

Main Estimate Memorandum

Parliamentary Works Grant

2024/25

Main Estimate memorandum for Parliamentary Works Grant

1 Overview

1.1 Parliamentary Buildings (Restoration and Renewal) Act 2019

The purpose of this memorandum is to give background to the Parliamentary Works Grant (PWG) for 2024/25. The format of this document follows the guidance from the House of Commons Scrutiny Unit to provide wider context of the objectives and finances.

In previous years, this Estimate was given to the Parliamentary Works Sponsor Body (“the Sponsor Body”), which was abolished by Statutory Instrument 2022 1360 on 1 January 2023 when its functions transferred to the Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords.

This Estimate is to provide funding for the operations of the Delivery Authority for 2024/25. Previous iterations of the Estimate relating to the R&R Delivery Authority are shown in the table below:

	Estimates			
	£m	2024/25	2023/24	2022-23
Delivery Authority Resource DEL Equivalent		82.3	80.0	77.0
Delivery Authority Capital DEL Equivalent		1.0	0.5	5.0
Total		83.3	80.5	82.0

	Forecast/Outturn			
	£m	2024/25	2023/24	2022-23
Delivery Authority Resource DEL Equivalent		82.3	77.2	70.6
Delivery Authority Capital DEL Equivalent		1.0	0.5	3.9
Total		83.3	77.7	74.5

1.2 Vision and Objectives

The Delivery Authority was established under the Parliamentary Buildings (Restoration and Renewal) Act 2019 (“the 2019 Act”). It is responsible for developing proposals to deliver, and undertaking preparatory work ahead of delivering, the restoration and renewal of the Palace of Westminster and related works on behalf of the Houses of Parliament. This includes associated enabling works, such as surveys of the Palace, temporary accommodation, and planning for moves of the Palace’s Heritage Collections.

The vision of the R&R Programme is *“Preserving the Palace of Westminster for future generations and ensuring the safety of all those who work in and visit the Palace, now and in the future.”*

The 2019 Act splits the programme into two phases:

- Phase 1 – encompassing all preparatory Programme work and funding until the point of obtaining parliamentary approval for the detailed and costed proposals for restoration and renewal. This is the stage the Programme is currently in.
- Phase 2 – intended to begin when parliamentary approval for the above proposals is obtained and to end with the completion of the parliamentary building works.

All activity undertaken by the Delivery Authority is tasked by the R&R Client Team (previously the Sponsor Body) and in line with the new mandate for the programme approved by both Houses in 2022. This included developing and evaluating a wider range of options for the R&R works. The R&R Programme Board carefully considered 36 different combinations for how R&R could be delivered and what the scope of the works might look like. Following an extensive shortlisting process, the Programme Board recommended that two options should be taken forward for how to deliver the works—a “full decant” option and a “continued presence” option. The Delivery Authority is responsible for the development of these two options. In addition, the R&R Client Board (the Commissions of both Houses) requested that a third option on enhanced maintenance and improvement of the Palace be worked up in greater detail and assessed against the same criteria as the two shortlisted options. The in-house Strategic Estates team is leading on developing this option. Further information on the three options is set out in the Client Board’s report on the Strategic Case, published in March 2024.¹ A final decision by the Houses on how to deliver R&R is expected to be taken in 2025, once the three options have been worked up into fully costed proposals.

Alongside this, the Delivery Authority has continued its programme of surveys in the Palace, undertaken various studies on temporary accommodation, and conducted feasibility analysis in conjunction with Strategic Estates to assess opportunities to carry out early and preparatory R&R works.

Early market engagement has been initiated for the procurement of design, construction and integration partners to support the delivery of the Programme following parliamentary approval of costed proposals. In addition, engagement activities have taken place across the UK to build awareness of the commercial and economic opportunities offered by the Programme, for instance in relation to specialist skills.

The Delivery Authority undertook an organisational review in spring/summer 2023 to ensure it reflects the current status and schedule for the Programme, and that the organisation is correctly shaped and resourced for efficiency. This review has been implemented and involved a significant reduction in planned contracted and employed resources.

Five priorities have been identified for 2024/25 to take forward the Phase 1 Plan as agreed by the R&R Programme Board:

- 1) Advancing the design, construction planning and associated cost and schedule development for the two shortlisted options being taken forward to inform the detailed proposals required under the 2019 Act;
- 2) Progressing plans for temporary accommodation, specifically for the QEII Conference Centre, which is on the critical path for the Programme;
- 3) Progressing strategic partner procurements so that key partners are on board to start work shortly after the Houses are planned to vote on the detailed proposals;

¹ House of Lords Commission and House of Commons Commission, *Restoration and Renewal Client Board: Strategic Case*, HL Paper 82; HC 621

- 4) Progressing the surveys programme to continue to build understanding of the Palace and inform the detailed proposals and future detailed plans to deliver the Programme;
- 5) Ensuring the right organisational structure, support and priorities are in place to deliver the four key priorities above and be ready to deliver the Programme after parliamentary approval of the costed proposals.

