

PARLIAMENTARY BUILDINGS (RESTORATION AND  
RENEWAL) ACT 2019



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**THE PARLIAMENTARY  
WORKS ESTIMATES  
COMMISSION**

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**Parliamentary Works Sponsor Body: Main  
Supply Estimate 2021–22: Comments from the  
Parliamentary Works Estimates Commission and  
the Treasury**

*Presented to Parliament pursuant to paragraph 3(9) of Schedule 4 to  
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## **The Parliamentary Works Estimates Commission**

The Parliamentary Works Estimates Commission is established under the Parliamentary Buildings (Restoration and Renewal) Act 2019. It examines and lays before the House of Commons the financial Estimates of the Parliamentary Works Sponsor Body.

### **Membership**

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# Comments from the Estimates Commission

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## Background

1. The Parliamentary Works Estimates Commission met on Wednesday 24 March 2021 to review the Sponsor Body’s Estimate for 2021–22 financial year. As part of this review, we held a public hearing with senior executives from the Sponsor Body and the Delivery Authority, a transcript of which is published on our website.<sup>1</sup>
2. In advance of the meeting, we consulted the Treasury. In reviewing the Estimate, we had regard to the Treasury’s advice. We also took account of the supporting memorandum which the Sponsor Body helpfully provided alongside its Estimate, and which we are also publishing on our website.
3. Following our review of the Estimate, we agreed to lay it before the House, along with our comments and those from the Treasury, pursuant to paragraph 3 of Schedule 4 to the Parliamentary Buildings (Restoration and Renewal) Act 2019.

## Comments

4. Our discussions with the Sponsor Body on 24 March identified a number of matters on which we would welcome further reassurance, and which we feel it will be important to monitor closely as phase 1 of the programme moves forward. We have provided a brief outline of each matter below.

### *A. Survey work*

5. We were told by David Goldstone, Chief Executive of the Delivery Authority, that over 100 surveys and site investigations were planned, and that 30 had been completed so far.<sup>2</sup> We cannot overstate the importance of detailed and thorough survey works being carried out before work on site on the restoration and renewal process begins. If work in phase 2 is to be carried out on time and on budget, the Sponsor Body and Delivery Authority will need, by the end of phase 1, a very clear understanding of what work is required, how much it will cost and how long it will take to deliver. Getting this understanding at the outset will avoid problems arising in the future.
6. Sarah Johnson, Chief Executive of the Sponsor Body, told us that the programme’s “target date for delivering the detailed and costed plan to both Houses of Parliament is as early as possible in 2023”.<sup>3</sup> While we appreciate the need for a target date for setting out the detailed plan for completing the works, it is important that the current planning stage of the programme is not rushed. Getting the detail right is more important than getting the business case delivered quickly.

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1 We met Sarah Johnson, Chief Executive, and Gurdip Juty, Finance and Corporate Services Director, Sponsor Body, and David Goldstone CBE, Chief Executive, and Tanya Coff, Chief Financial Officer, Delivery Authority. The transcript is available here: <https://committees.parliament.uk/oralevidence/1951/pdf/>

2 Q5

3 Q15

7. We note that the Infrastructure and Planning Authority (IPA) is to carry out a programme review next month.<sup>4</sup> It will be crucial for the Sponsor Body and Delivery Authority to ensure they take account of the IPA's recommendations, particularly with regard to surveys and preparatory work. We ask the Sponsor Body to send us a copy of the IPA's report, along with an action plan setting out the steps the programme intends to take in response.

### ***B. Contracts and UK-wide benefits***

8. David Goldstone assured us that the Restoration and Renewal Programme was “a project for the nation, for the whole of the UK, clearly because it is the UK's Parliament”. We agree. The programme must deliver benefits to every part of the UK. We are also keen to see small and medium enterprises benefit from the programme.

9. Data provided by the Sponsor Body suggested, however, that in the year to February 2021, over 90% of spending on the main contracts and sub-contracts had been concentrated on just three of nine regions in England plus Scotland. London had received 39% of spending, while the North East of England and Northern Ireland had not benefited at all.<sup>5</sup> David Goldstone told us that these contracts were ones inherited before the Delivery Authority was established and that there was a commitment for a wider geographical spread.

10. If the programme is to command credibility across the UK, this situation needs to change quickly. We encourage the Delivery Authority to set targets for spend across the UK, and for spending with small and medium-sized enterprises – and to put in place an action plan for UK-wide business engagement. We ask for an update on progress by September 2021 on steps taken to diversify the programme's spending.

11. We also note that many businesses are dependent on timely payment, particularly in difficult economic times. We are confident that the programme will be an exemplar in its relationship with, and payment of, contractors and sub-contractors. We encourage the Delivery Authority to consider including a requirement in its contracts that contractors pay their sub-contractors promptly for bills due. The Government has set a standard of 95% of all supply chain invoices to be paid within 60 days for organisations who want to do business with the Government; it also seeks to pay its own invoices within 30 days.<sup>6</sup> The Delivery Authority should look to set a similar, or better, standard.

