



The Parliamentary Works Grant

Annual Report and Accounts 2023 – 24

HC 238

The Parliamentary Works Grant

Annual Report & Accounts 2023-24

(for the year ended 31 March 2024)

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(for the year ended 31 March 2024)

*Presented to Parliament pursuant to Section 25 and 27 of the Parliamentary
Buildings (Restoration and Renewal) Act 2019*

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Parliamentary Works Grant Annual Report & Accounts 2023-24

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Performance Report

Introduction

This Estimate covers expenditure arising from the Exchequer to the Parliamentary Works Grant (PWG) Estimate to fund the activities of the Restoration and Renewal Delivery Authority and the associated audit costs for both the grant administration and the Delivery Authority annual report and accounts.

2023-24 Supply Estimate

An Estimate consisting of £85.5m resource DEL equivalent (RDEL) and £0.1m capital DEL equivalent (CDEL) was approved by the Parliamentary Works Estimates Commission and published on 18 May 2023 (HC 1371).

A Supplementary Estimate (HC 533) revised the budget totals to £80.0m resource and £0.5m capital.

Expenditure

The main elements of the Parliamentary Works Grant are:

1. Delivery Authority Grant

A grant is paid to the Restoration and Renewal Delivery Authority to cover all of its activities and objectives. The grant is governed by an agreement modelled on the Cabinet Office Grants Standard and is administered by the Houses of Parliament. The performance of the Delivery Authority is reported in full in their annual report and accounts.

2. Audit fee

The Delivery Authority is a company limited by guarantee and is audited by the Comptroller & Auditor General in accordance with the requirements of the Parliamentary Buildings (Restoration and Renewal) Act 2019. As a corporate entity, it cannot account for the notional audit fee and so that is met from the resources under this Estimate. The Comptroller & Auditor General is appointed as auditor of the PWG by agreement and the notional audit fee for the PWG is also met from this Estimate.

3. Other

The PWG does not employ any staff and all of its staffing and administration is provided from the Houses of Parliament, including the employment of staff.

Resources

Unlike government departments, the PWG Estimate is comprised solely of Departmental Expenditure Limit (DEL) equivalent; it does not have separate budgets for DEL and Annually Managed Expenditure (AME). Therefore, there is just one overall budget for resource and one for capital.

The Statement of Outturn against Parliamentary Supply shows an outturn of £72.6 million RDEL equivalent against an Estimate of £80.0 million, representing an underspend of £7.4 million and an outturn of £0.0m CDEL equivalent against a budget of £0.5m.

The RDEL underspend was due to the ongoing targeting of savings and the deferral of activity into future years to reflect the latest programme schedule. As a result, the Delivery Authority was also able to return over £5m of funding through the Supplementary Estimate process.

At the Supplementary Estimate a provision for CDEL was made in light of potential spend on digital projects and digital and office equipment, which were in scoping. Following the conclusion of the digital projects they have been assessed as RDEL rather than CDEL, and equipment will be purchased in the next financial year.

Net Cash Requirement

The Net Cash Requirement is the amount drawn from the Consolidated Fund to supply the grant to the Delivery Authority. The expectation is that this is not drawn in advance of need. A net cash requirement of £72.5 million arose against the Estimate of £80.5 million. This represents an underspend of £8.0 million and reflects the changes to programme expenditure explained above.

Statement of Financial Position

The Statement of Financial Position has nil net assets or liabilities as cash is drawn to pay the grant and this maintains a nil net cash position on a monthly basis. A bank account operates under the administration of the House of Commons to pass the grant through. Any assets or liabilities of the R&R programme are held either in the accounts of the Houses of Parliament or the Delivery Authority.

Going concern

The public sector interpretation of IAS 1 Presentation of Financial Statements requires a consideration of whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of financial statements.

The new governance structures established since the abolition of the Parliamentary Works Sponsor Body in 2022 are now fully up and running, providing a renewed strategic direction to the programme and involving both the Houses directly in the work of the Delivery Authority, it is clear that there is a commitment to continuing the service for at least 12 months from the date of these accounts.

Management has therefore considered it appropriate to adopt a going concern basis. Funding for the PWG will be met by future funding voted by Parliament annually in Supply and Appropriation Acts. Approval for amounts required for 2024–25 was given by Parliament on 17 May 2024 (HC 777).

Audit

The audit of these accounts is undertaken by the Comptroller & Auditor General by invitation.