1.3 Parliamentary Works Grant Ambit

The Ambit for the estimate is:

Expenditure arising from:

Paying of a grant to the Delivery Authority to support its activities and operations in delivering the restoration and renewal programme of the Palace of Westminster and related works on behalf of the Houses of Parliament, including all necessary costs incurred as well as the audit costs associated with both this Estimate and the Delivery Authority.

Income arising from:

Any income arising from the sale of goods and services or the secondment of staff in furthering the delivery of the restoration and renewal programme.

1.4 Spending controls

The PWG's spend is broken down into two different spending totals, for which approval is sought.

The spending totals are:

- Resource Departmental Expenditure Equivalent Limit (“**Resource DEL**”): funding which supports day-to-day operations for the year.
- Capital Departmental Expenditure Equivalent Limit (“**Capital DEL**”): funding to support purchase of any required equipment/infrastructure, both physical and digital.

In addition, there is a net cash requirement, which is the maximum amount of cash (£83.3m) that can be released from the Consolidated Fund to support operations.

1.5 Comparison of spending totals sought

The table below show how the totals sought for the PWG compare with last year's revised budget and last year's original budget (with the Sponsor Body removed). A breakdown of the main areas of spend is shown in section 1.6.

Spending Total	Amounts sought this year	Compared to final budget last year		Compared to original budget last year	
		Amount	%	Amount	%
Resource DEL	£82.3m	+\$2.3m	+2.9%	-\$3.2m	-3.7%
Total Resource DEL	£82.3m	+\$2.3m	+2.9%	-\$3.2m	-3.7%
Capital DEL	£1.0m	+\$0.5m	+100%	+\$0.9m	+900%
Total Capital DEL	£1.0m	+\$0.5m	+100%	+\$0.9m	+900%

Total	£83.3m	+£2.8m	+3.5%	-£2.3m	+2.7%
Net Cash Requirement	£83.3m	+£2.8m	+3.5%	-£2.3m	+2.7%

1.6 Main areas of spending

The table below shows the main components of the PWG's 2024/25 proposed expenditure. Forecast spend in 2023/24 is also shown for comparison.

Spend by area, £m	Budget 2024/25	Forecast 2023/24
Palace of Westminster Design	13.3	19.0
Palace of Westminster - Surveys	15.7	12.2
Construction Options ²	-	2.8
Early & Enabling Works	1.9	1.2
Temporary Accommodation	9.9	2.2
Heritage Collections Decant	-	0.2
Programme Management	15.2	13.8
Delivery Authority Corporate Functions	18.9	12.6
Data and Digital	14.4	13.0
Allowances and non-cash adjustments	3.0	2.2
Central Overprogramming	(9.0)	(1.5)
Total	83.3	77.7

Expenditure of £83.3m in 2024/25 is proposed to support a wide range of activity in the Delivery Authority, including:

- Development of Palace of Westminster design and associated cost, schedule and risk estimates to inform the detailed costed proposals and business case, including assurance (design of £13.3m and c.£9m of programme management). This also includes progressing plans for the key enabling works required in advance of the main works, including the river jetty (£1.9m).
- Surveys to continue to build a more detailed record of the Palace's condition and to inform and de-risk the onward design and construction planning (£15.7m). 2024/25 activity will include 8-10 intrusive surveys which are currently going through procurement and mobilisation for delivery. Additional expenditure within programme management and data & digital on supporting consents, health and safety, technical assurance, and building information modelling.
- Progressing plans for Temporary Accommodation, specifically the preferred House of Lords location of the QEII Conference Centre, including completion of detailed design, along with related surveys (£9.9m). Additional activity including associated consents, procurement and assurance is held within programme management and corporate budgets (c£5m). The budget is a provisional sum because there remains significant uncertainty and current dates

² Construction options costs in 2024/25 embedded within areas of Palace Design, Early & Enabling Works and Programme Management

are dependent upon securing the QEII Conference Centre and the agreement and instruction to the Delivery Authority of client requirements.

- Corporate functions—the growth in corporate costs relates to the key organisational priorities, with £6m to develop procurement for design, construction and programme management strategic partners, and £2m provisionally held for Temporary Accommodation procurement. There is also a newly developed small communications team following the abolition of the Sponsor Body and additional assurance activity for the Programme Business Case.
 - When excluding the reasons for the growth outlined above, year-on-year “core” corporate costs have reduced. These costs include includes office costs, financial activities to support costings for the Programme Business Case, ensuring the right capability across the Delivery Authority, and development of a UK-wide skills strategy (further detail in section 1.7 and 1.8).
- Data and digital—includes both core digital provision to over 600 users and critical digital investment to continue development of the Palace Building Information Model (BIM) and to allow migration of all data from the Programme’s current design partner to the Delivery Authority and subsequently to Parliament, alongside further improvements in cyber security.
- Allowances and non-cash adjustments—primarily relates to £2.8m of non-cash depreciation.
- Overprogramming—recognising the risk that events may occur that delay activities, an overprogramming allowance of £10m has been included to reduce the budget to a lower number; £9m centrally and £1m embedded in the surveys number.

