial year to get to the debates on the costed proposals is the impact on the total assessment.

Mrs Hodgson: So those things come at a cost, don't they? That is not your fault: it is dealing with hundreds and hundreds of parliamentarians, all with opinions on this.

Chair: Indeed. It is a very important point that when the figures are broken down and it is examined how long it took to get to the point of making a meaningful decision that allowed this project to actually be properly put underway, £53 million has been spent that, had decisions been taken earlier, might not have had to be spent.

Q31 **Mrs Hodgson:** How does the £515 million forecast for the Delivery Authority phase 1 cost compare with business case production costs for similar programmes, such as the restoration of the Canadian Parliament, which I think may have been looked at?

David Goldstone: Similar programmes are hard to find, as I am sure you can imagine. Soon after we formed the Delivery Authority, we looked for some benchmark information from other major projects and programmes, because we wanted to have an answer to exactly that question: what is the benchmark? It was very difficult to find. We looked around government. We talked to the National Audit Office and the Treasury. There is no such benchmark information generally available, so we commissioned a study to look at what other major projects and programmes had incurred.

The metric we used was to look at the spend up to the approval of a business case as a percentage of the total construction cost of the programme; you had a sort of a percentage of the up-front part against the total. You could question that, but that was the best metric we could come up with. We looked at a wide range of projects and programmes. There was quite a big range: between less than 1% to over 5%. The average was about 2%.

At the time we were doing that work, which was before the reset we had two years ago, our plans to get to the vote on costed proposals—we were going to be in that range. We were going to be around 2% or possibly up to 2.5%, but in line with those benchmarks.

It is your previous point: what has made the difference is the extra time that has been incurred, because we had the first two years when we were developing those proposals, the reset two years ago in early 2022 and it has taken until just now, mid-2024, for us to get the strategic case agreed in the new direction. There have been an extra two years, in effect. Now, we are going to develop the detail on the proposals. So I think we were in line with the benchmarks. We have looked at it again. We are higher than the top end of that range, but that is the main reason.

Q32 **Mrs Hodgson:** That's inevitable now, though, isn't it?



HOUSE OF COMMONS

David Goldstone: We looked at our headcount and our costs in that way, and they would have been in line.

Q33 **Mrs Hodgson:** Yes, so they would have been if we had not had the reset and then the year's delay.

David Goldstone: In relation to Canada, to answer the other part of your question, we could not actually get the equivalent information to do the comparison with Canada, because we would need both a total programme cost and the cost for this equivalent phase. To be honest, I have not looked again, but at the time we could not get that information. The projects were all UK-based big projects and programmes in different sectors.

Q34 **Mrs Hodgson:** Dr Richards, do you have a phase 1 total for the programme as a whole?

Dr Richards: Not yet. We have a forecast for what David will spend. That is just the forecast. We do not have the Client Team costs. We are now part of the Houses' administration budgets, so our funding is agreed on an annual basis. We know what we are going to spend this financial year in the Client Team. We are slightly estimating—essentially, there will be a forecast in our annual report, but we do not right now have the total phase 1 cost. To remind everyone, phase 1 is just the point of getting to those costed proposals before we agree on what to do for main works. We do not actually know yet when phase 1 will finish. We all hope it will be sooner rather than later.

Q35 **Mrs Hodgson:** Have you got an end date for when you will have EMI ready and costed?

Dr Richards: By this autumn, we should have worked up proposals, and then we will do all the work to make sure they are comparing like for like and so on. We are hoping to bring those costed proposals to the Houses in 2025.

Q36 **Mrs Hodgson:** Tom, has the Client Board been provided with external benchmarking advice on what an appropriate amount to spend in phase 1 of the programme would be?

Tom Goldsmith: I think that was slightly before my time, but I understand that that benchmarking work was shared with the Sub-Committee of the Programme Board, which was then chaired by Lord Morse, the former C&AG. It looked at those figures in some detail. I do not think all that information has been shared with the entire Client Board, but I know that some individual members of the Client Board have been briefed on it, because they have had briefing meetings and have asked.

