

Parliamentary Works Estimates Commission

Oral evidence: Parliamentary Works Sponsor Body Main Supply Estimate 2021-22

Wednesday 24 March 2021

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Members present: Dame Eleanor Laing (Chair); Lilian Greenwood; Lord Macpherson of Earl's Court; Lord McFall of Alcluith.

Questions 1-20

Witnesses

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



Examination of witnesses

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

Q1 Chair: Welcome to this meeting of the Parliamentary Works Estimates Commission. The members of the Commission are all here by means of Zoom, and I am happy to welcome our guests giving evidence to us this afternoon: Sarah Johnson, chief executive, and Gurdip Juty, finance and corporate services director, of the Parliamentary Works Sponsor Body; and David Goldstone, chief executive, and Tanya Coff, chief financial officer, of the Parliamentary Works Delivery Authority. Welcome to the meeting, everybody. Thank you all for coming today.

We have a few questions for you, and I am looking forward to a discussion with you, which will enable us to make a decision as to whether to lay the estimate before the House. Let me start with a general question. What is your current assessment of how work on phase 1 is progressing? How do current assessments of phase 1 costs compare with the past ones that we have looked at? Sarah, would you like to begin on that, or would you like to pass it to someone else in the first instance?

Sarah Johnson: I am happy to begin on that, Chair; thank you very much. Our progress on phase 1 is going well. As the Commission will know, the Parliamentary Works Sponsor Body was formally established on 8 April 2020, so we are coming up to our first birthday, and shortly after our creation, we set up the Delivery Authority. So we have been in existence for almost a year, and we have made some really good progress in preparing the detailed and costed plan for the Restoration and Renewal programme—the plan sometimes also referred to as the outline business case. We of course also, during that first year, conducted the strategic review that was published a couple of weeks ago, which was really an opportunity for us, as new entities, to confirm the overall strategy for the preparation of the plan and the future stages of the works.

Our organisations are now fully up and running. We have recruited new teams and we have set up the systems that we need to efficiently run the programme. We are making really good progress, with lots of positive conversations with Members of both Houses, our stakeholders, and have started some really interesting work of engagement with members of the public, in line with our obligations under the R&R Act to seek the views of the public and to promote the purposes of Restoration and Renewal to the public.

In summary, we are making good progress and we believe that we have a good plan to deliver the proposals to both Houses in due course for their decision before we move to phase 2—actual delivery of the works. I should say also that we have made good progress in developing our proposals for what we call the enabling projects: the decant location for the House of Lords, which is under our accountability; and the work that we need to do to take the very important heritage collections from the Palace of Westminster, to protect them while the works are carried out.



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In terms of our overall costs, in our first year we had funding agreed of £126 million. Our forecast outturn for that first year is just under £107 million, and that is as a result of some delays to some of the works that we were going to carry out. That is as a result of the pandemic. As with everybody else, there has been an impact, principally on survey works. We did also pause some things while we conducted the strategic review in order to avoid nugatory expenditure while we were completing that work and making decisions and recommendations on taking the vital restoration work forward.

In terms of our estimate for the next financial year, we are forecasting a total of £155.6 million, which of course is an increase on the current year. That is as a result of our doing lots of extensive survey works to really understand the true condition of the Palace of Westminster; really advancing the technical work that we need to do to prepare the detailed proposals for informing the work of the business case; some further building of our resources, particularly in the Delivery Authority; and continuing the really important work of engaging with Members of both Houses and the administrations of both Houses, and continuing to work with our stakeholders and members of the public. David, would you like to add anything from your perspective?

David Goldstone: I'll just add a couple of points to what Sarah has said. You asked about progress during phase 1 and progressing through the phase 1 work. The strategic review's findings were that we should revise our approach to delivering the detailed and costed plan, provide this focus on programme objectives, focus the work around a scheme based on the essential works and look at the value for money of any enhancement work beyond that. That has slightly reshaped our plan in a helpful way, and in a way that enables us to deliver a very effective detailed plan, as Sarah described.

