

PARLIAMENTARY BUILDINGS (RESTORATION AND
RENEWAL) ACT 2019



**THE PARLIAMENTARY
WORKS ESTIMATES
COMMISSION**

**Parliamentary Works Grant: Main Estimate for
2024–25: Comments from the Parliamentary
Works Estimates Commission and the Treasury**

*Presented to the House of Commons pursuant to paragraph 3(9) of
Schedule 4 to the Parliamentary Buildings (Restoration and Renewal)
Act 2019*

*Ordered by the House of Commons
to be printed 7 May 2024*

The Parliamentary Works Estimates Commission

The Parliamentary Works Estimates Commission is established under the Parliamentary Buildings (Restoration and Renewal) Act 2019. Pursuant to the Act, as amended by the Parliamentary Works Sponsor Body (Abolition) Regulations 2022, the Estimates Commission examines and lays before the House of Commons the Parliamentary Works Grant Estimates.

Membership

[Rt Hon. Dame Eleanor Laing MP \(Chair\)](#)

[Lord Gardiner of Kimble](#)

[Mrs Sharon Hodgson MP](#)

[Lord Macpherson of Earl's Court](#)

Contacts

The Secretary of the Parliamentary Works Estimates Commission is Kevin Candy.

Correspondence should be addressed to:

The Secretary of the Parliamentary Works Estimates Commission
Journal Office
House of Commons
London SW1A 0AA

Email: PWEC@parliament.uk

Telephone enquiries: 0207 219 5903

Website: <https://committees.parliament.uk/committee/495/parliamentary-works-estimates-commission/>

Background

1. The Parliamentary Works Estimates Commission met on Thursday 25 April, Wednesday 1 May and Tuesday 7 May 2024 to consider the Parliamentary Works Grant Main Estimate for 2024/25. As part of this review, we held a public hearing with Tom Goldsmith and Simon Burton (the Corporate Officers), Dr Patsy Richards (Managing Director of the Restoration and Renewal Client Team), and David Goldstone CBE (Chief Executive of the Delivery Authority). The transcript of this hearing has been published on our website.¹
2. The Main Supply Estimate for the Parliamentary Works Grant for 2024/25 requests a resource expenditure limit of £82.3 million and a capital expenditure limit of £1 million. This funding is for the operations of the Delivery Authority and does not cover funding for the Client Team which is met separately from the Estimates for the Administrations of both Houses.²
3. In advance of our meetings, we consulted the Treasury. The Chief Secretary to the Treasury provided comments on the Estimate in a letter dated 2 May, which has been reproduced below. We took account of this letter as well as a supporting memorandum the Corporate Officers provided alongside the Estimate.³ The Chief Secretary stated that she supported the proposed Estimate and that it represented a “taut and realistic” financial settlement for 2024/25.
4. In conclusion, **we agreed to lay the Estimate before the House**, along with the Treasury’s comments, pursuant to paragraph 3 of Schedule 4 to the Parliamentary Buildings (Restoration and Renewal) Act 2019, as amended by the Parliamentary Works Sponsor Body (Abolition) Regulations 2022. We also agreed to make comments on the Estimate, which follow in the next section.

1 <https://committees.parliament.uk/oralevidence/14743/pdf/>

2 To date, from 2020/21 to 2023/24, the Delivery Authority has spent £335 million during phase 1 of the programme.

3 <https://committees.parliament.uk/publications/44479/documents/221132/default/>

Comments from the Estimates Commission

5. This is the fourth Main Supply Estimate for the Delivery Authority we have considered. The first two were under the Sponsor Body, the others under the Client Team. Since the Delivery Authority's creation there have been two notable changes of direction to the R&R programme.

6. First, the Sponsor Body's functions were transferred to the Commissions of both Houses, the Client Board, where the Clerks of the two Houses, as the Corporate Officers, now have legal responsibility as accounting officers for the sponsor function. Second, in November 2023, the Client Board asked the Client Team to include a third option in the Strategic Case of "Enhanced Maintenance and Improvement" (EMI) alongside two shortlisted options recommended by the Programme Board, namely a "continued presence" scenario and a full decant scenario. The decision to add a third option put back publication of the Strategic Case from December 2023 to March 2024. Strategic Estates, the parliamentary team leading the work on this option, will need to draw up a plan and costings for EMI.⁴ We were told that this third option was at a much less mature stage than the other two.⁵

7. We recognise that preparing the detail of the design and construction options, working up solutions for temporary accommodation and doing surveys is all valuable and vital work. Nonetheless, we are becoming increasingly concerned that we will now be in phase 1 for an extended period. Whilst providing the design and costing for all three options will enable meaningful comparisons and allow parliamentarians to take an informed decision on the preferred way forward, the time needed to develop this additional option inevitably increases the risks to Parliament and the costs to the tax payer. The longer this determination phase continues, the greater the likelihood of a catastrophic event that could destroy the Palace before it is ever repaired and restored. Final options and costings on how to deliver R&R are now expected to be ready in 2025.