I will say something else about the total costs for phase 1, just to put things in context. Obviously, you know the predicted costs of the DA because that is what we are talking about. To put the other costs into context, the Sponsor Body, when it was working, was spending about £12 million or £13 million a year. Patsy's team is spending about half of that at the moment—£6 million or £7 million. There are other things as well, such



HOUSE OF COMMONS

as the £2 million so far that Strategic Estates will be spending, going back to Lord Macpherson's question. So we don't have that global figure, but the DA's chunk of it—as you would expect, given the work it is doing—is by far the largest chunk of the total costs.

Q37 **Mrs Hodgson:** I think we are just trying to see whether there was a limit, whether there is a limit, or whether it is a bottomless pit.

Dr Richards: Part of the role of this body is to agree the phase 1 expenditure limit. So every time the DA comes up with a new estimate, that has added to the larger figure, which is the phase 1 expenditure limit that has to be agreed by the Houses. It is not free range, as it were.

Mrs Hodgson: Yes, because our job on this estimates Committee is to agree the estimate. When we are trying to pull together what the estimate is and what we are trying to agree to, it is a bit like we are in the dark.

Chair: Indeed. We are trying to piece everything together and make it one integral thing. I don't think we can, but I see what you mean.

Mrs Hodgson: That is what we are trying to do with our questions.

Chair: Exactly. I'll go back to Lord Gardiner.

Q38 **Lord Gardiner:** David, this question is mainly for you, in the area of performance measures. Could you give us a brief overview of the Delivery Authority's priorities for '24-25? Relating to that, just for context, could you tell us the extent to which the performance of the Delivery Authority is measured in the publication of your annual report and accounts, in terms of specific reference to any pre-agreed performance measures? I am asking about your overview of those priorities and how best we can judge more widely how that has gone.

David Goldstone: For the coming year, in terms of how we have constructed our budget, which informs the estimate before you, and how we are running our organisational objectives, there are basically five categories. The first, which we have talked about, is developing the two shortlisted options for the Palace. The work we are doing on that is quite extensive. We are developing designs, and there are hundreds of design deliverables that will inform us about a complete solution for the Palace. We are working out the sequence of works and schedule to deliver that, cost estimating it all, and working out how the construction planning would be delivered and what the risks are so that we can put financial value to the risks. So there is a lot of work being done to look at the two shortlisted solutions for the Palace.

The second category is temporary accommodation. We have mentioned that we are tasked with working on a temporary accommodation solution for the House of Lords. Over the last few months, we have recommenced the work that we had done previously in relation to the QEII. There was some initial design work, and we are planning, subject to further agreement and discussion, how we would get better information on the condition of the QEII and go into procurement. So there is a package of



work there. There is uncertainty about that, which I will come back to in a moment if I can, but that is the second priority.

The third category is planning for new procurement of contractors who would deliver works beyond a decision by the Houses on the costed proposals. We are planning three large procurements that we would run in parallel for that purpose.

The fourth category is all the work we have discussed in previous sessions around our surveys. We have an extensive programme of surveys still going, which we will carry on in the coming year. It is important how we capture that in our digital information-building model, which gives us a consistent form of recording all that work.

The final category is our organisation. As we have said, we have been in phase 1 for an extended period. We look at ourselves to think how we need to be ready and what we need to do to be ready for a future phase beyond the decisions. But in terms of managing ourselves as a corporate entity set up under the Act, we are a Companies Act company as well, so there is the cost of that.

In relation to those activities and the estimate, we have allowed a provision against all that because of the uncertainty about some areas of that work. The total cost of all those things came to more than the estimate, but we have adjusted it to say that it is quite likely we will not be able to do all that work because of the uncertainty. But we can come back to that.

In terms of the performance reporting, the simple answer is yes, our annual report and accounts each year, in the strategic report at the front, does address our performance against our objectives. In the coming year—the summer of next year—it will report against those I have just mentioned.

We do more than that. There is also, as was referred to, a programme annual report, so the progress is reported there. Those two things come out generally before recess, so they will come out this summer.

