

Parliamentary Works Sponsor Body

Annual Report and Accounts 2021–22



HOUSES OF PARLIAMENT
RESTORATION & RENEWAL

July 2022

HC 517

Parliamentary Works Sponsor Body

Annual Report and Accounts 2021–22

Annual report and accounts presented to Parliament pursuant to Part 2 of Schedule 1 of the Parliamentary Buildings (Restoration and Renewal) Act 2019.

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The Parliamentary Works Sponsor Body was established by the Parliamentary Buildings (Restoration and Renewal) Act 2019 on 8 April 2020, and the Sponsor Body then incorporated the Restoration and Renewal Delivery Authority Ltd as a company limited by guarantee on 16 April 2020.

HC 517



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01

Above:
New Dawn Artwork (detail)
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Foreword by the Chair and Chief Executive



Liz Peace CBE
Sponsor Body Chair



Sarah Johnson
Sponsor Body Chief Executive

This is not quite the introduction we thought we would be writing to our Annual Report and Accounts. The Sponsor Body spent the first ten months of the year working hard on preparing the Programme Business Case for the Restoration and Renewal of the Houses of Parliament, with a view to having that ready for Parliament in mid-2023, although we had agreed to give an early indicative view of time and cost by the end of 2021. We were also asked by the House of Commons Commission to consider what the impact of ensuring a continued presence of the House of Commons during the work on the Palace would be in terms of both time and cost. We reported on the outcome of both those exercises to the Commissions of the two Houses in January.

As a result of that report, the Commissions decided that the current programme should be looked at afresh and that the resulting revised Programme would best be carried out under changed client sponsorship arrangements which would involve the Sponsor Body function moving in house and a new Programme governance structure being developed.

Given that fresh decisions would have to be taken on the scale and nature of the R&R Programme, and mindful of the need to ensure that public money was not wasted, the Sponsor Board agreed with the House Authorities and with the Delivery Authority that all work on the Programme should be halted except for that which would be useful irrespective of whatever final solution was selected or that which was needed to maintain a capability to deliver any new programme.

At the time of writing, no formal decisions have yet been taken on the scope or nature of the revised Programme and the Sponsor Body and Delivery Authority are continuing to work to a scaled back interim set of objectives that will help inform future decisions by the two Houses.

“the Commissions decided that the scope of the current Programme should be looked at afresh and that the resulting revised Programme would best be carried out under changed client sponsorship arrangements.”

We are, nevertheless, required by the 2019 Act to produce a report of our activities during 2021/22, to accompany our formally audited accounts and this is what is set out in the following pages.

We should like to put on record our thanks to our dedicated staff who worked tirelessly during the past year to deliver against a set of objectives that were fully in accord with the requirements placed upon us by the Act and that had been agreed by the House Authorities.

Elyse H. Smith

[*Link to Essential Scheme Initial Assessment](#)

Right (top to bottom):
House of Commons Chamber
©UK Parliament/Jessica Taylor

Painting conservation from the Heritage collection
©UK Parliament/Jessica Taylor

Riverside view of the Palace of Westminster
©UK Parliament/Jessica Taylor

Acoustic survey in the House of Lords Chamber



Performance Overview

Introduction

It has been a year in two parts, with many of the objectives set out at the beginning of the year, being delivered. However, towards the end of the year a joint meeting of the Commissions of the House of Commons and the House of Lords decided that there should be changes in the approach to delivering the R&R Programme.



Right:
View of Victoria Tower

The decision was taken following the presentation of preliminary cost and schedule information, including an early view of the potential costs, time and other implications of carrying out the necessary works. The Commissions expressed concerns over the emerging costs and timescales of the existing approach and the governance in the current fiscal environment. The House Commissions have decided to recommend to both Houses of Parliament major changes to the future direction of the R&R Works and to the Sponsor Body and the work of the Delivery Authority.

The publication of an Annual Report and Accounts is a statutory requirement. The Performance Report, pages 6 to 31, provides a brief summary to explain the Sponsor Body as an organisation, its purpose, its priorities, its performance throughout the year and principal risks.