Tom Goldsmith and Simon Burton
Accounting Officers
9 September 2024

Accountability Report

Corporate Governance

1. Statement of Accounting Officers' Responsibilities

The Government Resources and Accounts Act 2000 requires government departments to prepare Resource Accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources during the year.

The Parliamentary Works Grant Estimate has determined to apply by analogy the financial reporting provisions of the Act, as required for central government departments. Although the Estimate is laid by the Parliamentary Works Estimate Commission as part of the main Supply Estimates, the accountability arrangements rest with the Corporate Officers of the Houses jointly as Accounting Officers for these accounts.

The Annual Report and Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs and of income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the Accounts, the Accounting Officers have elected to comply with the requirements of the Government Financial Reporting Manual (FReM) as applied by the Houses of Parliament, and in particular:

- Observe the relevant accounting and disclosure requirements issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Include judgements and estimates made on a reasonable basis.
- State whether applicable Accounting Standards, as set out in the Financial Reporting Manual, as applied by the Houses of Parliament, have been followed, and disclose and explain any material departures in the accounts.
- Prepare the Accounts on a going concern basis, and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that take personal responsibility for the Annual Report and Accounts and the judgements required therein.

The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the House of Commons and House of Lords assets, as set out in 'Managing Public Money' published by HM Treasury.

As Accounting Officers, we have taken all the steps that we ought to have taken to make ourselves aware of any relevant information, and to establish that the auditors are aware of that information. So far as we are aware, there is no relevant audit information of which the auditors are unaware.

2. Annual Governance Statement

Governance framework

The governance structure of the Parliamentary Works Grant Estimate differs from that of most other public sector Estimates in that the governance and accountability rest with the Corporate Officers with oversight from Commissions of the Houses and the Parliamentary Works Estimates Commission.

The Parliamentary Works Grant Estimate (formally Parliamentary Works Sponsor Body Estimate) was established on 1 January 2023 by the Parliamentary Buildings (Restoration and Renewal) Act 2019, as amended by Statutory Instrument 2022 1360. This makes provision for the paying of a grant to fund the activities of the Restoration and Renewal Delivery Authority Ltd.

The Government Resources and Accounts Act 2000 requires government departments to prepare Resource Accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources during the year. The Accounting Officers have determined to apply by analogy the financial reporting provisions of the Act, as required for central government departments.

As Accounting Officers, we are mindful of HM Treasury's guidance on the scope of the governance statement as it applies to Government departments, but we emphasise that the House's constitutional and governance circumstances are different to those of Government departments. Likewise, the extent to which the House Administrations are able to follow the Treasury's Corporate Governance Code for Central Government will differ. The principles of the Code are followed as far as they are applicable and suitable to the PWG Estimate.

The cost of administering the PWG expenditure falls jointly to the House of Commons Administration Estimate and House of Lords Estimate through the costs of the Restoration and Renewal Client Team.

Oversight of the Estimate

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 of the PEWC is given here:

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

The main administration of the Estimate is performed by the Restoration and Renewal Client Team, a joint department of the Houses of Parliament.

The Delivery Authority publish a quarterly progress report which is reviewed by the Client Team, the Programme Board and the Commissions of the two Houses.

Oversight of the programme

Following the changes agreed last year to the way in which the R&R Programme is governed, the new R&R Client Team has been established as a joint department of both Houses.

A new, two-tier oversight structure comprises the R&R Client Board and R&R Programme Board and functions within the existing governance structures in Parliament. The Delivery Authority remains independent.

The Restoration and Renewal (R&R) Client Board

The R&R Client Board, which is made up of the two Houses' Commissions, is responsible for making critical strategic choices and recommendations relating to the restoration and renewal of the Palace of Westminster.

The Client Board meets at key points in the restoration and renewal programme and considers recommendations from the R&R Programme Board who have delegated responsibility for leadership of the R&R Programme day-to-day.

