



HOUSES OF PARLIAMENT
R&R SPONSOR BODY

Restoration and Renewal Programme

Sponsor Body Quarter 1 Report

April – June 2022



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CEO Introduction and Programme Summary

1. This report covers the Q1 period (April – June 2022) highlighting the work of the Sponsor Body (SB) and the Delivery Authority (DA).
2. In June the House of Lords and House of Commons Commissions published a [joint report](#) detailing a new mandate for the R&R Programme which has since been endorsed by both Houses. The Public Accounts Committee (PAC) has also published a [report](#) which commented on the Commissions' proposals; the Accounting Officers of the two Houses, Sponsor Body and Delivery Authority have submitted a [response](#) which was published by the Committee on 6 July.
3. The Commissions' report sets out proposals for new governance, including bringing the responsibilities of the SB in-house as a new client function. The report also set out proposals for a wider range of R&R works options to be considered.
4. In this period, the SB and DA have focussed on:
 - Supporting the officials of both Houses in developing proposals that were agreed by the Commissions in their joint report setting out a new mandate for R&R
 - Leading or supporting the transition workstreams and laying the groundwork to ensure that swift progress can be made should the joint report from the Commissions be endorsed by the two Houses in July
 - Continued engagement with Members about the need for R&R and supporting the Houses in specific engagement ahead of the debates on the Commissions' report in July
 - Working with the officials of both Houses to develop a proposal for how new R&R options for the new approach to the works might be framed and considered by the Houses under the new governance
 - Finalising the 2021/22 Annual Report and Accounts (ARA), and the Annual Estimate for 2022/23. Final Estimate submissions have been made to the two House Commissions and Parliamentary Works Estimates Commission; since then a number of "deep dives" into specific DA cost areas have been conducted to identify further budget savings. Close work with the National Audit Office meant that both organisations' ARA's were ready to be laid before Parliament before recess.
 - Delivering against the task brief agreed in March 2022
 - Supporting our staff through a period of significant uncertainty and change.
 - Reshaping the DA's commercial arrangements with its suppliers to meet the requirements of the current stage of the Programme.
5. A leadership succession plan has been put in place in the SB given the departure of several executives. Sarah Johnson stood down as CEO and Accounting Officer of the SB on 13 July, handing over to Dr Patsy Richards as interim-CEO. Executive positions supporting the SB CEO have been filled from within SB in the meantime and the interim-CEO will be addressing immediate capability and capacity gaps over the summer and then reviewing the Sponsor/Client Team's design and any capability gaps more fully in Autumn as the team moves into Parliament.

Transition

6. The eight transition workstreams continue to meet regularly and have focussed this month on developing the proposals set out in the Commissions' report. This official level work means that

implementation of the Commissions' proposals could start immediately when they were endorsed by both Houses in July.

7. The SB and the DA have supported the development of proposals regarding the roles of the new governance boards, Client Team and Delivery Authority. Consideration has also been given to the creation of the new joint department in Parliament, the steps required to consult with affected SB staff, and the process of developing and enacting secondary legislation under the R&R Act to enable the organisational changes to take place. The Sponsor Board has requested clarity from the House Commissions about the relationship between the new Boards and the Sponsor Board during the transition period and it is understood that after the Commissions consider a proposal in July the Speakers will write to the Sponsor Board.
8. The transition workstreams have also considered the milestones, activities and resources required to set up the new governance bodies, transfer existing SB functions and complete the legislative process. This provides a good basis for implementing the transition activities after July.

Proposal for a New Approach to Works

9. The SB and DA have worked with officials in both Houses to set out a proposed new approach to developing the future R&R works. The Commissions' report in June recommended that 'there should be a broader range and greater number of options for delivering the works developed prior to down-selection of final options'.
10. The Commissions' report also emphasised the need to ensure maximum value for money, especially in the current economic climate, and that safety-critical works should commence as soon as possible. The areas of priority scope for future works were proposed as:
 - Fire Safety and Protection.
 - Replacement of mechanical, electrical, drainage and plumbing, and data and communication systems.
 - Asbestos management and wider health and safety issues.
 - Conservation of the building fabric including stonework.
11. In support of this direction, the R&R Programme is planning to work with the new governance bodies, and the Sponsor Board who continue to provide advice, to collectively determine a new set of Strategic Requirements, building on the parameters and direction in the Commissions' report and informed by a process of clear decisions to down-select options over the coming months.
12. The DA has started work to develop a wider range of delivery options looking at both different outcome levels (what will be delivered) as well as a broad range of delivery solutions (how the works will be delivered). These options will be set against a detailed set of evaluation criteria, as recommended in the Commissions' report, should allow Strategic Requirements to be agreed and support the new governance bodies to narrow down the number of options which are developed in more detail to support a new Strategic Case.
13. A key principle of this activity is that the trade-offs between more or less scope and lower or higher costs and shorter or longer time requirements. Depending on what approach to delivery is adopted, it will always be visible to the two Houses – allowing them to make informed decisions about those trade-offs.