The only other thing I would emphasise is the cost increase for the coming year compared with the previous year. The previous year was the year we were set up. We were growing as new organisations and being established. In the coming year we are ramping up the programme and project activity on the Palace itself in terms of the designs and surveys, and on the other projects that Sarah mentioned—the House of Lords, the heritage collections decant and all the programme delivery side. So there was a big ramp-up of activity for this coming year, which explains the cost increase year to year. That was all that I wanted to add, Chair.

Chair: That is very helpful. It is interesting to hear you mention, Sarah, the increase in funding in order to carry out a properly detailed survey. That is a matter that we wish follow up. I am going to hand over to Lord McFall.

Q2 **Lord McFall of Alcluith:** Good afternoon, Sarah. On the last occasion we met, I mentioned the Chair of our Finance Committee in the House of Lords, Lord Vaux, for you to have a conversation with him. Has that taken place yet?



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Sarah Johnson: We have had an exchange of letters with Lord Vaux with the offer of a further meeting, and he has also held meetings with some of the parliamentary members of the Sponsor Board.

Q3 **Lord McFall of Alcluith:** I think a follow-up meeting is really important in the light of the comments he made to us, which informed my contribution at the last meeting with you. If you undertake that, that will be fine.

I want to look at the choices of do minimum or do maximum. I wonder whether they reflect the huge complexity of a project of this nature, which seeks to repair, restore and renew this building into a fully modernised seat of Government. The lack of condition in other surveys by this point in the programme seems to me to be quite concerning, since I cannot imagine how informed price proposals can be developed without these. Given that there is an ambition for an immediate start to works, is it not unusual and premature to jump from surveys to a start on site, as much work is needed in between to bring certainty to the brief—the feasibility, the design, the statutory compliance, the delivery and, crucially, the cost. The experience of major projects in the House, which I have dealt with in the past five years since I have been Senior Deputy Speaker in the House of Lords, has been overruns all the time. If we do not do the preparatory work at the beginning, we will really run into problems again. What are your views on that?

Sarah Johnson: I could not agree more. The purpose of phase 1 of our works is to prepare the detailed plans, get detailed costings and really understand the condition of the Palace to inform those detailed proposals. We need to prepare those proposals and present them to both Houses of Parliament before we can actually get started on delivering the works. While you will see us in and around the Palace over the next year or so completing that survey work—we have more than 100 surveys to complete—we have to prepare our overall proposals before we can start working on site to deliver the restoration programme.

Q4 **Lord McFall of Alcluith:** That begs a question then. You are going to spend £126 million in the first year. You have said that you are doing all this preparatory work. What is the £126 million for? Shouldn't you be doing the preparatory work first, and then spending the money? That is the point that I am trying to make, Sarah.

Sarah Johnson: Understood. To complete that preparatory work, £126 million was our forecast for the current financial year. We will be coming in at just under £107 million. The next financial year is the £155 million that I mentioned earlier. There is a lot of work to do to prepare the detailed and robust proposals for this scheme, and all the lessons that we share with colleagues in the Infrastructure and Projects Authority, the National Audit Office and other major programmes indicate that you must do all the detailed work up front in order to maximise your chances of a successful overall delivery.

There is a lot of work to do to prepare all the detailed plans and proposals, to run the two organisations, and to prepare all the complex logistics



planning—how one services a very constrained site in the middle of central London—before you commit to an overall cost envelope, and before you commit to overall timeframes. It is important that we really focus our efforts on doing this work robustly. I think David Goldstone would like to add something.

- Q5 **Lord McFall of Alcluith:** Before David comes in, my simple mind cannot take that in. There is £126 million being spent, and the real survey has to be done at the beginning. Can somebody please answer the question: why £126 million? If it goes the same way as before, you are going to come back to us for more, so maybe my question, David, is this. Is the £126 million for surveys, vast though it may be, going to make sure that you will not come back to us with further estimates when you start to test the building?

