

Tenth Report of Session 2022-23

House of Commons, House of Lords, Restoration & Renewal Sponsor Body and Delivery Authority

Restoration and Renewal of the Palace of Westminster

Introduction from the four Accounting Officers

We are writing in response to the Public Accounts Committee's report of 29 June 2022 "Restoration and renewal of Parliament". We welcome the report and thank the Committee for its careful and ongoing consideration of this topic. Our joint response to the report's recommendations is provided below, taking each recommendation in turn.

Relevant reports

- NAO report: [Restoration and Renewal of the Palace of Westminster: progress update](#) – Session 2021-22 (HC 1016)
- PAC report: [Restoration and Renewal of Parliament](#) – Session 2022-23 (HC 49)

Response to the Committee

1. PAC conclusion: The considerable uncertainty facing the Programme has caused a loss of the critical skills needed to develop the business case, created delays and increased the risk of nugatory spending and health and safety incidents.

1. PAC recommendation: As soon as possible, the Clerks should:

- **commit to meet the indicative timeframe set out by the Commissions to resolve uncertainties around how the Programme will be governed and the work to be undertaken. This should involve engaging all parties, such as domestic parliamentary committees, and setting interim milestones; and**
- **set out how they will recruit and retain the skills and expertise they recognise is needed to deliver the Programme.**

During this period of uncertainty, the Sponsor Body, Delivery Authority and House authorities should set out a clear plan and structure as to how they will manage the short-term risks to value for money to avoid nugatory expenditure.

First bullet - Indicative timeframe

The Clerk of the House and the Clerk of the Parliaments commit to implement this recommendation, where it is within their powers to do so.

Target implementation date: The Commissions' timeframe for the debates in both Houses (before the summer recess) has been achieved, with the House of Commons debate tabled for 12 July 2022 and the House of Lords debate announced for 13 July 2022. The Commissions' report sets out a timeframe for the drafting of the necessary regulations in autumn 2022.

The Clerk of the House and the Clerk of the Parliaments are committed to meeting the indicative timeframe in the Commissions' Report, set out at paragraph 73. However, the Committee will be aware that, subject to the agreement of the two Houses to the relevant

motions, laying of the necessary regulations is not within the control of either the Clerk of the House or the Clerk of the Parliaments. Although officials in Parliament will be closely involved in the drafting of the regulations under section 10 of the 2019 Act, the timetable for bringing forward the regulations for approval by each House is for the Government to determine. Nevertheless, the intended timeframe for the debates (to take place before the summer recess) is on track to be met, with the House of Commons debate tabled for 12 July 2022 and the House of Lords debate announced for 13 July 2022. The Clerk of the House and Clerk of the Parliaments undertake to provide any assistance required to facilitate the indicative timeframe for the regulations being met. The Clerk of the House and the Clerk of the Parliaments have made preparations to support the Commissions to take timely decisions to enable the establishment of the Client Board and Programme Board, subject to the Houses' approval of the motions.

In addition to the indicative dates given at paragraph 73 of the Commissions' report, milestones for the various strands of transition activity will be recorded and monitored via a shared plan (The Phase 1 Plan) between Parliament and the Delivery Authority. The new governance structure, and the Programme Board in particular, will play an important role in monitoring progress against milestones.

Paragraph 51 of the Commissions' Report notes: "The Domestic Committees of the two Houses will also have an important role to play in advising the Commissions on the discharge of their new functions." The Clerks will ensure that the domestic committees of both Houses are engaged effectively so they are in a position to provide informed advice to the Commissions.

Second bullet - skills and expertise

The Clerk of the House and the Clerk of the Parliaments commit to implement this recommendation.

Target implementation date: Not applicable, as this recommendation is ongoing.

As noted in paragraph 27 of the Commissions' report, the Delivery Authority will remain in place, and will remain independent, under the Commissions' proposals. It is worth noting that the vast majority of the people working on the programme are employed by the Delivery Authority or its supply chain. The CEO of the Delivery Authority will remain accountable for the skills and expertise to deliver the Programme, and their independence remains unchanged.

The creation of the Client Team as a new Joint Department within Parliament is the responsibility of the Clerk of the Parliaments and Clerk of the House, and they will be responsible for ensuring it has the right capabilities.