The Client Board met five times during 2023-24; membership and attendance is as follows:

Current Members	Attendance
Nickie Aiken MP	1/5
Deirdre Brock MP	3/5
Simon Burton, Clerk of the Parliaments	5/5
Marianne Cwynarski, Director General, Operations	5/5
Lord Gardiner of Kimble	5/5
Tom Goldsmith, Clerk of the House (from October 2023)	3/3
Andy Helliwell, Chief Operating Officer	5/5
Sharon Hodgson MP	5/5
Shrinivas Honap	4/5
Sir Lindsay Hoyle MP; Speaker (Chair, by virtue of office)	4/5
Earl of Kinnoull	5/5
Charlotte Moar (from September 2023)	3/3
Lord McFall of Alcluith (Chair, by virtue of office)	5/5
Baroness McIntosh of Hudnall	5/5
Lord McLoughlin (from January 2024)	1/2
Penny Mordaunt MP	5/5
Lord Morse (from February 2024)	1/2
Lord Newby	5/5
Lucy Powell MP (from September 2023)	3/3
Nora Senior	5/5
Baroness Scott of Needham Market (from January 2024)	1/2
Baroness Smith of Basildon	5/5
Lord True	4/5
Sir Charles Walker MP	1/5
Catherine Ward (from June 2023)	4/4

Former Members	Attendance
Sir John Benger, Clerk of the House of Commons (until September 2023)	2/2
Thangam Debbonaire (until September 2023)	2/2
Mathew Duncan (until September 2023)	1/2
Lord German (until January 2024)	3/3
Lord Hill of Oareford (until January 2024)	0/3
Lord Vaux of Harrowden (until January 2024)	3/3

The Restoration and Renewal (R&R) Programme Board

The R&R Programme Board was established in February 2023 has met monthly to oversee and progress R&R.

It has delegated authority from the Client Board and is made up of members of both Houses; the Clerk of the House of Commons, the Clerk of the House of Lords; and lay members with the right skills and expertise, particularly in major programmes, to fulfil its remit.

The R&R Programme Board is responsible for directing the restoration and renewal of the Palace of Westminster. It has a role to engage, inform, mediate and translate between Parliament and the R&R Delivery Authority.

The Programme Board met eleven times during 2023-24; membership and attendance is as follows:

Current Members	Attendance
Simon Burton, Clerk of the Parliaments	10/11
Lord Collins of Highbury	10/11
Dr Michèle Dix*, external member (from 12 September 2023)	6/6
Paul Duffree, external member	11/11
Nigel Evans MP (chair)	10/11
Tom Goldsmith, Clerk of the House (from October 2023)	5/6
Steve Hails, external member	11/11
Wera Hobhouse MP	9/11
Sir Edward Leigh MP	10/11
Penny Mordaunt MP **	0/11
Lucy Powell MP (from September 2023) **	0/7
Lord Sherborne of Didsbury	10/11
Sir Jonathan Stephens, external member	11/11
Mark Tami MP	10/11
Lord Vaux of Harrowden (from 31 January 2024)	2/2

Former Members	Attendance
Sir John Benger, Clerk of the House (until September 2023)	3/6
Sir Geoffrey Clifton-Brown MP (until January 2024)	7/8
Thangam Debbonaire** (until September 2023)	0/4
Lord Morse (until January 2024)	8/9

Notes on the table:

*In September 2023, the House of Commons and House of Lords agreed to appoint a fourth external member of the R&R Programme. Dr Michèle Dix with effect from 12th September 2023.

** The Leader of the House of Commons and the Shadow Leader of the House of Commons are ex officio members of the R&R Programme Board. However, they can send delegates. During 2023-24, the delegates were:

- Sir Geoffrey Clifton-Brown and Sir Edward Leigh (job-share) for the House of Commons Leader
- Mark Tami MP for the House of Commons Shadow Leader

In January 2024 Sir Geoffrey Clifton-Brown stepped down as the House of Commons's Leader's delegate on the Board, leaving Sir Edward Leigh as the sole delegate for the Leader of the House of Commons.

Lord Morse, Deputy Chair of the R&R Programme Board, stepped down from the Board in January 2024. In February 2024, the Programme Board appointed Lord Vaux as its Deputy Chair and Chair of the Sub Board.

Client Team

A joint department of both Houses, acting as the executive arm of the Restoration and Renewal Programme and Client Boards, on behalf of the Corporate Officers.

The Managing Director of the Client Team reports to the Clerks of both Houses but is not a member of the board of either House Administration.

Delivery Authority

The Delivery Authority is a standalone company responsible for delivering R&R works specified by Parliament and tasked by the Client Team. The governance arrangements comprise a Chair and board of three executive Directors and seven non-executive Directors.

The role of guarantor for the Delivery Authority is held by the Corporate Officers of the two Houses acting jointly.

The Delivery Authority is funded by the Parliamentary Works Grant. An annual budget is agreed by the Client Team and Programme Board before consideration by the Parliamentary Works Estimates Commission. The grant is reported in a separate, standalone annual report and accounts.