The more detailed and intensive reporting of our performance against our objectives is done by our board. We have a statutory board set up under the Act. Below those headline objectives, we have very detailed performance measures and we take reports against those performance measures every month to our board. The board scrutinises our performance and we have used it in that way. So there is quite extensive performance reporting going on.

- Q39 **Lord Gardiner:** Mindful of EMI and, David, your analysis to the two Clerks on behalf of Strategic Estates, in terms of these sorts of areas and the rigour of the '24-25 DA priorities, I am just confirming that there will be—presumably to get the same rigour—the same element of priority within Strategic Estates about working in and sequencing construction risks. I am just checking that with the sort of language that David is



HOUSE OF COMMONS

using for his priorities—in the parity or the consistency—would I be right in saying that Strategic Estates and their operation, from a very quick start, would be looking at these areas?

Tom Goldsmith: Absolutely; that is what we are aiming for. This gets back to the Chair's question about whether we will be comparing apples with apples at the end. We very much want to do that. If there are some areas where Strategic Estates just have not had the time or the resource to do that by the point we get to the costed proposals, we will be up front about that and point out if something is not on the same basis. The key will be transparency, but the objective will be that it will be absolutely on a consistent basis. If it is not, we will say so.

Lord Gardiner: Thank you very much.

Chair: That is very helpful.

David Goldstone: I should say that everything we do, we agree with the Client Team and it is tasked. This goes back to the question about the cost of delay. I think there is real value in this work. It will help inform any of the options that are taken forward, however any future programme is delivered. Working up the detail of the options, working up solutions for temporary accommodation and doing surveys is all valuable and important work. We are not sitting around waiting for decisions; we are getting on with work that is of value.

Dr Richards: It is fair to say that, by the end of this stage, it is not really a delay, because we will have got further with some of the design work for the temporary accommodation and for the Palace, to a further RIBA stage, than we would normally have got to in a programme. So actually we are getting—

Q40 **Chair:** Can I stop you there for a second? Just so we get all of this straight, you are saying that that is not wasted resources. However, for example, on the expenditure currently being incurred on looking at alternative accommodation, what if the decision is not to have alternative accommodation?

Dr Richards: That is absolutely the balancing act that the Programme Board is always making a call on. They told us recently, "Okay, continue with design work for the Lords' temporary accommodation. Get it to the end of that stage, where it is a sensible place to pause it, and you can leave it there, rather than leaving it halfway through a design stage." So we are always taking that call. We are always making those judgment calls about where we should get things to, so that we are using the Delivery Authority's resources to the best of our ability—be that in those kinds of areas or looking at how we can better deliver or stage the works.

Q41 **Chair:** I understand that, and it is a very important answer. It is our concern that, because of the changes in direction of this project—of which there have been a few—taxpayers' money is not being used to the very best advantage. But I understand what you are saying. Simon and Tom have both indicated that they would like to answer.



Tom Goldsmith: I think I am probably reiterating what Patsy just said, and to an extent what David said. I want to emphasise the point that the £53 million cost cannot just be interpreted as the cost of delay. The sort of political changes that you have referred to have undoubtedly increased costs. But the point we are trying to make is that given the extra time and resource, useful work has been done by the DA that will help us when we get on to do the main works. The designs have been done to a higher standard than would have otherwise been the case. That will be useful work at a later point. It is a much more nuanced point than the £53 million being a cost of delay.

Simon Burton: You are asking in particular about the temporary accommodation work and saying that it might not be needed. Obviously, as we have said, the bulk of the expenditure is within the Delivery Authority, and I am very mindful of my accountability for making sure that we only spend that money on work that is of value and not nugatory. We have had these conversations previously. It is important to say that everything we do is agreed through the Client Team and is visible to the Programme Board.

Q42 **Chair:** We appreciate that we are asking for apples to be compared with apples, and therefore the cost of the decant has to be in there or a comparison cannot be made. Therefore, the money must be—we are just exploring that.

David Goldstone: Absolutely. The work we are doing on options is clearly required, and the strategic case has made that clear. A lot of the other work that we are doing in relation to, for example, temporary accommodation and planning future procurements, is so that if and when the Houses make those decisions on costed proposals, we are ready to take forward the programme thereafter. If we did not do that work, there would be the risk of a big delay at that point.