An interim CEO was announced on 26 May 2022. Dr Patsy Richards has been seconded from the House of Commons to provide the leadership and stability needed by the sponsor function at this time.¹ The interim CEO is assessing capability and capacity gaps within the sponsor function to ensure it has the necessary skills and expertise. This exercise will be completed by the end of the summer recess.

¹ <https://restorationandrenewal.uk/news/dr-patsy-richards-appointed-interim-chief-executive-officer-of-the>

Proposals by the two Clerks regarding the application of TUPE legislation to transfers of those staff working in the Sponsor Body aim to mitigate the risk of losing staff with the right experience and skills.

Paragraph 42 of the Commissions' Report sets out that the Programme Board "will bring together Parliamentary and lay members, with the right skills and expertise, especially in major programmes, to fulfil its remit." The Client Board, once established, will consider proposals for the membership of the Programme Board and appoint its members. Subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure is the end of the calendar year.

Managing the short-term risks to value for money to avoid nugatory expenditure

The four Accounting Officers agree with the Committee's recommendation.

Target implementation date: this recommendation has been implemented. There are already processes in place within Parliament, the Sponsor Body and Delivery Authority to avoid nugatory spend when making investment decisions; a governance structure to manage these dependencies across all four organisations; and scrutiny of decisions by Committees of both Houses to ensure that value for money is being prioritised and achieved.

One of the main functions of the Sponsor Body during the transition process is to continue overseeing and scrutinising the work of the Delivery Authority. Both organisations are committed to ensuring continued value for money and avoiding nugatory expenditure, and both have introduced a clear framework and structures to do so.

Following the decisions of the House Commissions in February 2022, both Accounting Officers commissioned high-level reviews of the organisations' business plans on an 'essential activities' basis, to align to the direction provided by the Commissions and to avoid nugatory spend. This exercise was performed at pace and with a high level of uncertainty around the future scope of the R&R programme and the future operating model.

In order to provide some structure for both the Sponsor Body and Delivery Authority over the short-term, the Sponsor Body issued the Delivery Authority with a new "task brief" on 25 February 2022. This provided instructions to close off, then cease, activities that were no longer required and focussed instead on those activities essential to exploring future options for an R&R Programme and supporting transition activity. The work on exploring future options for the Programme is aligned to the parameters agreed jointly by the House Commissions and published in their report.

To mitigate any short-term risk to value for money and nugatory expenditure, the Sponsor Body and Delivery Authority have:

- Carried out an executive review of activities to pause/stop/continue, with existing budgets subsequently adjusted accordingly;
- Reviewed all commercial commitments and either terminated those arrangements or reduced the scope to those activities that are necessary to complete existing workstreams, such that they can be archived and made available for future reference if necessary;
- Introduced additional controls to review any new financial commitments;
- Reviewed all resource budgets and implemented a recruitment freeze, other than for roles where recruitment was unavoidable or offered better Value for Money. All resources (employees and interims) as well as roles performed by the Delivery Authority's delivery partner, Jacobs, were reviewed and challenged by the executive team. This review means that the planned increase in Delivery Authority resources has

not happened, and the Delivery Authority will retain resources broadly in line with current numbers;

- Given notice to all contractors unless their work is critical to current operations; and
- Reviewed required design resources in conjunction with the Delivery Authority's design partner, BDP, to re-align resources to the new activities going forward.

The Delivery Authority still has significant work to do—developing future proposals, progressing surveys and other investigations, continuing work that will be of value, maintaining organisational capability and expertise—so they can respond when the Houses have provided a new direction in accordance with a new task brief. The Delivery Authority will continue to target savings through its planning and forecasting process to ensure that a constant downward pressure on costs is maintained and provide a monthly report to the Sponsor Board detailing progress, risks and issues and financial information. Quarterly reports will be issued to the House Commissions, which will be shared with the Parliamentary Works Estimates Commission, and will include information relating to the realisation of cost savings for review and challenge.