8. Further delay in taking decisions increases the risks of losing the considerable expertise and experience that has been assembled to support R&R, notably within the Delivery Authority, with specialist personnel in place to deliver R&R. **We believe there must now be a commitment to a date for completing phase 1 to prevent any 'marking time' or loss of key staff and skills.**

9. During oral evidence we were reassured that all the work currently underway and planned by the Delivery Authority in the new financial year was necessary and would help prevent delay further down the line. The Corporate Officers appeared very mindful of their accountability for making sure that money spent in phase 1 demonstrates value for money.⁶

10. We were told that by autumn 2024 Strategic Estates was expected to have scoped proposals for the EMI option. It will be imperative that all three options are developed in a consistent way to ensure that the public and parliamentarians can compare the merits

4 The Strategic Case describes EMI as a "rolling, sequenced programme of works" and considers splitting the programme with separate funding approvals for each phase.

5 Q1

6 Q41

and costings of each clearly against each other. We were encouraged to hear that Delivery Authority and Strategic Estates staff have been working well together in a collegiate way and that the in-house team is drawing upon a body of work that the Authority has in place.

11. Clearly, development of the EMI option will involve significant technical work by an in-house team whose resources are already stretched in delivering the ongoing maintenance of the Parliamentary Estate. Given development of the third option is a key dependency for phase 1 of the programme, there will need to be very careful oversight of Strategic Estates' progress on defining EMI and costings to prevent further delay. There will also need to be transparency of Strategic Estates' costs of this work through ex-post reporting of the global expenditure of R&R.

12. To date, the House Commissions have chosen not to set a limit that covers the entirety of the phase 1 period as envisaged by the 2019 Restoration and Renewal Act. Instead, they have reviewed the programme phase 1 expenditure limit plans and approved budgets annually and have provided us with an overall phase 1 cost assessment.

13. Under the Sponsor Body, it had been anticipated that phase 1 would end in 2023. However in April 2023, following the Governance reset, the cost assessment was based on phase 1 milestones being achieved in 2024/25. At that time we were provided with an indicative cost range for the phase 1 cost assessment of between £452 million and £472 million. More recently, in April 2024, the Corporate Officers provided us with a further revised phase 1 cost assessment of £515 million which, for planning purposes, now assumes that phase 1 will be completed by the end of financial year 2025/26. The latest phase 1 cost assessment represents an increase of £53 million or 11.5% from the previous year's midpoint projection of £462 million.

14. There will inevitably be a new Parliament before this time next year as a general election has to be held by January 2025. We fear that there is a real likelihood that the new Parliament will not prioritise this programme sufficiently early on, given the many spending and other urgent matters that will arise at that time. **Setting a final overall expenditure limit for phase 1 now is crucial to ensuring the stakeholders within both Government and Parliament are required to prioritise where the programme is heading soon after the general election.** As we have said before, failure to take these difficult political decisions as early as possible could jeopardise the ultimate objective of preserving the Palace for future generations.

15. As such, **we recommend that it would now be in everyone's interest that a definitive overall expenditure limit for phase 1 is set to prevent phase 1 costs rising and this determination phase being allowed to run on beyond 2025/26.**

Comments from the Treasury

Letter from the Chief Secretary to the Treasury to the Chair of the Commission, dated 2 May 2024

Dear Dame Eleanor,

Parliamentary Works Grant: Main Estimate 2024–25

1. I am writing regarding the Main Estimate for the Parliamentary Works Grant (PWG) for 2024–25. As set out in Schedule 4 of the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Parliamentary Works Estimate Commission is required to consult the Treasury regarding the annual estimates for PWG, and to have regard to any advice provided by the Treasury. I am grateful to PWG for providing a copy of the Estimate in draft to Treasury officials to support this advice.
2. This Estimate is to provide funding for the operations of the Delivery Authority for 2024/25. The Delivery Authority is responsible for delivering the restoration and renewal of Parliament and other related works.
3. The Main Estimate presented by PWG for 24–25 seeks a total of £83.3m. This reflects a combined £82.3m RDEL and £1m CDEL. Their Net Cash Requirement is £83.3m.
4. I understand the main areas of spending reflect a wide range of activity to support the objectives of the Delivery Authority. This includes exploring options such as alternative temporary accommodation (£9.9m), analysing the design of the Palace (£13.3m) and carrying out further surveys to support Phase 2 of the Programme (£15.7m). I therefore support the proposed Estimate and am satisfied it represents a taut and realistic financial settlement for 24/25. I look forward to greater clarity on the project's future direction.
5. I would be grateful if this letter could be made available to the members of the Commission as part of their review of the Main Estimate for the coming financial year.

Yours ever,

The Rt Hon Laura Trott
Chief Secretary To The Treasury