A conversation that I am having with Patsy and her team regularly, and the Programme Board has been made aware of it, is that there is a balance of risk—a judgment call. Do we keep going with things, knowing that there is a risk that there may be some work that turns out not to be value for money with hindsight? But if we don't, we create a risk of delay later. That is a judgment that I am very mindful of, and on which I make sure that we are all in the same place.

We reforecast our budgets through the year. We do not just set a budget, leave it, and spend up to it. We look at it every quarter. We agree the budget and it is scrutinised with the Client Team and the House finance directors. We make sure that we are all agreed that what we are doing are the right things to still be doing. If there are any changes—we have had this in the past—we reduce our activity and we do not draw down as much money. We reduce it through the supplementary estimate process. We did that to at least £5 million last year. I want to reassure you that we do not just keep spending regardless; we continually track and manage it.

Q43 **Chair:** We had the opportunity to examine those figures and we had



HOUSE OF COMMONS

noted that. I appreciate that I am going to have to speed things up somewhat. Simon, you want to add something.

Simon Burton: I just want to make the point about why it is important to keep up with the work on the temporary accommodation.

Chair: That is understandable. We will go a little faster now. I am going to ask Sharon Hodgson to make all of her questions into one—well, not quite one.

Q44 **Mrs Hodgson:** I get the point. On staffing, we recognise that the Delivery Authority undertook the organisational review last summer, and that you have looked to ensure you are correctly shaped and resourced to efficiently deliver your priorities. You have reduced full-time equivalents from the forecast of 260 down to 224, so that is great, but why do you need more money for fewer people?

David Goldstone: That is a good question—thank you. As you say, we have reduced the total headcount for the coming year, and that carries on into future years, so that will be an enduring saving. Offsetting the benefits of that is two things. We have an annual pay award that we make. I think you all know what's happened in terms of the wider economy for inflation and pay increases. We base our pay awards on quite rigorous benchmarking, which we carry out every year. We look at other organisations in both the public and private sectors delivering large projects and programmes. We are maybe different from other organisations that you look at, because we have to recruit and retain a team to deliver this sort of work. We have had an annual pay award, and this year it averages about 5.3%.

As you say, the organisation numbers have come down. As a result of the changes we made for the organisation review and the millions of pounds of savings that we will make each year, we have a slightly richer mix, if I can call it that. There are more senior colleagues and slightly fewer at a junior level, and that has slightly increased our cost as well.

Q45 **Mrs Hodgson:** That leads on to the next question, which recognises that. From my figures here, the executive team now accounts for £2.5 million of the salary costs. Do you think the cost of the executive team is now appropriate for the current expenditure levels of the Delivery Authority? Are you top heavy?

David Goldstone: Are we top heavy? I don't think we are. Let's not quibble with the numbers. I think it is about £2 million. On a like-for-like basis, with the 224 we will have going forward, it is about 6% of the total resource cost. It is a higher proportion of the directly Delivery Authority employed, but we manage the whole organisation. I don't have an easy benchmark for that, but 6% does not seem to me excessive. The roles that we have in the executive, with my own role as chief exec, are finance, commercial, HR, legal, programme director, communications, and a specific design and engineering director. I think they are the right roles. We have one more senior role than we had previously. That was a conscious decision I made to bring more technical expertise into the

leadership of the organisation. I think it is right for the sort of organisation we are.

- Q46 **Mrs Hodgson:** This is my very last quick question. Whether it is £2 million or £2.5 million, I have another stat here that says that all of the corporate functions account for over a third of the organisation. Do you agree with that? Is that about right? Does that need further consolidation or will that change in time when you get to actually delivering the functions?

David Goldstone: Most of the reductions we made in our employed staff were in the corporate functions when we did the organisation review. It is difficult to know what is right, but we did a rigorous review. We had a lot of external input to the review. We reduced our core employed headcount by around 20 roles, including about 10 we made redundant. Those were largely in the corporate functions to make them more streamlined and more fit for purpose for this stage of the programme and the role we are now carrying out. We did the review because we felt we needed to challenge ourselves on that and make sure we were the right size for our current priorities and where the programme is at. Having done that, I am satisfied that it is at the right level.