### ***C. Apprenticeships***

12. David Goldstone told us that a benchmark for many major programmes was to have at least one apprentice for every £5 million spent. He added that the programme would “make sure we are at least doing that and will look to go further and better”.<sup>7</sup> We welcome this ambition, and encourage the programme to translate it into quantifiable targets against which we can measure progress. It should begin by setting out the number of apprentices it plans to be employed during phase 1 of the programme.

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4 Q6

5 Estimates memorandum, page 18

6 [Prompt payment policy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/prompt-payment-policy)

7 Q14

### ***D. Staffing costs***

13. We noted the average staff costs for the Sponsor Body and the Delivery Authority: £106,000 per head for the Sponsor Body and just under £100,000 for the Delivery Authority (£120,000 if staff not directly employed are included).<sup>8</sup> Even factoring in pensions, National Insurance and, in the case of secondees, VAT, the figures seem to us rather high. It is important to attract good people to the programme but staffing costs must be closely monitored to avoid increased costs for the programme, as well as damaging salary inflation. We would welcome further clarity from the programme on the profile of staff and pay bands – and details of the specific functions the staff in each pay band perform.

### ***E. Future spending***

14. We had some concerns about the clarity of future phase 1 spending requirements. Sarah Johnson told us that the Sponsor Body had “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”.<sup>9</sup> We are concerned that without robust figures for 2022–23 and up to the end of phase 1, it is difficult to set the 2021–22 spending in context. We encourage the Sponsor Body to return to us at the earliest opportunity with detailed spending profiles for the coming years, so we can see phase 1 expenditure in the round.

### **Next steps**

15. We invite the programme to respond to the specific points above, and to provide us with detailed quarterly monitoring reports over the coming year. We look forward to seeing significant progress on all of these matters when we come to consider the Estimate for the 2022–23 financial year. We stand ready to work constructively with the programme to help ensure its success.

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8 Q12

9 Q15

## Comments from the Treasury

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*Letter from Rt Hon Steve Barclay MP, Chief Secretary to the Treasury, to Rt Hon Dame Eleanor Laing MP, Chair of the Estimates Commission, 23 March 2021*

### **Parliamentary Works Sponsor Body: Main Supply Estimate 2021–22**

1. Thank you for your letter of 8 March regarding the Main Estimate for the Parliamentary Works Sponsor Body (‘the Sponsor Body’) for 2021–22. As noted in your letter, Schedule 4 to the Parliamentary Buildings (Restoration and Renewal) Act 2019 requires the Parliamentary Works Estimate Commission to consult the Treasury regarding the annual estimates for the Sponsor Body, and to have regard to any advice provided by the Treasury. I am grateful to the Sponsor Body for providing a copy of the Estimate in draft to Treasury officials to support this advice, and would welcome further engagement between the Sponsor Body and the Treasury in the future as spending and delivery plans for the programme continue to develop.

2. The Palace of Westminster forms an iconic part of our national heritage. Preserving and protecting that heritage for future generations is of vital importance. But doing so in a way that delivers value for money is also crucial, and all the more so in the current fiscal and economic context. As outlined by the Chancellor in the Budget on 3 March, public sector net borrowing in 2020–21 is forecast to be 17% of GDP (£355 billion), a peacetime record, as a result of the impact of the Covid-19 pandemic on the economy and the decisions taken by the government to protect jobs and livelihoods. Next year, borrowing is forecast to be 10.3% of GDP (£234 billion). While decisions over the direction and funding of the Restoration and Renewal programme are for Parliament rather than government, I hope that the Commission will consider this backdrop both in assessing this Estimate and future Estimates presented by the Sponsor Body.

3. The Estimate presented by the Sponsor Body for 2021–22 seeks funding of £155.6 million. This funding would support the development of an Outline Business Case (OBC) for the Houses’ approval, including detailed feasibility surveys and exploratory works, during ‘Phase 1’ of the Restoration and Renewal programme. I understand that the Infrastructure and Projects Authority considers this budget to be broadly in line with the costs of preparatory works for other major projects and programmes as a proportion of total capital costs. The funding sought for 2021–22 has also reduced following consideration by the House of Commons Commission on February 22nd and the measures subsequently taken by the Sponsor Body to reduce costs in Phase 1, for example via a reduction in the number of scheme options developed through the OBC.

4. I welcome the scrutiny that both the Sponsor Body itself and the Commissions have applied on how we can increase the programme’s efficiency while still achieving the ultimate objective of the restoration of Parliament. As OBC development continues, I would encourage the Sponsor Body to think more radically and innovatively about how changes in ways of working in response to Covid-19, and the experience of virtual and hybrid working in Parliament in particular, could continue to play a role in delivery plans for the restoration works. I would also encourage the Sponsor Body to learn from best practice and changes in major projects guidance being pursued across government, including through Project Speed and the revised HM Treasury Green Book guidance.

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.