The report is therefore structured into two sections:

- the period from 1 April 2021 to 31 January 2022, covering the performance of the Programme against the objectives set out in the R&R (2019) Act and published in the Corporate Plan.
- The period from 1 February 2022 to 31 March 2022 following the House Commissions decisions which resulted in an immediate shift in the work of the Sponsor Body and the Delivery Authority and will bring changes to the structure of the sponsorship function in due course.



Who we are and Our Vision

The Parliamentary Works Sponsor Body (Sponsor Body) was formally established on 8 April 2020 by the Parliamentary Buildings (Restoration and Renewal) Act 2019.

The Programme’s Vision is:

“To transform the Houses of Parliament to be fit for the future as the working home for our Parliamentary democracy, welcoming to all and a celebration of our rich heritage.”

As stated in the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Sponsor Body has a duty to ‘determine the Strategic Objectives of the Parliamentary building work’, and the Sponsor Body was committed to working with the Delivery Authority to achieve the strategic objectives in a collaborative fashion with Parliament and other stakeholders.

The Programme had a clear purpose during the initial phase, to develop the detailed and costed restoration and renewal plan (sometimes referred to as the Programme Business Case). The plan was expected to be presented to both Houses, prepared in accordance with HM Treasury best practice.

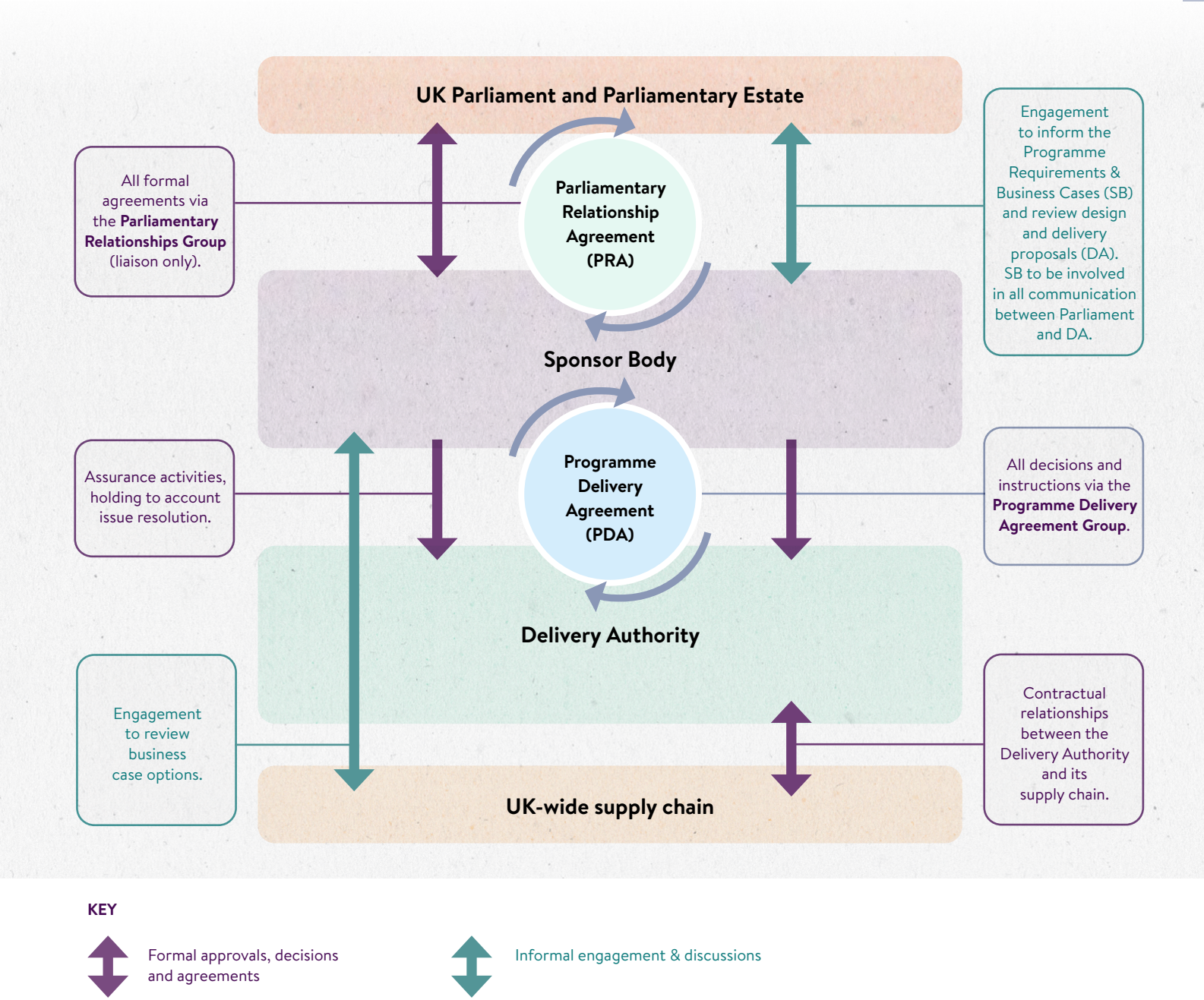
In so doing, the Programme was mindful of demands on public expenditure, applying high standards of cost-effectiveness and demonstrating value for money. These considerations continue as we move to a new operating model.