David Goldstone: Sarah is giving us a very clear message about the importance of the surveys and the preparatory work before we actually start work on site and commit to a programme with a cost. All the previous evidence says that that sometimes goes wrong if the preparatory work has not been done fully. I think that we absolutely agree, and what we are spending the money on in the year we are just completing and the year that we are going into is exactly the activity that you are describing, Lord McFall.

We have over 100 surveys and site investigations planned. We have done more than 30 of them but we have, obviously, more than that still to do. We will do over 100 to give us all that information on the condition of the building and conditions inside the Palace site. You also mentioned a do minimum and a do maximum scheme. We are looking at the definition of schemes. A lot of the work that has been done in the year that we are just completing has been to look at the multiple elements of a scheme design that would need to be addressed to come up with a really robust and detailed plan for transforming, and for restoring and renewing, the Palace.

We have been looking at areas such as the different options around fire safety, the treatment of asbestos, all the building services, what levels of accessibility can be achieved, and sustainability. There are multiple aspects, and in the year coming we need to come up with integrated, engineered and designed schemes that will deliver a solution where we can be confident about the time and cost to deliver them in a way that we will not be coming back to you, exactly as you described, later with a problem.

If we do the right work now in terms of the surveys and the scheme designs, and we have integrated solutions that are deliverable, we can be confident about a time and a cost before we commit to going into the work. It is that information, as Sarah said, that will be brought back to the Houses for them to agree on before we go forward.

- Q6 **Lord McFall of Alcluith:** Dame Eleanor, I would be quite nervous about signing off something like this before Sarah and David come back to us and tell us exactly what they are about to do, because £126 million is one



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terrible amount of money. I get the feeling that there is pressure to move quickly without the fundamental building blocks in place. If that is the case, the three pillars of a successful project—namely, the certainty and quality, cost and programme—are at risk. I would like reassurance on that before we would sign anything off. That is certainly the position I have at the moment.

Perhaps I can address my last point to David. You talk about surveys. Have we commissioned an external peer review carried out by design and construction experts, so that we can get that independent assessment? If you have done that, can you share it with us?

Chair: David, can you tell us that, please?

David Goldstone: We have a programme review—Sarah may want to come in, because it is commissioned by the Sponsor Body—through the Infrastructure and Projects Authority taking place next month. We have commissioned it, but it has not actually happened yet. That will look at our progress in our first year since the organisations were established and as we are taking forward the detailed plans that we have been discussing, progressing the scheme options and progressing with the survey and all the other necessary work to come up with a really rigorous plan. That sort of review is absolutely planned to take place next month.

Chair: This is difficult timing, because we are looking at laying this before the House and there are gaps in our confidence in it. Lord McFall?

Q7 **Lord McFall of Alcluth:** Absolutely. I wanted to clarify whether it is an external review. If it has not started yet, there really should be an external review. We are signing a blank piece of paper, David, and that is what worries me.

David Goldstone: In terms of external review, we have engaged really extensively with the Infrastructure and Projects Authority and with the NAO, in terms of making sure we are following all the good practice and all the lessons learnt from other major programmes. You referred to some of the situations where those have gone wrong. We are trying to make sure that we do all the preparatory and planning work during this period, so that we do not fall into some of those problems that other projects and programmes have experienced when that work has not been done. That is why we are investing now in the survey work and in developing the schemes, and then we bring all that back as a fully detailed, costed plan to Parliament for a decision. I can maybe say a bit more about the breakdown of the total cost and what we are actually spending it on, if that would be helpful.

Q8 **Chair:** I am concerned about time, because we only have an hour for this meeting. This is a pretty big point that Lord McFall has made, and I am very concerned about the sequence of events. Some of these questions were asked at the last meeting, and I think that we are not satisfied that we have the answers yet. That might hold up our ability to agree to lay this estimate before Parliament, and we don't want things to be held up. What sort of timescale are we talking here? David, do you want to answer



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that one?

David Goldstone: Sarah has her hand up, Chair.