The Sponsor Body will scrutinise all R&R costs and plans during the 2022/23 financial year, unless and until the sponsorship functions are transferred elsewhere by regulations, and is committed to drive through efficiencies and savings wherever possible including through the 'deep dives' commissioned by the Sponsor Board on Data and Digital, Programme Management and Corporate Services costs, as well as holding monthly performance reviews, reviewing the expenditure and challenging the resources required.

Despite the above controls, given the current uncertainty over the scope of the future works to the Palace of Westminster, there is a chance that some expenditure incurred to date may at a later date be considered a constructive loss. However, without a confirmed scope of works it is not currently possible to make this assessment, and it remains the view of management that all spend incurred to date has been in line with the mandate for the R&R Programme and requirements instructed to the Delivery Authority at the time incurred and is likely to be of value in informing future design options.

Within Parliament the Strategic Estates team will continue to follow the business case process to assess value for money and avoid nugatory spend on work to the Palace. Since June 2020, the Parliamentary authorities have undertaken an "R&R Test" on every investment proposal. This is conducted in partnership with the Delivery Authority and assesses the risk of nugatory spend. The test considers criticality, safety, security and impact to those working in the Palace to determine whether the works should proceed, pause for R&R, or change scope to avoid nugatory spend – that is, spend on works which have no value. In addition, since July 2021 Strategic Estates have had an agreed set of investment assumptions based on the R&R delivery dates which were in place before the recent Commission decisions. These investment assumptions are based on a range of dates against which all investment is assessed to determine value for money. The assumptions were signed off by both Accounting Officers as well as the R&R Sponsor Body. These assumptions will be kept updated in line with developments in the R&R programme. The R&R test process is managed by the R&R Dependencies Group, which is attended by relevant teams from Parliament, the R&R Sponsor Body and the R&R Delivery Authority.

2. PAC conclusion: The House of Commons Commission proposed to dissolve the Sponsor Body without considering why governance arrangements did not work and potential alternatives, including whether the House administrations can satisfactorily oversee work.

2. PAC recommendation: Given the lack of time to consider the viability of options, Parliament should consider appropriate governance arrangements for the delivery phase and ensure they have evidence to support decision-making by:

- ***being explicit about why the Commission concluded that existing arrangements have not worked and therefore what issues revised arrangements must address; and***
- ***considering the viability and detail of other governance arrangements, including the House administrations, drawing on past performance and an understanding of skills and capabilities.***

This recommendation is for Parliament.

Target implementation date: this recommendation is for Parliament; the relevant date is that of the debates in each House later this month, and subsequently the date of debates on the required regulations. Initial options relating to the governance arrangements for the delivery phase of the programme will be considered as part of the strategic case put to Parliament.

The Committee's recommendation is for Parliament itself. It is therefore not for the Accounting Officers to give a substantive response. However, the Commissions have provided a report to both Houses in order to support their decision-making. In preparing this report the Commissions sought advice from an Independent Advice and Assurance Panel on what would be the best sponsorship model— in-house or a different arm's length body—for the R&R programme during the remainder of the definition stage (the period from now up to agreement of the strategic case) and during the subsequent programme delivery phase. The Panel's advice on this matter is included in paragraphs 6-16 of their report, which was published in full at Annex D of the Commissions' June Report. The Commissions, taking into account the Panel's report, set out their reasoning and recommendation in paragraphs 27-31 of their report.

The Panel concluded that the governance model for the delivery phase will need to be separately considered and confirmed after the scope and preferred delivery strategy is agreed. In line with HMT Green Book processes, governance structures will be considered in the development of the strategic case, to be decided on by the two Houses.

3. PAC conclusion: Critical value for money risks, which we have previously highlighted, have still not been addressed.

3. PAC recommendation: The Clerks should set out how they will ensure the relevant authorities address the recommendations made in previous PAC and NAO reports, in particular:

- ***that Parliament should put in place clear structures to provide a single set of objectives and requirements that brings together perspectives (a longterm vision) from both Houses.***
- ***that the risks of interdependent programmes, such as accommodation for the House of Commons during the works, should be effectively managed.***

First bullet - Structures to achieve a single set of objectives and requirements

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation although note it is for both Houses to ultimately agree the programme's objectives and requirements

Target implementation date: subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure is the end of the calendar year.