Right:
View of Central Lobby
©UK Parliament/Catherine Bebbington



Relationships between Parliament, the Sponsor Body and the Delivery Authority

- The Sponsor Body has been responsible for leading and managing all parliamentary relations.
- The Delivery Authority directs the work including contracting arrangements with suppliers.
- Formal approvals, decisions and instructions between all parties are provided by the appropriate authority within Parliament and the Programme.



Risk Management

Our approach to risk management is guided by HM Treasury guidance and industry best practice. This is monitored by the Board and the Audit and Assurance Committee on a regular basis. Further detail on strategic risks and their mitigation is given in the Governance Statement.

Transition risks are managed through the Steering Group which has representatives of the Sponsor Body, the Delivery Authority and both Houses.

Timeline

The Strategic Review, published in March 2021 gave the following key conclusions:

- The Programme requires clear objectives to enable the development of Business Case options, including a ‘Do Minimum’, ‘Do Maximum’ and one or two options derived from an analytical process to determine best value outcomes.
- Business case options should include exploration of a phased approach to delivery, identifying (in partnership with the House administrations) what works can be carried out in advance of any period when the Palace of Westminster is not occupied.
- Strong and clear governance will be essential to delivering this complex and large-scale Programme.



Above:
Lighting survey of Westminster Hall

Timeline milestones

December 2020

The House of Commons Commission agreed to request that the Sponsor Body carry out further work to fully understand the costs, time, and other implications of Continued Presence.

April 2021

The House of Commons Commission approved the requirements for maintaining a continued presence in the Palace of Westminster, during R&R.

Jan 2022

The Sponsor Body provided an Initial Assessment of Cost and Schedule of the Essential Scheme, including the Continued Presence study, to the House Commissions.

July 2021

The House Commissions endorsed the design assumptions for the R&R Programme.

May 2021

The House Commissions endorsed the “essential” and “stretch” objectives presented by the Sponsor Body.

Feb 2022

The House of Commons Commission agreed that it would propose to the House changes to the governance and approach of the R&R Programme, including the transfer of the Sponsor Body to a new separate department serving both houses.

March 2022

Task brief established, and transition Programme/steering group set up to manage the transition into the new sponsorship structure once decision has been made by Parliament.

In reflection of the recent Commissions’ decisions, this report will be structured to review the programme from 1 February to 31 March 2022 and then the progress against the objectives in the first ten months of the year.