1.7 Key drivers of spending changes

The 2024/25 budget of £83.3m is £5.6m higher than the 2023/24 forecast of £77.7m. Growth of £24.2m to support delivery of the priority activities has been largely offset by reductions of £18.6m.

- The growth of £24.2m is for:
 - Temporary Accommodation—additional £9.8m to progress design, surveys, and procurement of contractor to undertake QEII works. This is a provisional sum given the uncertainties relating to requirements and timing.
 - Strategic Partner procurements—additional £5.2m for time-limited technical commercial and legal resources to run procurement activity for three strategic partners in parallel.
 - Surveys—growth of £3.5m to deliver additional non-intrusive and intrusive surveys to support continued understanding of the Palace.
 - Other areas—increases of £5.7m to deliver new or increased activity including in: communications, following agreement with the R&R Client Team that the Delivery Authority will have a small team to manage internal and external communications (particularly those which are supply chain facing) previously provided by the Sponsor Body; external assurance on costed proposals; enabling works design; environmental impact assessments required for consenting; and depreciation on surveys equipment.
- Contained within the overall budget growth are £5m of inflationary cost increases.
- Largely offsetting this growth are reductions of £18.6m for:

- Palace Design activities including construction options—reductions of £8.5m following completion of RIBA 2 design activity part way through the 2024/25 financial year.
- Ongoing savings of £2.6m identified through the organisational review, with further savings of £7.7m arising in future years.
- An increase in the overprogramming allowance of £7.5m.

1.8 Resource Levels

The Delivery Authority employs a mixed resourcing model in which:

- Directly employed staff are employed where skills are more readily available in the market (for instance in the Corporate and Data and Digital areas), and where the Delivery Authority wants to retain a high degree of control and continuity—for instance in design management.
- Delivery Partner (Jacobs) resources are used for specialist project, programme and cost management skills and expertise, and where market conditions and nature/duration of roles mean recruitment would not be good value for money.

The Delivery Authority undertook an organisational review in summer 2023 to ensure that the organisation was correctly shaped and resourced for efficiency to deliver its priorities in light of the current status and expected future development of the R&R Programme. As a result, the budgeted FTE at the end of 2024/25 is expected to be 224—a reduction of over 15% compared to the original 2023/24 budget. This includes a reduction of over 20 Delivery Authority roles in the “supporting areas” of Finance, Assurance, HR, Data and Digital.

As part of the organisational review, further reductions to the end of 2025/26 of both Delivery Authority employed and contracted resource were also identified.

Closing Year-End FTE	Budget 2024/25	Forecast 2023/24	Budget 2023/24
Directly employed	174	179	182
Interims/Secondees	5	9	8
Delivery Partner (Jacobs)	45	72	77
Total	224	260	267

1.9 Spending Review and budgets.

The Chancellor announced the outcome of the Spending Review 2021 on 27 October 2021. It was baselined from 2021/22 and covered plans for the years 2022/23 to 2024/25 for all government spending. PWG was included in aggregate with other independent bodies such as the Electoral Commission and the House of Commons.

2 Spending detail

2.1 Explanations of changing in spending

The explanations for the changes are presented in section 1.7.

2.2 Changes to contingent liabilities

There are no contingent liabilities.

3 Priorities and performance

3.1 Programme governance and reporting

The R&R Programme is now integrated into existing parliamentary structures through the two House Commissions (meeting jointly as the R&R Client Board) and supported by the R&R Client Team, a joint department of both Houses. The Corporate Officers are members of both the Programme Board and the Client Board. Alongside parliamentary structures, the Delivery Authority as a limited company also has a Board which oversees and scrutinises its activity.

The Client Board, made up of members of both Houses' Commissions, is responsible for making critical strategic choices and recommendations relating to the restoration and renewal of the Palace of Westminster. It meets at key points in the Programme and considers recommendations from the Programme Board. It delegates the day-to-day leadership for the restoration and renewal of the Palace to the Programme Board.

The Programme Board is made up of members of both Houses, the Clerk of the House of Commons and the Clerk of Parliaments, and lay members with the right skills and expertise, particularly in major programmes, to fulfil its remit. The Programme Board is responsible to direct and have oversight of the restoration and renewal of the Palace of Westminster. The Programme Board has a role to engage, inform, mediate and translate between Parliament and the Delivery Authority, which remains responsible for delivering the works specified by Parliament.