Progress against interim tasks

14. The DA has made good progress on tasks set out in the new task brief agreed between the SB and DA in March 2022 that was reported on last quarter. Five of the tasks have been completed, and the others are ongoing. The completed tasks include closing out work on the existing Palace and House of Lords design schemes, work to support any future decant of Heritage Collection items (excluding surveys) and completing work on the previous business case including work to identify schedule opportunities relating to the previous proposals. These areas of work are now being used to inform the new approach to the works and future R&R options.
15. The SB and DA in consultation with officials from both Houses have started developing an updated task brief to reflect the proposals in the Commissions' report. It is anticipated that a new task brief will be agreed and issued to the DA in the autumn.

Supporting our Staff

16. Frequent engagement with staff has continued in this period. In the SB a staff representative forum has been created to support the planned formal consultation which will form part the proposed move into a joint department of the two Houses. The Clerk of the House and Clerk of the Parliaments have both attended events with SB staff alongside Parliament's HR lead on transition, to provide assurance and to answer questions directly.
17. The timescales of any SB staff transfer remain uncertain and are being progressed as a priority as part of the transition planning work to reduce uncertainty on SB and Parliamentary staff.
18. In the DA, extensive communication and engagement with staff and contractors has continued as we navigate through the uncertainty caused by changed circumstances and to explain the emerging direction for the Programme. Again, this has included the two Clerks attending events for all colleagues.

Engaging Contractors

19. The DA's programme contractors have been re-engaged on revised terms to reflect the changed circumstances of the Programme. This has involved significant reductions in resources and costs to ensure alignment with the new task brief and Budget. The transition from previous to a more consolidated supply base for Data & Digital suppliers, reducing forecast expenditure, has also been progressed.

Programme Summary

Surveys

20. In Q1, 14 Surveys were undertaken as planned, of which 7 have completed. Preparation for the intrusive surveys planned for the summer recess continued, including finalising call off contracts, intensive work with Parliamentary colleagues, and site walkarounds. The provision of a welfare facility for the intrusive surveys has been a critical issue with 54 Parliament Street still requiring work to be safe for use, which Strategic Estates are working to resolve. There has been a risk that this would delay the start of summer intrusive surveys and a lesson learned will be conducted to reduce this risk for future works.
21. The Principal Contractor has been appointed by the DA as well as Service Level Agreements between Parliament and the DA have been agreed or are close to agreement. There continues to

be close working between the DA and Parliamentary teams including sharing resource where needed.

22. Communication and engagement with Members and staff that may be affected by the surveys has continued, to address any concerns and reduce the risk that survey work will need to be delayed or changed at short notice.

Heritage Collections Decant

23. Heritage collections surveys are currently 50% complete for the Palace of Westminster (excluding the architectural fabric collection). This is an increase of 5% in the period which is in line with planned progress. The team has benefited from more access to Palace areas this period which has helped progress.

Communications and External Affairs

24. Increased R&R interest during June has been driven by a number of internal and external milestones for the Programme, around all of which we delivered integrated communications plans. Media coverage has been mixed, with positive coverage driven by R&R announcements and negative coverage generated by the Public Accounts Committee (PAC) hearings (March) and report (June).
25. In early June, the announcement of seven DA intrusive survey contracts and suppliers generated positive media and social media coverage across several national media titles, as well as regional publications in areas where suppliers are based. The Programme wrote to MPs with successful businesses in their constituencies, with three of these MPs having already had a tour and our announcement generating a request for a fourth, and the announcement was placed on the R&R Hub on Parliament's intranet. Some suppliers carried out media interviews, supported by our media team.
26. The SB and DA have worked alongside Parliamentary colleagues to support communications around the Commissions' joint report as well as facilitating basement tours for a journalists and Members of both Houses. House of Commons Leader/Shadow Leader engagement sessions with Members ahead of the planned votes in both Houses were attended by SB interim-CEO and DA CEO. On 11 and 12 July R&R had a stall at the House Services Fair in Portcullis House to engage with Members and staff.
27. On 28 June the R&R Programme published our Public Views Report, summarising two years of public engagement activity reaching more than 20,000 people from across the UK. The report was received positively and was referenced in both the Commons and Lords debates.