Sarah Johnson: Can I come in, Chair? I think it is quite important. If we go back to first principles, the Sponsor Body was set up to oversee the overall Restoration and Renewal programme, and we set up the Delivery Authority to prepare the detailed proposals and ultimately, in due course, to deliver the works once both Houses have made a formal decision on that. That is a few years away yet, because our first task under the legislation is to prepare the detailed proposals. The funding that we are discussing with you today—our funding for the next financial year—is all geared around our preparing those detailed proposals, running the organisations and looking ahead to prepare for the next phase of work.

In our overall governance structures, we have a Sponsor Board. The Sponsor Board has an audit assurance and risk committee that has been through these proposals in detail. We have also reported these proposals to, and discussed them with, both House Commissions, and—in terms of the House of Commons—with the House of Commons Finance Committee.

The purpose of the Sponsor Body is to oversee the works and, of course, to report and be accountable to Parliament for the work that is being undertaken. As part of good practice, we have set up a plan over the course of the next couple of years, in the first instance as we prepare the detailed proposals, to get external input and challenge through, in the first instance, the review that David mentioned, which is taking place in April. There will be subsequent reviews after that as we continue to develop the proposals. We are, of course, also subject to value-for-money work by the National Audit Office, who are our external auditors.

Really, the point is that we are here to be accountable to you and both Houses of Parliament to deliver these works, and while we will get the external input where it is appropriate and good value to do so, I think it would actually be undermining the existence of the two structures—the two organisations—if, in fact, everything that we do needs a separate external review. That was the point of setting up the Sponsor Body in the first instance.

Chair: Thank you, Sarah. I will stop you there, because I am conscious of time. There are two ways that we could deal with this. There is a gap, and Lord McFall is right to ask these questions. We could delay our laying this before the House until after Easter if we thought that you could provide more assurances by then that would possibly alleviate Lord McFall's concerns—not just Lord McFall's concerns, but the concerns of all of us. Lord McFall, do you think that might be a way forward?

Lord McFall of Alcluith: I have taken up enough time with my questions, Dame Eleanor, so we should get on, but I think if they come back to us, that can help; that can reassure us all. I see some of my colleagues nodding.

Chair: Thank you. Sarah, let us take this decision that we will await



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further assurances. Lilian, do you want to come in before I say this?

Lilian Greenwood: Yes, thank you, Chair. I am concerned that if we were to delay, the Sponsor Body and Delivery Authority will not have a budget on which to operate from the beginning of the financial year. Am I mistaken in that?

Q9 **Chair:** Yes, let me just check on the exact timing of that. I share your concern. We can consider that, but Sarah and David, do you think that you can provide us with more information in the very near future that will answer the points made by Lord McFall? That way, it would be much neater if we could go forward with those reassurances.

Sarah Johnson: We can certainly look to see what we can provide in the very near term. We have, of course, sent to you a formal memorandum that articulates the details of our proposals for the next year. If there are certain bits of information that you feel are missing from that memorandum, then absolutely, we can look to provide those very quickly.

Chair: Thank you very much. What we shall do—because I want to make sure that first of all, we are not holding up this meeting, but much more importantly, that we are not holding up the progress of the project—is talk about this straight away tomorrow, and see if we can fill those gaps about which we are all concerned in time for this to be laid before Parliament in the way that it ought to be. Lord McFall, would you be happy with that?

Lord McFall of Alcluith: Yes, fine, thank you. Go on with the meeting. Thanks very much.

Chair: Thank you. I think that is a really important matter that we have just discussed. I am going to turn to Lilian Greenwood to raise a few more questions on another matter.

Q10 **Lilian Greenwood:** I would just like to raise some issues, first in relation to staffing. Actually, first let me raise a question about Jacobs staff. I can see that, in the last year, in the Delivery Authority there were 161 Jacobs staff, out of 299 staff in total. Next year, there is expected to be 161 Jacobs staff, with 386 staff in total. This is probably a question for David. If you are employing staff as consultants, rather than employing them directly, I imagine that comes at a premium. Can you just explain to us what the decision making was around having quite a large proportion of your staffing employed through a consultancy rather than directly?