Alongside the Client Board and Programme Board this budget submission has been reviewed in detail by both the Delivery Authority Board and a sub-group of the Programme Board to provide assurance about the scope and cost of the activities planned.

The Delivery Authority and the R&R Programme routinely reports on and publishes information on progress and costs, for instance in quarterly reports, annual reports, annual financial statements and memoranda provided to the Parliamentary Works Estimates Commission.

3.2 Risks

The 2024/25 Estimate has been prepared in accordance with the agreed Phase 1 timeline and continues to include preparatory and planning activity in accordance with the Act and the current mandate for the Programme. There remains a number of areas of risk and uncertainty in relation to this activity, notably:

- Uncertainty regarding Temporary Accommodation in terms of requirements and timing of approvals;
- The Delivery Authority is responsible for the development of two of the shortlisted options with the third being developed by Parliament, for which the detailed scope and schedule is still emerging, which may impact the timing of activities and approvals;
- The successful procurement of three new support partners in 2026 is contingent on confidence and momentum in the Programme being maintained, to ensure market

- engagement and support, as well as the quality of responses from the market and the Delivery Authority's efficiency in running three major procurements in parallel; and
- A general election will occur in the 2024/25 financial year, which may impact the timing or approval of key activities.

3.3 Performance measures

The Delivery Authority Board agrees organisational performance measures each year, which for 2024/25 are aligned to the strategic objectives set out in section 1.2. The Delivery Authority Executive and Board considers performance against these objectives on a monthly basis.

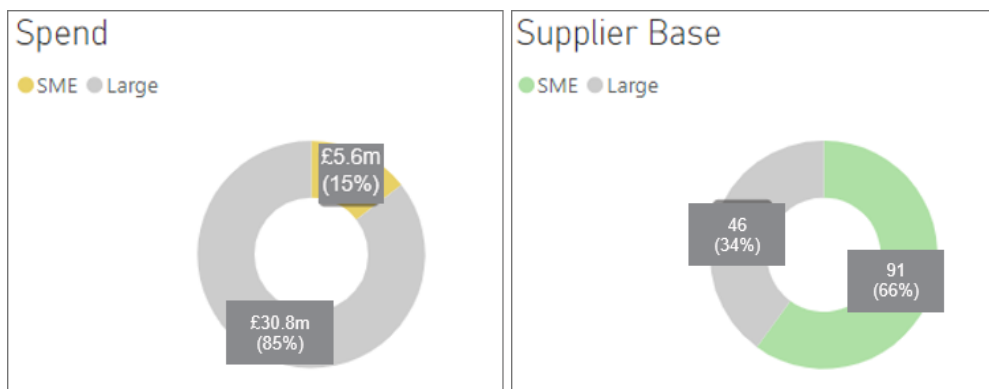
The organisational measures are a combination of a number of Programme milestones, financial performance against the agreed Estimate, and other metrics to support delivery of the strategic objectives.

3.4 Contractual breakdown

As well as preserving the Palace and ensuring the safety of those working within it, the Programme wants to create a lasting legacy for future generations through the development of skills and creation of jobs across the UK. The Programme will boost UK industry particularly in key areas within the heritage, construction and the digital sectors. To do this, the Delivery Authority has commenced a programme of UK-wide engagement. The Programme has held events in all UK regions and nations, many of which have been organised with local Chambers of Commerce, with a view to increasing awareness of the Programme and the potential opportunities that it may bring to local residents and businesses in the future.

An update on the breakdown of the Delivery Authority external expenditure by: (a) size of organisation and (b) region, for the current financial year to the end of February 2024 is shown in the following tables:

a) breakdown by size



b) regional spread of expenditure, excluding items purchased from the House of Commons or Lords. This figure is calculated from the head office or billing address of the suppliers and so does not necessarily mean that this is where the work is actually being undertaken as the Delivery Authority is engaged with many suppliers who have multiple work sites

Region	Spend	%
London	£15,982,000	43%
North West	£13,294,000	37%
West Midlands	£2,222,436	6%
East	£2,105,579	6%
South East	£1,675,810	5%
South West	£655,692	2%
Yorkshire & Humber	£265,297	<1%
Wales	£92,035	<1%
North East	£15,011	<1%
Scotland	£11,925	<1%
Northern Ireland	£4,000	<1%

**There has been no spend in the current financial year (up to end of February 2024) to suppliers whose head office or billing address is in the East Midlands*

Other Regions	Spend	%
Norway	£33,562	<1%
Ireland	£30,747	<1%
France	£22,329	<1%
Canada	£5,396	<1%

4 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by the Accounting Officers.

Accounting Officers

Parliamentary Works Grant

3 April 2024