- Q47 **Chair:** And you are pretty sure that you are not holding people in place right now for their expertise that may or may not be required later, who are not really involved in phase 1, but you might need for phase 2? It would not be surprising if you did have to do that to hold on to good people.

David Goldstone: Some of the reductions we made at the organisation review were not to recruit roles that would have been of that nature—roles we were anticipating, looking ahead to phase 2. Given the uncertain timescales we now have, we have not taken forward such recruitment. All the roles we have are roles we require now. To the first part of your question, I am absolutely satisfied that we do not have people who haven't got real, substantive roles to do now. That was what we challenged ourselves on in the review that we carried out.

- Q48 **Chair:** It's a difficult way to conduct a project, isn't it?

David Goldstone: It is. I am slightly pausing because there is always a balance. We have existed for four years; we recruited a very strong team—a very strong executive—at the start, and part of my job has been to retain that team through the various changes that have gone on. Sometimes there are periods when activity is less than it might otherwise be, in a way that is unforeseen. It would be a false economy to lose really good people in those lulls and then have to build that capacity back up later. That is a judgment we have to make continuously to make sure that we are not retaining people when we should not but are not losing expertise that we need to keep.

Chair: Again, that is another one of these things where, because of uncertainty, you might possibly have expenditure that you would not otherwise have had, but that is inevitable.



HOUSE OF COMMONS

David Goldstone: The organisation review was part of that.

Q49 **Mrs Hodgson:** Can I clarify for the record that the £2.5 million is from 2022-23? Perhaps it is £2 million for 2023-24, but we have not got that number officially yet.

David Goldstone: I was actually looking at the budget for next year, so it comes down, yes.

Mrs Hodgson: Right, so the number that I quoted, for the record, was for 2022-23. I should have said that.

Chair: Thank you. We have a few things to get through still, and we have not got very long left. I am going to hand over to Lord Macpherson.

Q50 **Lord Macpherson:** David, very briefly, why is it necessary to tender for design services and construction partners in this financial year?

David Goldstone: There are two reasons. The partners that we have at the moment were tendered by the Houses before the Delivery Authority existed. The tender process actually started in 2015, and contracts were awarded in 2017. I think that, if I do not say much more than that, it is fairly obvious that they have been in place for a long time. They were tendered for roles in this first phase of the programme, and we are planning for what we would need in phase 2.

The longevity of the contracts means that, value-for-money-wise, we should run a new competition, but the role will be different in phase 2 as well. Therefore, we want to get the right skills and expertise for that phase. Really, the timing is all about trying to be ready for the period after decisions have been made. Just looking at the lead times of large procurements of this sort, we were planning effectively so that we would have contractors in place.

Q51 **Lord Macpherson:** Will potential bidders be put off by the broader uncertainty, or will they just realise that this is a good way of making money over a long period?

David Goldstone: When I said earlier that we were actively discussing with the Client Team the decisions about whether we should keep going with things or whether we might need to pause, this is a very live part of that conversation. We would be foolish to—and wouldn't—go ahead with the procurement if we thought that the market could not have confidence in the work that would come through it. That would be a foolish thing to do.

We are working hard and following all of the good practice about engaging with the market in advance to make sure that they understand both the nature and scale of the works and the uncertainties that we are dealing with. We will make a conscious decision, before we go out to the market, about whether we have enough confidence and certainty to get bids from very strong bidders, or whether it would be better to delay. That is a conversation that we are actively having at the moment, and we are discussing that very closely with the Client Team.



HOUSE OF COMMONS

Q52 **Lord Macpherson:** Okay. This is a question for the Clerk of the Parliaments, with whom I had a very helpful conversation yesterday about the lessons-learned exercise around the tendering on the Victoria Tower work. Will you ensure that any lessons learned are available to the Delivery Authority as it goes about its business?

Simon Burton: Yes.

Lord Macpherson: Good. The Audit Committee is going to come back to this in considerable detail, so I did not want to pursue it particularly at this point in time.