David Goldstone: Yes, absolutely. As you know, the Delivery Authority was established only in April last year, so we are effectively transitioning into the future state to fully fulfil our role. Looking forward, we will undoubtedly have a mix of resources, including directly employed staff and people we buy in under contract where we need particular technical expertise. This will require a high level of engineering, construction, logistics and planning expertise, and that is part of what we buy through this contract.



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In relation to your question about Jacobs, you used the word “consultancy”. They are not a consultancy in the general management consultancy sense. They are providing us with technical expertise in areas such as engineering and construction. They will be managing a lot of the survey work for us. For example, they will be looking at how we can use the river to help with a phased approach to delivery and other aspects of the really technical work.

The decision to put Jacobs into the role and procure that contract was taken by the House of Commons in 2017. We as the new Delivery Authority team inherited the contract, and we took it over once we became an established organisation last year. Our plan going forward absolutely clearly is to build the Delivery Authority as a capable, well-resourced organisation and to significantly reduce the amount of programme resource that is coming through external contracts, including Jacobs. By the end of this financial year, over 50% of the total resource on the programme will be directly employed through the Delivery Authority. That will significantly reduce the cost of resource across the programme.

I should also say that, because that contract was let by the House about four years ago, it will be appropriate in time to re-compete it. To the extent that we need the equivalent resource going forward, we will procure a new contract. As I say, we will re-compete that role, and that will set the rates at the market level at the time.

We have taken a view that it isn’t appropriate to re-compete that contract now, because we would disrupt all the work that is going on. On the detailed costed plans that we need to pull together a full business case, I actually think we will get better value for money if we compete that contract once we have developed the detail for that plan and we know what the delivery role that we need going forward is going to be.

Q11 Lilian Greenwood: Are you satisfied that the contract that you have inherited is good value for money? How have you sought to benchmark that or check it? Obviously, it was outside your control when it was awarded.

David Goldstone: Again, that is a good, appropriate question. Thank you. Yes, we have. We have looked at the rates. In effect, the contract enables us to buy packages of work at set rates, and we have made sure those rates are still competitive in the market now, three or four years after it was originally competed. We are satisfied that they are. In effect, the contract allows us to reset the rates each year, depending on what is happening in the wider market, of which those services are a part. In effect, we continually rebase it to the trend in the market.

In terms of value for money, we know and can be confident that it is giving us a fair market price. One of the things we have adapted in the contract a bit since the Delivery Authority was established is that we have a clear set of deliverables—what we need to deliver the plan we have got for the work over the period of phase 1—which we are aligning with

Jacobs' deliverables, too, so that they are absolutely tied in with what we need to achieve.

Yes, I am happy that the contracts are delivering us good value now. That will not stop us recompeting it at the appropriate time, and it will not stop us building the Delivery Authority and reducing our reliance on Jacobs, over time, to the roles that are most appropriate, and where we really need that expertise.

- Q12 **Lilian Greenwood:** Can I ask you and Sarah about the average staff costs? The average staff costs for the Delivery Authority are £120,000, and £106,000 for the Sponsor Body. They seem quite high average staff costs. Can you tell us, briefly, a little about how you have gone about determining the appropriate staffing levels and benchmarking pay rates and grading? Can you perhaps give us a flavour of whether there is a number of highly specialised staff for whom you have to pay high market rates? Can you give us a feel for how that is reached? I will come to you first, Sarah, and then to David, to speak about your two different organisations.

Sarah Johnson: The Sponsor Body's terms and conditions are required, under the R&R legislation, to be broadly in line with those of the House service, so that is the information that we took as the key input when ascertaining our overall terms and conditions. On the overall structure for the Sponsor Body, my vision for it is to be as lean as it possibly can, with slightly more senior level positions, to get good quality, highly capable people to execute those tasks that we are specifically required to do under the legislation: overseeing the work of the Delivery Authority; preparing the business case during the phase 1 period, in line with Treasury best practice; and there is of course lots of work to do in engaging with Members and staff of both Houses. The structure that I have today is right for phase 1. I will review that structure again as we approach phase 2, where I envisage that numbers will go down, particularly as the business case work will have been completed.