Risk

28. The focus of the risk function the past quarter has been centred on the identification, assessment, and management of the key risks for the R&R Transition Programme which has involved close and collaborative working across all parties (Sponsor Body, Delivery Authority, House of Commons and House of Lords).
29. To date accountability for the overall transition risk portfolio has sat with the Transition Implementation Group (TIG), chaired by the Strategic Director, Chamber Business Team, HoC, and



which reports into the R&R Steering Group. However, following the agreement of both Houses to a new programme mandate and governance structure, the ownership of these risks will be reviewed through the new in-house governance structures.

30. The full set of risks can be found in appendix B.
31. While mitigation action plans are not reported, these have been re-viewed and assured by the Sponsor Body Audit and Assurance Committee with the focus being on ensuring that any activities taken to manage risks and maximise opportunities represent value for money in both the short term and as the Programme transitions to new governance.
32. Alongside the continued management of risks to the transition period, the programme risk team will be working to ensure that consideration and emphasis is also placed on risks to the delivery of a Strategic Case and to overall outcomes of the programme.

Finance

33. The Main Estimate for 2022/23 was prepared at pace and in a period of uncertainty which necessitated a high-level approach. Since then, further work has been undertaken to ensure the budget is aligned with the work in-year required to deliver against the revised set of parameters. This has involved:
- Fully identifying and allocating the £3.5m savings target for the DA, included in the Main Estimate to appropriate functions, as part of our constant downward pressure on costs.
 - Aligning the DA resource budget to the position agreed with key contractors.
 - Reflecting increased clarity/new instructions given under the Task Brief, notably the pause on QEII optioneering work.
34. The result of this work was the recutting of the budget to “Forecast 1”. The focus of this exercise to ensure that the DA budget allocated in the Main Estimate was most effectively and accurately deployed in-year. Variances in this report are measured against Forecast 1.
35. The first quarter spend for the R&R Programme is £20.1m against the Forecast 1 amount of £23.5m, an underspend of £3.5m. This is a combination both of savings delivered in-year, and profiling changes, predominantly where work is now expected to be completed later in the year.
36. The SB Finance and Corporate Services Director, in collaboration with the DA Chief Finance Officer, has conducted financial budget deep dives into three key areas of the DA organisation as commissioned by the Sponsor Board. These have covered Data & Digital, Programme Management and Corporate Services to ensure that resource plans are appropriate for the current tasks and stage of the Programme and that the spend continues to be value for money. The DA have now fundamentally reviewed all of their budgets in the light of the greater clarity available now compared to March when the current Budget was prepared, and as a result of this exercise has identified savings opportunities of £8.3m that it expected to offset the additional costs of increased work on future options for the Works in the second half of the year.
37. The Parliamentary Works Sponsor Body Annual Report and Accounts 2021/22 was laid in the two Houses on 12 July, this reflected the consolidated position for the Programme. In addition, the DA as a separate legal entity also laid its accounts on 12 July and submitted them to



Companies House in line with the requirements stated in the 2019 R&R Act. Both sets of accounts received a clean audit opinion by the Comptroller & Auditor General, National Audit Office.

APPENDIX A: Financial Summary & R&R Savings Plan

RESTORATION & RENEWAL FINANCIAL OUTTURN	Quarter 1 Actual v Forecast 1				Full Year
	Actual £m's	Forecast £m's	Var £m's	Var %	Forecast 1 £m's
Sponsor Body	1.7	1.6	(0.04)	-3%	7.0
Corporate	2.8	3.3	0.5	15%	12.4
Programme Management	3.4	3.7	0.3	8%	14
Data & Digital	5.6	6	0.4	7%	19.1
Palace of Westminster	3.3	3.6	0.3	8%	10.8
Surveys	2.1	3.3	1.2	36%	14.6
Other Projects	1.2	1.5	0.3	20%	4.7
Delivery Authority Adjustments	0	0.5	0.5	100%	4.4
Total Expenditure	20.1	23.5	3.5	15%	87.0

Sponsor Body – At the end of June, Q1 was overspent by £42k, this was mainly due to the settlement agreements for the two Executives paid upfront whilst the salary was budgeted monthly. This is a phasing issue and will balance out as we forecast to remain within the revised budget for the full year.