The Commissions' report sets out a proposed new two-tier structure for the governance of the R&R Programme that would oversee the development of a single set of objectives and requirements guided by a long-term vision for the Palace. The Programme Board, as envisaged by the report, would support the long-term vision and oversee the process for engaging with the whole parliamentary community, which includes Members and parliamentary committees, to achieve a single set of requirements for both Houses. The Client Board, enabling the Commissions to act and make decisions jointly, would have overall ownership of the objectives and requirements. The Clerk of the House and the Clerk of the Parliaments will facilitate a move to these new structures if endorsed by both Houses of Parliament.

Second bullet - Risks of interdependent programmes

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: subject to endorsement by both Houses of Parliament, the target date for implementing the new two-tier governance structure – and therefore establishing the programme board – is the end of the calendar year. The programme board will be the primary instrument for managing risks to the R&R programme, including those related to interdependent programmes.

The Commissions' Report proposes a new two-tier governance structure that is part of, not separate from, Parliament's decision-making structures. This allows for both the Palace works and related projects elsewhere on the Estate to be effectively co-ordinated going forward.

Currently each of the two Houses and the Sponsor Body maintain their own strategic risk registers which capture risks to the achievement of each organisation's corporate objectives. The new governance structure will allow for the programme risks to be captured in one place and scrutinised and monitored by the Programme Board. The Programme Board will also be able to manage dependencies and conflicts, including between R&R and Parliamentary-led estates work, and specifically arrangements for temporary accommodation and any moves of people and the collections that become necessary.

As referenced in response to recommendation 1, there are governance structures in place at an official level to manage dependencies through the R&R Dependencies Group.

4. PAC conclusion: The Commissions have asked for further options to be explored but is unclear how the higher costs, greater duration and added risks, including extraordinary health and safety risks, of a continued presence during the building works can be managed.

4. PAC recommendation: The Clerks should set out the threshold of risk they are willing to accept during the works and report back on this level of risk, the trade-offs they feel are possible and how this impacts the potential approach to work.

The Delivery Authority should progress the intrusive surveys during the summer to determine what the asbestos removal plan should be, including whether it is safe to remain in the Palace whilst these works take place.

Risk threshold

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: risk management processes are already in place. Subject to endorsement by both Houses of Parliament, the target date for implementing the new

two-tier governance structure is the end of the calendar year. The articulation of threshold for risk during the works, acceptability of trade-offs and impact on the approach to works will accompany the strategic case that will be put to Parliament.

The Clerk of the House and the Clerk of the Parliaments have legal responsibilities relating to the safety of those who work in or visit the Palace and are therefore responsible for the prevention of avoidable serious incidents. In discharging their duties, the Clerks receive advice from experts and have risk, audit and assurance processes in place.

Risk management is part of the internal control and assurance arrangements of both Houses. The approach to managing risk is aligned to the Treasury Orange Book and underpinned through professional risk training delivered in partnership with the Institute of Risk Management. The effectiveness of risk as a management control is overseen through the corporate governance arrangements of both Houses.

The most significant risks identified are managed directly by the Boards of each House and are recorded in the principal risk register. Whilst each House maintains their own principal risk register a number of risks are managed bicamerally, to increase the effectiveness of controls.

This has included a bicameral safety principal risk: both Boards, using the risk management framework, have agreed a cautious risk appetite in this area. The safety risk is subject to regular reviews throughout the year to assess the effectiveness of agreed mitigations. A key mitigation is the role of the Parliamentary Safety Assurance Board (PSAB) who provide leadership and proactive strategic direction in relation to the management of safety, fire and food safety risks for both Houses.

Paragraph 18 of the Commissions' Report recommends that the "the evaluation criteria for the delivery method should explicitly include health and safety risks to building users, including during the works". The Clerks will ensure that this is a primary criterion for the options assessment and associated Member consultation and other engagement leading up to debates and decisions on the strategic case which will be put to Parliament.

Under the new governance arrangements, the Clerk of the House and the Clerk of the Parliaments will have a legal responsibility relating to the R&R works. The two Clerks, supported by the head of the Client Team, will report to the Programme Board and Client Board on levels of risk. However, risk management is not a static activity: risks may change over time and vary depending on the options proposed by the Delivery Authority. The Clerk of the House and the Clerk of the Parliaments will consider the risks on a regular basis, determine whether appropriate mitigations are in place or available, take into account all relevant considerations and advice, and then form a judgment based on all the evidence.