As a final point, I should note that currently, a number of the staff in the Sponsor Body are seconded from the House of Commons, which provides excellent input to us in terms of the ways of working of Parliament. Those particular resources attract a VAT exposure as well, so an additional 20%—

Chair: I recall that you mentioned this to us at the last meeting. We noted that, and let us note it again that the transfer of staff between various bodies, temporarily or permanently, does attract VAT. I think it is up to some of us to mention that to the Chancellor of the Exchequer.

Sarah Johnson: Thank you, Chair. That was all I was going to say in terms of Sponsor Body costs.

Chair: David, would you mind being quite brief, because we have quite a lot to get through?



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David Goldstone: I will be really brief. Just to be clear, the £120,000 quoted is the average of all the resources used by the DA, including the Jacobs costs. I was not going to say anything more about the Jacobs part, because I think I have covered it. The average cost for staff we have employed into the Delivery Authority is slightly under £100,000. That is the total cost of employing them, if you like, rather than salaries—it includes all the on-costs such as national insurance, pensions and so on.

Chair: We understand that.

David Goldstone: To the question, absolutely, on establishment of the Delivery Authority, there was a full benchmarking exercise against major projects and programmes to establish the scales we should apply at every level to make sure we were competitive in the market.

The terms and conditions were set fully on the basis of a benchmarking exercise prior to the authority being established. In terms of brevity, Chair, that is as clear as I can give you.

Chair: Thank you. I know that Lord McFall is particularly concerned about the spread of the awarding of contracts throughout the United Kingdom. He might have a particular concern about Scotland, not surprisingly, but we are all concerned about the way in which contracts are being awarded, to make sure that there is benefit throughout the country. Lilian, would you like to take that up?

Q13 **Lilian Greenwood:** At present, 92% of contract spend has gone to three regions of England, plus Scotland, and none has benefited the north-east and Northern Ireland. Will you say a bit about how you will ensure that, as the project moves forward, the spread is more evenly divided, or to what extent you think that will be possible? Also, how will you ensure that SMEs as well as larger players have the opportunity to bid for some of the works that will be available?

Chair: Sarah, would you like to tell us?

Sarah Johnson: I will bring David in on this point, if that is okay.

Chair: Certainly. David? We all care massively about SMEs, because we are terribly aware that this is a huge public project. This is an iconic building and it is terribly important that not just the big players in the London area benefit from it; this is a project for the whole nation.

David Goldstone: We are incredibly aware that it is a project for the nation, for the whole of the UK, clearly because it is the UK's Parliament. We are very aware of our obligations and have an absolute commitment. I have to say, this is something that the Delivery Authority board is absolutely passionate about and committed to, as much as you are—I am hearing that message loud and clear.

The contracts you are considering at the moment are the ones that we let—or, as I mentioned earlier, largely the ones that we have inherited—in the period before the Delivery Authority was established, and they are for



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this early work during phase 1. We are absolutely committed—we have already started making the plans—to ensuring that, with the contracts that we let going forward and as we go into delivering the programmes, we construct our engagement with the markets and plan engagement across the whole country, to ensure that all parts of the country, all parts of the United Kingdom, can benefit and all types of contractor can participate.

We are really mindful that one of the unique things about this project is that we will be engaging specialist heritage building contractors, many of whom will be small and medium-sized enterprises. Some really complicated design and engineering requirements will, again, often play into being suitable for small and medium-sized enterprises.

We are absolutely planning to go to the market and, first, to engage from an early stage. We have already started that now, around the whole of the UK, contacting the devolved Administrations and regional assemblies across the whole country to ensure that we are making people aware of the opportunities and that we are planning our contracts. We are also committing to support suppliers in engaging apprentices. We have a unique scheme to help ensure that small and medium-sized enterprises can bring apprentices into the programme and that we make the work on the programme as accessible as possible.

UK-wide benefit is a really high priority, because we know it is a national project. We are planning all our procurements with those commitments to SMEs and the whole of the UK in mind.

Chair: We are very pleased to have those assurances. We all take that very seriously and will hold you to it. Lilian, would you like to say more?