Corporate – The Q1 underspend of £0.5m was driven by resource and consultancy savings across the corporate functions, lower legal fees and office accommodation savings.

Programme Management – The Q1 underspend of £0.3m reflects resourcing underspends. This includes targeted savings in areas where demand has reduced, such as Stakeholder Engagement & Consents.

Data & Digital – The Q1 underspend of £0.4m was driven by delayed spend on investment projects, including the deferral of various Cyber Security projects. Enhancements to Information Management processes and Microsoft software are now scheduled later than originally planned. This has enabled development of business cases and consideration of alternative investment options.

Palace of Westminster (options development) – There is a Q1 underspend of £0.3m. The development of new options has progressed with lower than anticipated resourcing levels, delivering a saving.

Surveys – Q1 has seen an overall underspend of £1.2m in this area. Eight contracts for Intrusive Surveys have been awarded this year with contractors onboarded; however there have been later start dates for surveys than initially forecast. This is due to the budget phasing being agreed before these contractors were engaged. There have also been savings in resource costs due to vacancies.

Other Projects – This encompasses the final completion of the House of Lords Decant Concept Design stage, option neutral Heritage collections activity, and work on Construction and Delivery

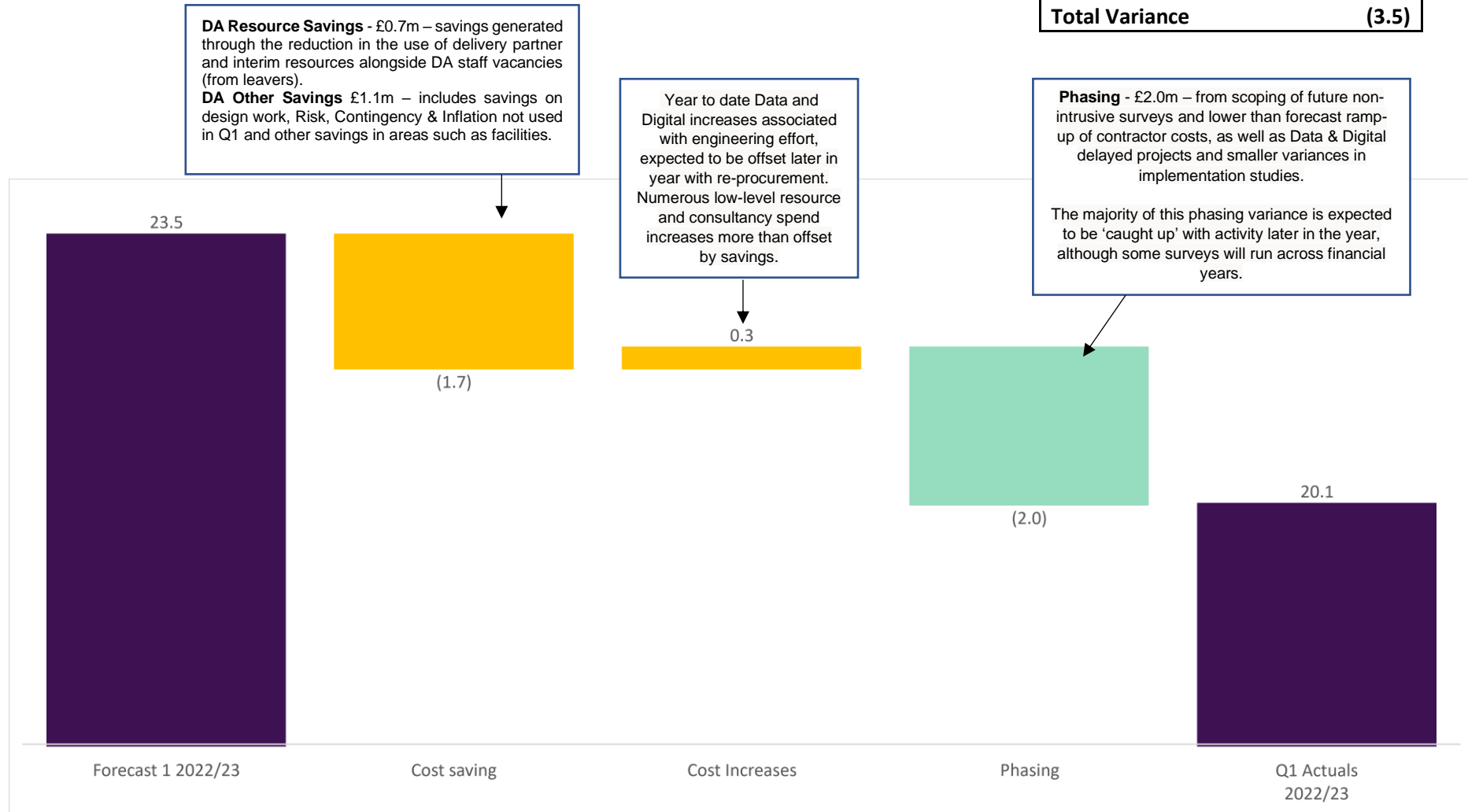


options. The Q1 underspend of £0.3m predominantly relates to lower than forecast resource utilisation.

Delivery Authority Adjustments – The Q1 underspend of £0.5m is the unutilised risk and contingency. This will be required to support design activity in the second half of the year.

Year to date Actual vs Forecast 1 Variance 2022/23 (£m)

(Savings)/ Cost Increase	(1.4)
Phasing	(2.0)
Total Variance	(3.5)