Reporting

Minutes and decisions of the Programme Board and Client Board are published on the Boards' websites¹ alongside the Strategic Case, Programme's quarterly performance report and annual progress report.

Key risks

The Parliamentary Works Estimate does not have any principal risks at a Board or organisational level. Given the simplicity of the Estimate, the risks are mainly operational and procedural e.g., ensuring sufficient estimate cover and payments are made in a timely manner. The delivery risks for the Restoration and Renewal programme rest with Houses of Parliament and the Delivery Authority. The Delivery Authority's risks are managed through their structures and are examined by the Parliamentary Works Estimates Commission at their hearings. Further details of the Delivery Authority risk management is given in their Annual Report and Accounts.

¹ <https://committees.parliament.uk/committee/652/restoration-and-renewal-programme-board/> and <https://committees.parliament.uk/committee/616/restoration-and-renewal-client-board>

Internal controls

Conclusion

We remain confident that the governance arrangements in place have in general allowed us to assure ourselves of the performance against the grant, risk management and internal controls, and we are satisfied that the mechanisms in place to manage risks are adequate.

We can confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and we take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Tom Goldsmith and Simon Burton
Accounting Officers
9 September 2024

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Parliamentary Works Grant to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise.

The Estimate details supply and is voted on by Parliament at the start of the financial year. Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion. The format of the SOPS mirrors the Supply Estimates, published on parliament.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2); and a reconciliation of outturn to net cash requirement (note 3).

Summary of Outturn against Parliamentary Supply 2023-24

All figures are presented in £000's

		Outturn			Estimate			Outturn v Estimate saving/(excess)		Prior year Outturn
		Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Total	
Departmental Expenditure Limit	SOPs Note									
Resource	SOPS 1.1	72,597	-	72,597	80,000	-	80,000	7,403	7,403	69,598
Capital	SOPS 1.2	-	-	-	500	-	500	500	500	5,000
Total Budget Expenditure		72,597	-	72,597	80,500	-	80,500	7,903	7,903	74,598
Non Budget		-	-	-	-	-	-	-	-	-
Total Budget and Non-Budget		72,597	-	72,597	80,500	-	80,500	7,903	7,903	74,598

The voted column reflects the control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk for details on the control limits voted by Parliament.

Net Cash Requirement 2023-24

All figures are presented in £000's

Item	SOPS Note	Outturn	Estimate	Outturn v Estimate - saving / (excess)	Prior year Outturn total 2022-23
Net cash requirement	SOPS 3	72,500	80,500	8,000	74,500

Administration costs 2023-24

All figures are presented in £000's

Item	SOPS Note	Outturn	Estimate	Outturn v Estimate - saving / (excess)	Prior year Outturn total 2022-23
Administration costs	SOPS 1.1	72,597	80,000	7,403	69,598

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Notes to the Statement of outturn against Parliamentary Supply (SoPS)

All numbers are in £000s

SOPS 1.1 Analysis of resource outturn by Estimate line

Departmental Expenditure Limit equivalent Resource	Gross	Outturn Income	Net	Estimate Total	Outturn v Estimate saving	Prior year Outturn total 2022-23
Voted expenditure	72,597	-	72,597	80,000	7,403	69,598
Total Resource	72,597	-	72,597	80,000	7,403	69,598

All resource costs are classified as administration.

SOPS 1.2 Analysis of Capital outturn by Estimate line

Departmental Expenditure Limit equivalent Capital	Gross	Outturn Income	Net	Estimate Total	Outturn v Estimate saving	Prior year Outturn total 2022-23
Voted expenditure	-	-	-	500	- 500	5,000
Total Capital	-	-	-	500	- 500	5,000

SOPS 2 Reconciliation of outturn to net operating expenditure

All numbers are in £000's

		Outturn total	Prior year outturn total, 2022-23
Total resource outturn	SOPS 1.1	72,597	69,598
Add capital grant	SOPS 1.2	-	5,000
Net expenditure in Statement of Comprehensive Net expenditure		72,597	74,598

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

The total resource outturn in the SOPS for 2023-23 is the same as net operating expenditure in the SoCNE. 2022-23: £5m of grant to the to the Delivery Authority was budgeted for as Capital DEL but accounted for as expenditure through the SoCNE and therefore a reconciling item.