Q14 **Lilian Greenwood:** I have one final question, which I hope has a speedy answer. In terms of the spend, do you have a target for how many apprentices will be employed on the programme in phase 1, or perhaps even for next year? I don't know whether you anticipate a number of apprentices per million pounds spent, or you do it in a different way.

David Goldstone: We are just establishing the apprentice scheme that we will have running forward for the long-term of the whole programme, and we will provide support to small and medium-sized enterprises who want to access that. I think it is fair to say that many major projects and programmes have made sure that they have at least one apprentice to every £5 million spend. That is a benchmark or reference point that many projects in the industry have used.

I think we will make sure we are at least doing that and will look to go further and better, but we could come back to you on what exactly we set as the target. It will partly depend, as we get clearer, on the exact scope and span of the work and the value it will be delivering. In terms of the programme, we will be committing to that.

Chair: Thank you. We note your commitment and we look forward to further information on that as the matter progresses.



Q15 Lord Macpherson of Earl's Court: You have set out very clearly the spending for the year we are currently in and for next year. On the face of it, the aggregate is still broadly the same, but the project does not complete until June 2023. I am interested to know how hard that June 2023 deadline is, to pick up Lord McFall's points about making sure you have done the work before we complete this phase. What I really want to understand is what your current assumption is for expenditure in 2022-23 and into 2023-24.

Sarah Johnson: Our target date for delivering the detailed and costed plan to both Houses of Parliament is as early as possible in 2023. We will look to deliver that plan as early as possible in 2023 in order for both Houses to consider their decision on that plan, so that we can get going with delivering the works as quickly as possible thereafter.

We have made a broad assessment at this stage of the costs involved with the 2022-23 financial year, but we will undertake a full assessment through the course of the next financial year to determine the specific figures for that year. We will need to discuss this with both House Commissions as well as this Commission as it is a matter for both House Commissions to set the overall phase 1 expenditure limit, which is the limit that we operate in during phase 1. We have much more work to do in terms of our plans for the 2022-23 financial year and beyond that point.

Q16 Lord Macpherson of Earl's Court: What worries me a bit is that we are buying a pig in a poke here because we have no idea about what the ultimate cost of the programme is, and therefore it is very difficult to set the 2021-22 spend in context. For example, you say you have secured £5 million of savings in the budget, and I welcome that. That is very good. But the residual Treasury official in me just thinks, "Well this budget is probably padded, actually there is a contingency, and living within it is not going to be very challenging at all". Tell me where I have got that wrong.

Chair: It is not a surprise that you get that question from the master of the subject, but I am sure you are well prepared for it, Sarah.

Sarah Johnson: Thank you, Chair. The first point is that in terms of our budget for the next financial year, we very much see it—both the Sponsor Body and the Delivery Authority—as an upper limit. As you suggest, there are already some target savings built into those proposals. There is an element of contingency as is good practice because things do sometimes go not quite the way you had planned.

However, the Sponsor Body will be looking to the Delivery Authority every month to deliver savings against that overall budget limit. Just because a budget is agreed at a particular level does not mean that we are going to go out of our way to spend it all if we don't have to. We need to account for every penny and pound we spend; this is taxpayer's money. You will see in the quarterly reports that we will share with the Commission how we are progressing on delivering savings against the overall budget limit.

On your point around considering this number in isolation from the overall cost of the scheme, I appreciate those comments and concerns, but, fundamentally, it is the work of the detailed and costed plan to be able to provide the overall cost for the scheme in a way that is robust and evidence based. It is something that we can be held to account for over the duration of this programme, and that is why we are so committed to developing those proposals in detail, so that we can give assurances to this Commission, and to Members of both Houses, about the true and accurate cost of the restoration programme.

Q17 Lord Macpherson of Earl's Court: I see that David Goldstone has got his hand up, but I just have two final points. First, can you give us any clue at all about the expenditure beyond 2021-22, just to set it in context? Will it be £500 million or £150 million or £100 million?