R&R Savings Plan Financial Year 2022/23

Delivery Authority	Q1 Delivery	Full Year		
Savings (£m)	Total £m's	Savings / (pressures) identified £m's %		Comments
Savings Target embedded in budget	0.4	3.5	4.4%	The £3.5m savings target included within the budget have been fully allocated and are on track to be met.
New savings/opportunities	1.7	8.3	10.3%	Over and above the embedded savings, a further £8.3m of in-year savings (of which £0.5m is expected to be as a result of phasing changes) has been identified, of which £1.8m has been achieved in Q1.
Cost pressures	(0.3)	(7.1)		As the options development activity and approach has become clearer, it is expected to cost an additional £7.1m to deliver this and associated activity in the second half of the year. No budget was included for this.
Net Position	1.4	1.2		
Sponsor Body Savings Target embedded in budget	0.1	0.4	1.4%	
Net Programme Savings	1.8	1.6	1.8%	

As part of our focus on value for money, the Programme is committed to delivering savings. The Delivery Authority included a savings target of £3.5m (4%) in its Main Estimate, which has now been fully allocated and with a clear plan for delivery. Over and above the embedded savings target, new savings/opportunities of £1.7m have been achieved in the first quarter of 2022/23, partly offset by £0.3m of cost pressures.

On a full year basis, £8.3m of opportunities have been proactively identified. These relate to savings associated with a review of team sizes, including the use of delivery partner and interim resources, reductions in Data & Digital costs, as well as consultancy, legal and facilities spend. This also includes inflation and risk provisions. Delivery of these savings and use of risk will support the Delivery Authority in offsetting known cost pressures of £7.1m in the second half of the year – as identified in the Main Estimate due to uncertainty of requirements design activity was only budgeted for six months.