There will be trade-offs to consider regarding any potential approaches to the works, some of which may be for Members of both Houses to determine. However, the responsibility for health and safety cannot be delegated and the Clerk of the House and the Clerk of the Parliaments must always act in accordance with their statutory responsibilities.

Intrusive surveys

The Sponsor Body CEO and the Delivery Authority CEO accept this recommendation.

Target implementation date: This recommendation is already being implemented, with plans for commencing intrusive surveys on track to start in July 2022.

The plans for commencing intrusive surveys in the upcoming recess periods, which will continue to run over the next few years, are on track to start in July 2022. These surveys will provide the Delivery Authority with key structural and ground condition information as well as

adding to the existing records of asbestos. This additional information will provide further details on the quantity, type and location of asbestos in the areas being surveyed.

Determining how asbestos will be treated within the future R&R works, and implications for safe working zones, will be significantly influenced by the scale and scope of the programme which will be subject to future decisions by the Houses. A range of options for future programme scope, and approaches to how works will be delivered, are currently being developed to inform those decisions.

The risks in relation to the House of Commons remaining in the Palace during the works were outlined within the Continued Presence Impact Study published in February 2022.²

5. PAC conclusion: To date, there has been a failure of transparency and accountability over work to restore and renew the Palace.

5. PAC recommendations: To maintain effective transparency over the Programme:

- **Measures should be put in place by the Programme's Accounting Officers to ensure the programme sponsor reports regularly to Parliament on progress, including information on the potential costs and risks estimates and any associated uncertainties.**
- **The Commissions of both Houses should publish and place in their respective Libraries all minutes and advice documents supporting decisions relating to the programme, as well as the interdependent and wider works across the Parliamentary Estate.**
- **The Delivery Authority should include engagement with parliamentary domestic committees as a critical stage in any future timetables.**
- **Urgently, and at the latest before works commence, the Clerks of both Houses should review and improve processes to guarantee health and safety incidents are reported as soon as possible to those accountable for safety and those potentially affected by incidents.**
- **The Government must be clearly engaged with the overall strategy and costs of the entire R&R project.**

First bullet – sponsor reporting

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: the target date for implementing the new two-tier governance structures, and therefore revised arrangements for reporting to Parliament, is the end of the calendar year. Quarterly R&R progress reports will be published by the Clerk of the House and the Clerk of the Parliaments after this date.

Quarterly R&R progress reports will continue to be published. These will be issued by the two Clerks at the point that they become the Accounting Officers for R&R. The Public Accounts Committee will be notified of the publication of each report.

Parliament will be engaged throughout the R&R programme and the two Houses will be asked to take decisions at different junctures. The proposed new governance model will also endeavour to ensure regular engagement and information-sharing and feedback sessions with Members of both Houses.

Second bullet – publication of minutes and advice to Commissions

² [Restoration and Renewal Programme: Essential Scheme In - Hansard - UK Parliament](#)

This recommendation is not directed to any of the four accounting officers providing this response. It is a matter for the Commissions of each House as to what they publish and where. The Clerk of the House and the Clerk of the Parliaments undertake to raise the Committee's request at the next meeting of their respective Commissions.

Third bullet – engagement with parliamentary domestic committees

The CEO of the Sponsor Body and the CEO of the Delivery Authority accept this recommendation.

The domestic committees of the two Houses are key stakeholders for the R&R programme of works and have an important role advising the Commissions on the discharge of their functions. The Sponsor Body has valued the input of domestic committees in both Houses on a range of issues over the past two years.

Under the new arrangements, engagement with parliamentary committees, including domestic committees, is likely to be overseen by the Client Team, based in the new parliamentary joint department, with the Delivery Authority's close support and involvement. We intend to build on previous positive examples of engagement with domestic committees, for example for the R&R Programme Strategic Review in 2021, as well as the engagement currently taking place as part of the surveys programme. As recommended by the Committee, the Client Team and Delivery Authority will integrate engagement with parliamentary domestic committees into future planning schedules related to the works, as well as other key engagement and governance bodies such as the Programme Board.

