

**3 April 2024**

Rt Hon Dame Eleanor Laing MP  
Chair, Parliamentary Works Estimates Commission  
House of Commons

Dear Dame Eleanor

**Phase 1 Cost Assessment (Main Estimate 2024/25)**

In advance of the Parliamentary Works Estimates Commission meeting on 1 May to consider the Parliamentary Works Grant Main Estimate for 2024/25, we are writing to provide the Main Estimate and its Memorandum and an update on the Phase 1 Cost Assessment.

We have set out in the Main Estimate Memorandum the basis on which the 2024/25 Estimate has been prepared. The Estimate has been scrutinised by the Delivery Authority Board and a sub-board of the R&R Programme Board, and endorsed by the R&R Programme Board, the Client Board, and the House Commissions. The Phase 1 Expenditure Limit, covering the period to the end of 2024/25, has been revised by the House Commissions to £426m.

The Parliamentary Buildings (Restoration and Renewal) Act 2019, as amended, requires us as Corporate Officers to provide the Estimates Commission with the Delivery Authority's most recent Phase 1 Cost Assessment.

In December 2023 we outlined that the Phase 1 Cost Assessment was being revised to reflect updates to the programme schedule for the Phase 1 period (resulting in a longer duration of the Phase 1 period) and the outcomes of the organisational review undertaken by the Delivery Authority to ensure its resources reflect its priorities.

The exact timing of parliamentary decisions and approvals on costed proposals in 2025 remains uncertain but for planning purposes we have assumed that Phase 1 will complete at the end of 2025-26 to cover the financial year in which decisions on costed proposals are taken. This results in an amended Phase 1 Cost Assessment of £515m.

	2020/21 & 21/22 (Pre re-set, 2 schemes to Outline design)	2022/23 & 23/24 (36 options to 2, decant and continued presence)	2024/25 & 25/26 (Concept design and costed proposals for 2 options)	<b>Phase 1 TOTAL</b>
Delivery Authority Expenditure (includes VAT)	£191m	£152m	£172m	<b>£515m</b>

This Phase 1 Cost Assessment covers three different stages of activity:

- Spend of £191m in the first two years of the Delivery Authority's existence, prior to the reset of the Programme in 2022. This focused on: the establishment and development of the Delivery Authority as a new legal entity planning to deliver a major programme of investment; the carrying out of the Strategic Review; the development and design of initially four, down-selected to two, "schemes" to inform detailed proposals for the works to the Palace, and a study in response to a request



from the House of Commons Commission in relation to the implications of a "continued presence" option; developing six options and designs for House of Lords temporary accommodation; and the establishment of the surveys programme.

- Spend of £152m since the reset of the Programme in 2022, including: developing 36 options, with associated cost and schedule estimates, to be shortlisted by the R&R Programme Board; continuation of the surveys programme, supporting the R&R Client Team with its production of the R&R strategic case (published in March 2024); undertaking studies on early works and temporary accommodation including supporting Strategic Estates; and further work on auditing heritage collections and preparing for the collections moves programme.
- Expected spend of £172m in the next two years, to advance Palace design and prepare costed proposals for the Programme Business Case, in line with the conclusions of the R&R strategic case recently published by the R&R Client Board. In addition, the Delivery Authority will be progressing design for Lords temporary accommodation should it be required and continuing the surveys programme.

All expenditure incurred and activity undertaken by the Delivery Authority is tasked by the R&R Client Team on behalf of the R&R Programme Board and R&R Client Board and reflecting engagement with Members of both Houses.

The Phase 1 Cost Assessment has been prepared in accordance with the agreed Phase 1 timeline but a number of areas of risk and uncertainty remain at this stage. The further work on each of the three R&R options this year will allow for informed decisions on the preferred way forward for R&R in 2025.

We look forward to discussing these matters when we meet on 1 May.

Yours sincerely,

Tom Goldsmith, Clerk of the House

Simon Burton, Clerk of  
the Parliaments