Events from 1 February to 31 March 2022

Joint Meetings of the House of Commons Commission and House of Lords Commission

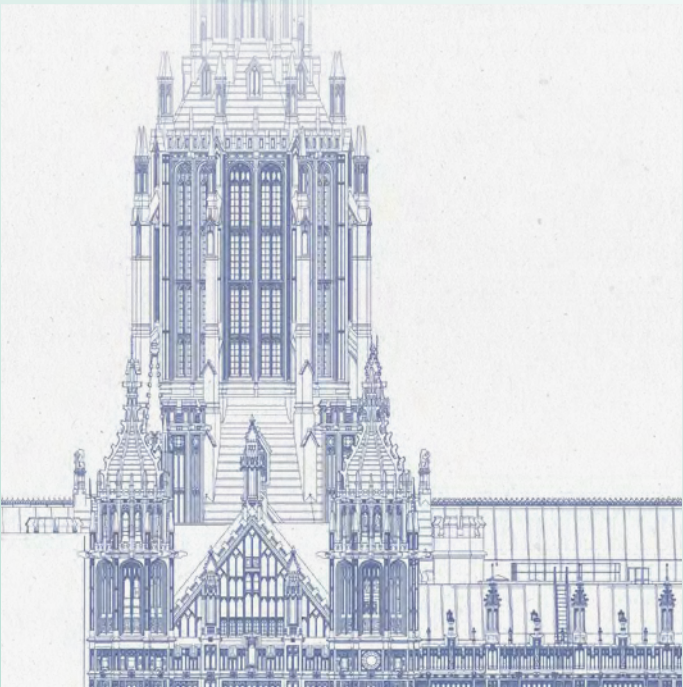
At a specially convened joint meeting on Thursday 17 March 2022, the Commission members agreed a new approach to the R&R Programme that recognises not only their collective duty as custodians of the globally iconic building – part of a UNESCO World Heritage site – but also their responsibility to ensure the safety of all those who work in and visit the Palace.

[Joint Statement from the House of Commons and House of Lords Commissions – Committees – UK Parliament.](#)

In a further joint statement on 14 June 2022, the Commissions have endorsed a new two-tier oversight structure which integrates the governance of the R&R programme into the existing governance structures in Parliament, but which will maintain the independence of the Delivery Authority.

Following these meetings, the Commission members agreed the new approach which prioritises the following:

- the commencement of safety-critical works as soon as possible;
- ensuring maximum value for money, especially in the current economic climate; and
- establishing a governance structure that is receptive to Parliament’s requirements as a working legislature and is accountable to Parliament. An incremental approach to the works and the funding should be considered, in line with standard practice for many major public works.



Under the proposed structure the two Commissions will jointly have oversight of the Programme. They have proposed delegating authority to an R&R Programme Board which will combine parliamentary representation with independent major project and heritage conservation expertise.

The Commissions recognise the need for political advocacy for any major public sector project and this will be factored into the new governance arrangements.

This will involve moving the sponsorship function into a new, joint department of the two Houses.

The proposals are available [here](#).

A motion has been tabled in the House of Commons on 22 June 2022 for the debate proposing:

That the House:

- reaffirms its commitment to preserving the Palace of Westminster for future generations and ensuring the safety of all those who work in and visit the Palace, now and in the future.
- notwithstanding the Resolution of 31 January 2018, welcomes the report from the House of Commons and House of Lords Commissions proposing a new mandate for the Restoration and Renewal works and a new governance structure to support them.
- accordingly endorses the recommendations set out in the Commissions’ report; and
- in consequence, approves the establishment of a joint department of the two Houses, under the terms of the Parliament (Joint Departments) Act 2007.

This motion remains open for debate and has been scheduled to take place on the 12 July (House of Commons) and 13 July (House of Lords).

Images:
Building information modeling (BIM)
of the Palace of Westminster



Programme Response

As a result of the decisions taken by the House Commissions, a high-level review of both organisations’ business plans to an ‘essential activities’ basis was required by the Accounting Officer to avoid nugatory expenditure and preserve taxpayer value during this transitional period.

We have consolidated all the work to date and stored as a compendium so this can be used at a later stage. All other work relating to the development of the Programme Business Case has been stopped and the Sponsor Body will continue to collaborate with the two Houses on what comes next. We continue to fulfil our statutory obligations and will do so until such time as the transition is complete.

In order to provide some structure for the programme over the short-term, the Sponsor Body has issued the Delivery Authority with a new Task Brief. This is aimed at focussing on those activities essential to exploring future options and supporting the establishment, and transition to, a new operating model. The task brief is set out as follows:

Taskbrief

- Consolidate current work and stop future work on Palace of Westminster Essential and Intermediate Schemes.**
- Complete the concept design phase for the House of Lords decant to QEII.**
- Stop activity for Heritage Collections Decant, less some specific “solution neutral” tasks.**
- Pause development of the Programme Business Case and review all activities.**
- Support the Sponsor Body to develop parameters for the future programme and prepare a range of proposals for delivering the works, and reducing the cost and timescales.**
- Continue surveys (intrusive and non-intrusive) of the Palace of Westminster.**