Fourth bullet – safety escalation and reporting protocols

The Clerk of the House and the Clerk of the Parliaments agree with the Committee's recommendation.

Target implementation date: the revised safety escalation protocols were implemented on 6 April 2022. A further review of their effectiveness is scheduled for October 2022 to ensure they remain fit for purpose, with annual reviews thereafter.

The Clerk of the House and the Clerk of the Parliaments have recently reviewed and updated the existing safety escalation arrangements within Parliament, implementing the improved protocols on 6 April 2022. The risk-based protocols, which were developed in consultation with the Trade Unions, incorporate trigger points for escalation based on Health and Safety Executive best practice and the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. Training has been delivered to key staff in Parliament on these arrangements to ensure they become embedded. A further review of their effectiveness is scheduled for October 2022 to ensure they remain fit for purpose, with annual reviews thereafter. Any subsequent changes will be communicated to the Commissions. For the House of Commons' Commission, this is via the regular safety updates provided at each Commission meeting. The Clerk of the Parliaments will continue to provide the House of Lords' Commission with oral updates on a range of issues as appropriate and will do so on safety matters where necessary.

Fifth bullet – Government engagement

This recommendation is directed to the Government.

Target implementation date: this is not a matter for the Accounting Officers.

A separate response will be provided by the Government. However, all four Accounting Officers are committed to continued engagement with Government.

6. PAC conclusion: The Parliamentary Accounting Officers have not made clear whether the House authorities can deliver the work envisaged by Parliament.

6. PAC recommendations: Given their roles as Accounting and Corporate Officers, the Clerks should make available to Members their expert advice on the future programme governance and the viability of different approach to the works. Should the Clerks be tasked with delivering a programme which they cannot assure themselves is value for money, or the best use of taxpayers' funds, then following the principle of transparency set out by the Speaker in January 2020 they should write to the Commons and Lords Commissions laying out their assessment and seek formal instruction whether to proceed. This correspondence should be published.

In relation to any continuing independent advice sought to support decision making, they should:

- **set out how they will ensure that the panel is both independent and objective and can also access the information it needs.**
- **commit to publishing and placing in the House of Commons Library any advice obtained and how they have responded to any recommendations.**

The Clerk of the House and the Clerk of the Parliaments broadly agree with the Committee's recommendation

Target implementation: not applicable, as this recommendation is ongoing.

The Clerk of the House and the Clerk of the Parliaments are very aware of the importance of their roles as Accounting Officers and the importance of ensuring value for money and efficient and effective use of taxpayers' money. The letter referred to in the PAC report concerns House of Commons procedure: where the Speaker of the House of Commons takes a decision which the Clerk of the House feels "comprises a substantial breach of the Standing Orders or a departure from long-established conventions without appropriate authorisation by the House itself", the Clerk may place a note expressing this view in the Library of the House. This relates to the procedural and constitutional advice the Clerk of the House gives to the Speaker of the House of Commons, as opposed to any advice the Clerk of the House gives in his role as Accounting Officer or Corporate Officer. There is no such protocol in the House of Lords. There is no equivalent mechanism currently for advice provided by the Clerk of the House to the Commission in his role of Accounting Officer or Corporate Officer to be put in the public domain, but as a non-voting member of the Commission the Clerk has a forum to ensure his views are heard and minuted. It would be for the Commissions to decide whether to publish any advice submitted to them.

The Independent Advice and Assurance Panel that provided advice to the Commissions of both Houses in May 2022 was made up of four independent programme experts with no prior involvement in the decisions relating to the Restoration and Renewal Programme and no vested interests in the outcome of the Commissions' report and recommendations. Their details are provided in Annex C of the Commissions' report. The panel were able to speak to whomsoever they required across Parliament and the R&R statutory bodies and review any information they requested.

Any future Independent Advice and Assurance Panels convened for this programme will continue to comprise of independent and objective experts. The Clerk of the House and the Clerk of the Parliaments commit to publishing the outcome of any future Independent Advice and Assurance Panels that they commission subject to the agreement of the Commissions, acting as the Client Board. Publication will be subject to the usual protocols for redacting information, if necessary, for example for security or commercial reasons.