SOPS 3 Reconciliation of net resource outturn to net cash requirement

All numbers are in £000's

		Outturn total	Estimate	Outturn v Estimate saving
Total Resource Outturn	SOPS 1.1	72,597	80,000	7,403
Total Capital Outturn	SOPS 1.2	-	500	500
Non-cash item	SoCNE	(97)	-	97
Net cash requirement		<u>72,500</u>	<u>80,500</u>	<u>8,000</u>

As noted in the introduction to the SOPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

Other Parliamentary Accountability Disclosures**Losses and special payments** *(subject to audit)*

There were no losses or special payments during 2023-24 (2022-23: nil)

Fees and Charges *(subject to audit)*

Fees and charges are not relevant to these accounts.

Remote contingent liabilities *(subject to audit)*

As at 31 March 2024, there are no remote contingent liabilities (31 March 2023: none).

Tom Goldsmith and Simon Burton
Accounting Officers
9 September 2024

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of the Parliamentary Works Grant for the year ended 31 March 2024.

The financial statements comprise the Parliamentary Works Grant's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Parliamentary Works Grant's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual interpreted as set out in Note 1 to the financial statements.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Parliamentary Works Grant in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Parliamentary Works Grant's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Parliamentary Works Grant's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officers with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Parliamentary Works Grant is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Accounting Officers are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual interpreted as set out in Note 1 to the financial statements; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Parliamentary Works Grant and its environment obtained in the course of the audit, I have not identified material misstatements in the Statutory Other Information.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Parliamentary Works Grant or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officers for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Joint Accounting Officers are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Parliamentary Works Grant from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with HM Treasury's Government Financial Reporting Manual interpreted as set out in Note 1 to the financial statements;
- preparing the annual report in accordance with HM Treasury's Government Financial Reporting Manual interpreted as set out in Note 1 to the financial statements; and
- assessing the Parliamentary Works Grant's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officers anticipates that the services provided by the Parliamentary Works Grant will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Parliamentary Works Grant's accounting policies;
- inquired of management the House of Commons head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Parliamentary Works Grant's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Parliamentary Works Grant's controls relating to the Parliamentary Works Grant's compliance with the Parliamentary Buildings (Restoration and Renewal) Act 2019 and Managing Public Money;
- inquired of management, House of Commons head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Parliamentary Works Grant for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Parliamentary Works Grant's framework of authority and other legal and regulatory frameworks in which the Parliamentary Works Grant operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Parliamentary Works Grant. The key laws and regulations I considered in this context included Parliamentary Buildings (Restoration and Renewal) Act 2019, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023 and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance; and
- addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

9 September 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Primary Financial Statements

Statement of Comprehensive Net Expenditure

For the Year ended 31 March 2024

	<u>2023-24</u>	<u>2022-23</u>
	£'000s	£'000s
Grant	2 72,500	74,500
Auditor remuneration	2 97	98
Net expenditure	<u>72,597</u>	<u>74,598</u>
Total comprehensive net expenditure	<u>72,597</u>	<u>74,598</u>

The Notes on pages 27 to 28 form part of these Annual Accounts

Statement of Financial Position

At 31 March 2024

This statement presents the financial position of the Parliamentary Works Grant

	<u>31 March</u> <u>2024</u>	<u>31 March</u> <u>2023</u>
	£'000s	£'000s
Non-current assets	-	-
Current assets	-	-
Total assets	<u>-</u>	<u>-</u>
Total current liabilities	-	-
Total assets less current liabilities	<u>-</u>	<u>-</u>
Total non-current liabilities	-	-
Total assets less liabilities	<u>-</u>	<u>-</u>
Total equity	<u>-</u>	<u>-</u>

The Notes on pages 27 to 28 form part of these Annual Accounts

Tom Goldsmith and Simon Burton
Accounting Officers
9 September 2024

Statement of Cash Flows

For the year ended 31 March 2024

The Statement of Cash Flows shows the changes in cash and cash equivalents during the reporting year.

		<u>2023-24</u>	<u>2022-23</u>
Cash flows from operating activities			
Net expenditure for the year	SOCNE	(72,597)	(74,598)
Adjustments for non-cash transactions	SOCNE	97	98
<i>Net cash outflow from operating activities</i>		<u>(72,500)</u>	<u>(74,500)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year	SoCiTE	72,500	74,500
<i>Net cash inflow from financing activities</i>		<u>72,500</u>	<u>74,500</u>
Net increase/(decrease) in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at the start of the year		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year		<u>-</u>	<u>-</u>

The Notes on pages 27 to 28 form part of these Annual Accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

This statement shows movements in year on the general fund.