Simon Burton: I should just say for the record that our Finance Committee in the Lords will be taking a view on this as well.

Q53 **Chair:** We understand that there are lessons to be learned from the approach that has been taken, as far as Victoria Tower is concerned. Of course, our reason for considering the matter—we started the meeting by asking your questions about the parallel operations that are under way—is our considerable concern that, although it is clear that the Delivery Authority and the whole construct were set up to manage the difficulties of a major project, a political organisation do not normally have the expertise to do that. I appreciate Lord Macpherson’s question. Lord Macpherson, do you have anything more on that subject?

Lord Macpherson: No, I don’t.

Q54 **Chair:** In that case, we are very nearly coming to a conclusion. Thank you all. David Goldstone and Dr Patsy Richards, this is our last chance to speak to you formally about this, and we can’t let you go without asking what lessons there are to be learned. What are your final reflections on the whole R&R programme and all the work you have done over these last few years? Is there anything in particular that you would like us to note for the future and not to forget? I am always worried about corporate memory being lost. We are coming up to the point where there will be a change of Parliament—there may or may not be a change of Government—and every time something like that happens, there is a loss of corporate memory. You have enormous expertise and now experience, so what would you like to tell us?

Dr Richards: First of all, what I have picked up is that everyone is supportive of restoring the Palace, including the public and parliamentarians. We have done public polling, and talked to Members of both Houses, and everyone wants to get it done. There is an enormous amount of good will, and we have to tap into it; we just have to decide how.

Q55 **Chair:** Thank you for that. I hesitate to interrupt you, but I would really like this to be noted. Certain areas of the media want to continue saying, in incredible ignorance, “This is MPs spending money on themselves,” so it is very good to hear you say that, because this is not MPs spending money on themselves.



HOUSE OF COMMONS

Dr Richards: No, this is an institution that represents UK democracy, and the public support that. That is the first point.

My final point is that David and I have done organisational reviews in the last year, and you have fantastic teams here who can deliver for you. They will deliver whatever you want; we just need to be told what to deliver. The Client Team is absolutely fantastic, and I would like to say thank you to all of them. Many of them are new in post. They will take care of this for you. In the Delivery Authority, you also have some incredibly talented people, so you can have faith in the organisations that you have set up, including the Programme Board, which is working really well in advising the Client Board. We are set for the new Parliament to decide what to do and how to do it, and then we can deliver it.

Chair: Thank you. That is most encouraging.

David Goldstone: I suppose I will reflect some of the points that Patsy made. I still feel that it is a fantastic project that is very important for the reasons that Patsy set out, and I feel personally honoured to have been involved in it. Slightly more parochially, I am very proud of what the Delivery Authority has achieved over the past four years. We started in mid-2020, which was not an easy time to start up a new organisation with a large and complex task. The performance then, and the response to a significant reset and change of direction in 2022, delivering everything the Houses asked us to do in a way that was different from what we had been doing before, reflects the fact that the organisation has successfully delivered whatever it has been asked to do, and I am very proud of that. On Patsy's point and your question about corporate memory, there is a very strong team and a very strong executive leadership group, so I feel very confident that the Delivery Authority is in good hands while I go off and do some other things.

On the progress of the programme, although it can be frustrating that we have not got as far as we might have hoped, the thing I most feel is that I recognise the decisions are really difficult. Given the cost that will be involved, the political sensitivity that goes with that and the issues relating to moving out of the historic Palace, I can see that these are genuinely difficult decisions, and I really hope that some clear decision about how to take the programme forward can be reached next year. I feel, as Patsy said, that the organisations are in very good shape to take forward whatever the Houses want to do.

Q56 **Chair:** Thank you very much indeed. Before I conclude, Simon and Tom, do you have anything else to add that we have not thought of?

Tom Goldsmith: No. Thank you, Chair.

Chair: In that case, I reiterate our very best wishes and thank Patsy Richards and David Goldstone for all that you have done, for your dedication and for your patience in dealing with those of us who don't know what you are talking about until you explain it in words of one syllable. We are learning, and we very much appreciate all you have done.



HOUSE OF COMMONS

We wish you all the very best for the future.