Secondly, you are spending quite a lot on digital in the coming year. This really comes back to Lord McFall's question—and it may be that you can cover this in the quick reply to the Committee—which is, until you have done all the survey work, you don't quite know what you need on the design and digital front, so could you just explain to me how you get to that digital spend at this stage?

Sarah Johnson: I will bring David in in a moment, if that is okay, Chair. In terms of spending plans for 2022-23, it is my expectation that the proposals for the 2022-23 financial year will be broadly in line with what we are asking for for the next financial year. There will not be a huge uplift, because, at that point, our work is on finalising the proposals and preparing to present them to both Houses, as well as doing what is sensible and efficient to prepare for phase 2 of the works, and also finalising the plans for the House of Lords decant arrangements.

I will just ask David to come in on the digital questions that you've asked.

David Goldstone: On the data and digital side, I think it is worth saying that we all know, as we have said, that the project is unique and complex in its requirements, and we believe that having effective digital and data capabilities will be critical to our delivering it successfully. I think that is partly about the design, so we will be developing, in effect, a digital twin of the Houses of Parliament—a 3-D model of the Palace.

That will help us to use the survey information, and the design options work that will be done during phase 1, to inform the designs. It will help us save time and costs in how we engage. We have talked already about the extensive supply chain we're going to engage across the whole of the UK—and I think having the digital capabilities will really help that engagement. Of course, we have also had to set up two new organisations, from scratch, with all of the capability to work remotely and to operate as a new programme.

Most importantly, the data and digital capabilities will enable us, after the programme, to return something to the Houses of Parliament and to the House authorities that will help to deliver an asset that can be managed



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really efficiently long-term thereafter, and in a way that the information just really doesn't exist today.

We think there are really significant benefits from that investment—most of the digital and data spend is investment for long-term programme benefits—as we take it forward.

Q18 Lord Macpherson of Earl's Court: When is the 3-D model going to be available, and who will have access to it?

David Goldstone: We are developing it now. We have a version we can use to do virtual tours, but it will be developed in much more detail as the work on surveys and designs develops, right through this phase 1 period. It is something we will have as the Delivery Authority and Sponsor Body for the programme; certainly, if parliamentary colleagues wanted to see it or access it, we would be able to arrange that. Clearly, as you will understand, Lord Macpherson, there are really high security requirements on this information—some of the spend, I should mention, is on all the cyber and security protections on all this data—so we cannot give it wide-open access for those obvious reasons, but for parliamentary colleagues I am sure we could discuss how that could be arranged. It is work in progress.

Q19 Chair: That is most helpful. We are due to conclude in a couple of minutes, but may I throw in one last thought? We have some concerns about how the decisions of other bodies will have an effect on your budget. What decisions by others does your budget depend on, and do you have a risk management strategy in place to deal with delays that might be caused by those decisions that are, presumably, outwith your control?

Sarah Johnson: We have a robust risk management system and risk management approach, and we regularly review our top-level strategic and programme risks. We also have a joint process with both Houses of Parliament to manage risk, because, as you rightly point out, there are decisions made in both Houses of Parliament that could have an impact on the programme, and we have a joint and shared process to manage those risks, with the fundamental principle that risk ownership is allocated to the party best placed to manage that risk. That is a regular process that happens day to day, but we are on top of the fact that there are some dependencies for us from other areas and we have to actively manage those things.

Q20 Chair: Thank you very much. Do any of my colleagues have any further points they wish to raise? I see that all the points have been raised. Sarah, David, is there anything you or your colleagues would like to say in conclusion? You do not have to.

Sarah Johnson: No thank you, Chair.

Chair: In that case, let me thank you all very much for coming to speak to us today. It has been very constructive to have a chance to formally ask you these questions and to have your answers and your guidance



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about how this project is progressing out there for all to see. Thank you very much for coming before us, and we look forward to speaking to you again in the very near future of the matters that we have identified that need to be taken up immediately in order to save time. I will arrange for the secretary to the Commission to get in touch with you; we will pull all this together and hopefully meet again in the very near future. Thank you all very much indeed.