		General fund £'000s	Total reserves £'000s
Balance at 1 April 2022		-	-
Net Parliamentary Funding - drawn down	Cashflow	74,500	74,500
Comprehensive net expenditure for the year	SOCNE	(74,598)	(74,598)
Non-cash charges - auditors remuneration	2	98	98
Balance at 31 March 2023		<u>-</u>	<u>-</u>
Net Parliamentary Funding - drawn down	Cashflow	72,500	72,500
Comprehensive net expenditure for the year	SOCNE	(72,597)	(72,597)
Non-cash charges - auditors remuneration	2	97	97
Balance at 31 March 2024		<u>-</u>	<u>-</u>

The Notes on pages 27 to 28 form part of these Annual Accounts

Notes to the Accounts

1.0 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2023-24 *Financial Reporting Manual* (FReM) as adapted or interpreted for the Houses of Parliament context which applies International Financial Reporting Standards (IFRS). Where the FReM permits a choice of accounting policy then the policy which is judged to be the most appropriate to give a true and fair view has been selected. The policies adopted by the Parliamentary Works Grant are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, except as otherwise set out in the accounting policies. Figures are presented in pounds sterling and are rounded to the nearest £1,000.

1.2 Grants payable

Grant-in-aid is recognised on a cash basis. Grant-in-aid is a funding mechanism to finance the costs of the Delivery Authority. The PWG recognises grant expenditure monthly which is confirmed and adjusted, if necessary, based on evidence provided by the Delivery Authority, as the grant recipient. Grant payments are made monthly in advance once in receipt of this evidence. Grant-in-aid is accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' as interpreted by the FReM.

1.3 Going Concern

The public sector interpretation of IAS 1 Presentation of Financial Statements requires a consideration of whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of financial statements.

Following the decision to bring the Client Team into Parliament, abolish the Sponsor Body and introduce new governance structures to oversee the activities of the Delivery Authority, it is clear that there is a commitment to continuing the service for at least 12 months from the date of these accounts.

Management has therefore considered it appropriate to adopt a going concern basis. Funding for the PWG will be met by future funding voted by Parliament annually in Supply and Appropriation Acts. Approval for amounts required for 2024–25 was given by Parliament on 17 May 2024.

1.4 Accounting judgements

Management has assessed the impact of the ownership under IFRS 10 - Consolidated Financial Statements as interpreted by the FReM and concluded that, whilst the Corporate Officers as Accounting Officers for the PWG exert significant influence over the activities of the Delivery Authority, this does not represent control as defined in the standard. The Delivery Authority is therefore not consolidated in these statements and presents its own, separate statements prepared under Companies House requirements.

1.5 Financial instruments, assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability. Cash is the only financial instrument, asset or liability held by the PWG where there is a timing difference between draw down of supply funding from The Exchequer and payment of grant to the Delivery Authority. The PWG does not hold any assets or liabilities at the year end.

1.6 Impending application of newly issued accounting standards not yet effective

IFRS 17 Insurance Contracts becomes effective, subject to adoption into the FReM, for accounting periods commencing on, or after, 1 January 2025. It requires a discounted cash flow approach to measuring insurance liabilities. The PWG has assessed that there are no arrangements that currently fall within scope and therefore this standard will have no impact on these financial statements.

The PWG does not expect any other new, or revised standard, or interpretation to have a material impact.

2. Expenditure

	<u>2023-24</u>	<u>2022-23</u>
	£'000s	£'000s
Grant	72,500	74,500
Notional audit fee	97	98
	<u>72,597</u>	<u>74,598</u>

The grant is paid to the Restoration and Renewal Delivery Authority to fund their activities in furtherance of the restoration of the Palace. Further detail on their use of the grant is in their annual report and accounts:

The notional audit fee includes £77k for the audit of the Delivery Authority's financial statements for 2023-24 (2022-23: £72.8k)

3. Related party transactions

Related Parties are defined under IAS 24 as either the individuals who exercise control or influence over an entity, or other entities that meet certain criteria such as being part of the same Group. IAS 24 requires companies to disclose, in respect of entities, any relationships and transactions between Related Parties.

Management have determined that the House of Commons: Administration and House of Lords are considered related parties. Neither the Corporate Officers nor any other related parties have undertaken material transactions with the PWG during the year.

4. Events after the reporting period

In accordance with the requirements of IAS 10, post Statement of Financial Position events are considered up to the date on which the accounts are authorised for issue by the Accounting Officers. This is the date of the Audit Report of the Comptroller and Auditor General.

There are no events after the reporting period.