APPENDIX B: Risks

Risk Title	Risk Owner	Risk Description	Assessment
TR1: Strategic Direction	Matthew Hamlyn (HoC)	There is a risk that any delay to the receipt of a clear Strategic Directive (i.e., the mandate) will result in the programme becoming further delayed as significant work (e.g. establishment of revised Governance Bodies) will be unable to be progressed and thus potentially result in increased nugatory spend, loss of staff and reduction in confidence/reputation of the programme.	CLOSED
TR2: Programme Parameters	Chris Rodger (SB)	There is a risk that the comprehensive plan for the New Approach to the Works that describes how a preferred option for R&R will be arrived at, including setting out when decisions are needed and from whom, is not fully understood leading to political consensus not being achieved and resulting in nugatory spend and delays to the future works.	
TR3: Deterioration of Relationships	Andy Helliwell (HoL)	Due to a divergence of objectives in the short term, whereby different parties prioritise different areas, there is a risk that relationships within the Programme (SB, DA, HoC, HoL) deteriorate resulting in a breakdown of collaborative working and irreconcilable differences that cause significant detriment to the programme.	
TR4: Political Bandwidth	Matthew Hamlyn (HoC)	Due to an increasingly volatile political and financial landscape, there is a risk that the programme is unable to access members, or members are not inclined to engage due to competing priorities, leading to expectations amongst members for the ambition of the programme failing to be aligned and key decisions not being able to be made in a timely fashion. This may further result in a hardening of relationships that cause long term difficulties in agreeing approaches with the House Commissions (increased scrutiny, demands for further information /analysis, etc) that causes delays and loss of confidence in R&R.	
TR5: Implementation of Revised Governance Arrangements	Matthew Hamlyn (HoC)	As a result of any difficulties in implementing a revised (decision making) governance structure (e.g., complexity, conflicts) there is a risk that accountabilities across the programme become unclear. This may result in an inability to make sufficient progress to current timeframes and/or advice and assurance failing to satisfy expectations of officials which delays agreement of a definitive approach or overlap, duplication and misalignment of work across workstreams.	
TR6: Oversight and Assurance of Programme Works	James Young (SB)	As a result of any substantial change in the structure of the Sponsor Function, or an extended transition period (>1 year), there is a risk that the Sponsor Function is unable to provide full, effective oversight and control of the programme and the performance of the DA, to ensure that R&R BaU activity is sufficiently progressed whilst also supporting the needs of the transition project	
TR7: Execution of Key Function	Gurdip Juty (SB)	Due to a decreased workforce, resulting from staff exiting the programme for other opportunities, there is a risk that we are unable to undertake key functions (within the SB) and maintain appropriate levels of internal controls (e.g., segregation of duties).	



TR8: Revision of Key Programme Activities & Documents	Matt White (DA)	As a direct consequence of having a 'pause' in a number of programme activities there is an opportunity to update and revise key programme documents and activities (e.g., surveys, RFIs, supply chain streamlining) so as to realise greater efficiencies moving forward. (opportunity).		
TR9: Supplier Engagement	Andy Haynes (DA)	Due to an extended pause, and/or the need to 'restart' the programme utilising a more piecemeal approach, there is a risk that suppliers see the programme as less attractive/stable and so do not engage extensively for future contracts. Furthermore, existing suppliers may start to withdraw from the programme resulting in loss of knowledge and skills, increased costs and reputational damage as we are not seen as a 'reliable' commercial prospect.		
TR10: Loss of Current Suppliers	Andy Haynes (DA)	Due to continued uncertainty regarding the scope of any restoration approach, there is a risk that current suppliers are 'retasked' to other initiatives leading to loss of knowledge and decreased expertise and skills.		
T11: Staff Attrition	Gurdip Juty (SB)	Due to prolonged uncertainty regarding the future operating model of the Programme and roles therein (including the design of the sponsor function), there is a risk that staff attrition rates become unmanageable (as staff depart the programme for other opportunities) leading to a loss of skills and knowledge that is not directly replaceable via current client function resource and expertise.		
T12: Leadership Capability	Patsy Richards (SB)	As a result of an unsettled or inexperienced Senior Leadership Team, or changes in T&Cs, policies and procedures following any movement of Sponsor Function, there is a risk that staff become demotivated or disgruntled and fail to uphold the programme values.		
T13: Information Governance	Martin Bellamy	In the event that future information governance responsibilities are not clearly allocated, or that the related transition arrangements are ineffective, there is a risk of a compromise to the control framework. The consequences could include failure to transfer and/or ensure continuity of access to information, ineffective information sharing across the programme and interfacing/interdependent projects, enhanced possibility of (accidental) disclosure of sensitive information, fragmentation of information assets, non-compliance with standards, loss of corporate information relating to the former sponsor body, loss of programme information management history needed to support key decisions, and consequent business disruption. This risk may be further exacerbated should ownership of current data assets fail to be agreed ahead of the transition to any new sponsor function		
T14: Data & Digital Infrastructure	Martin Bellamy	Due to challenges in obtaining clarity over a future operating model, potentially pressured implementation timeframes, and to possible lack of resource availability in R&R D&D, PDS and Information Management functions of both organisations, there is a risk that we are unable to establish a fully operational/integrated IT infrastructure. This could inhibit the effective transference and sharing of information in support of changes to		



		the sponsor function. This may result in loss of access to critical services of data assets, with consequent business disruption due to the need to recreate existing assets.	
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