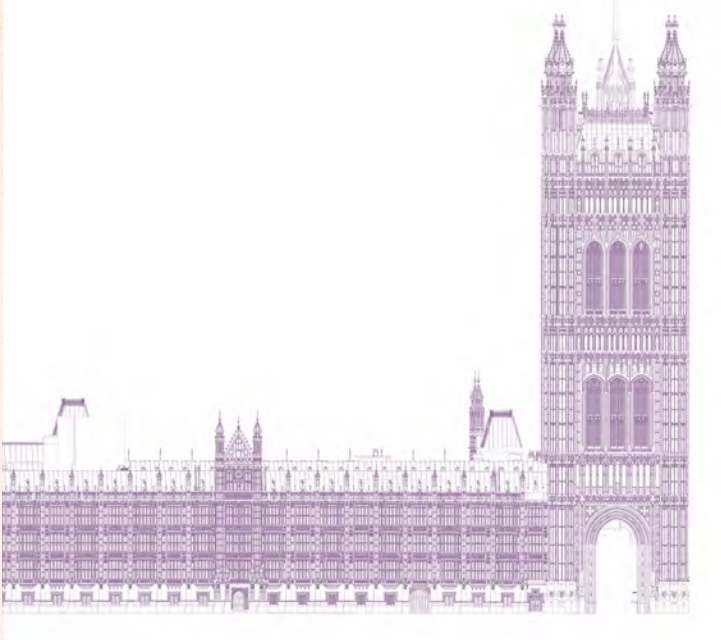
Transition Activities

In response to the Commissions’ decisions, the Sponsor Body, Delivery Authority and the two Houses have formally established the Transition Implementation Project/Group to mitigate against the loss of momentum and other risks identified. An initial objective of the project is to prepare a report for both Commissions that will be informed by recommendations from the Independent Advice and Assurance Panel on the approach to future works and replacement of the Sponsor Body. The intention is for the Commissions’ report to inform the debates expected on 12 and 13 July 2022.

The Transition Implementation Group has been established with membership drawn from all four organisations to support the transition process to its conclusion. The Transition Implementation Group has established workstreams covering:

- Proposals for the new sponsor function
- Scope and funding of Parliamentary building works
- Finance, People, Digital and Data, Legal, Assurance and Communications.

Following on from this the work necessary to deliver the transition can be implemented over the course of 2022. We are working closely with both Houses on the new operating model, structures and transition plan and expect these to develop over the coming months.





Business Plan Objectives 2021/22

The objectives for 2021/22 were to undertake work required to build a fully costed Programme Business Case for approval in 2023, whilst simultaneously refining the requirements of the Programme. These included:

- The development of the scheme options (Essential & Intermediate) to underpin the detailed and costed Restoration and Renewal plan.
- Technical surveys to understand the condition of the Palace of Westminster and detailed engineering and architectural design work.
- Progressing the enabling projects, such as designs for the temporary decant options and cataloguing the condition and location of the Heritage items in the Palace.
- Additional work to assess the implications of the House of Commons maintaining a ‘continued presence’ in the Palace throughout the delivery of the R&R Programme.
- Activities to prepare for Phase 2 (delivery) of the R&R Programme, including planning for site logistics and construction phasing.

As part of the process to agree the scope of the Programme, the Sponsor Body was developing two scheme options (an Essential scheme and an Intermediate scheme).

Left (clockwise top to bottom):
Painting conservators working on artworks from the Heritage collection
©UK Parliament/Jessica Taylor
Heritage door surveys from Westminster Hall
©UK Parliament/Jessica Taylor
Palace of Westminster
©UK Parliament/Jessica Taylor
Layers of basement servicing requiring replacing
©UK Parliament
Detailed interior lighting surveying within the Palace of Westminster

Essential Scheme

The Essential Scheme provided a concept design detailing how we would achieve the core objectives for the works:

- Removal of asbestos where it is disturbed by R&R works.
- Substantially reduced fire risk to building occupants and to the building fabric.
- Renewed network of essential building services (plumbing, electrics, data cables etc.) and new plant rooms, resilient for the future.
- Improvements to the energy efficiency of the building through measures such as wall insulation, roof insulation and ground source heat pumps.
- Backlog repairs and conservation to the building fabric only.
- Improvements to accessibility which would deliver c.60% accessible entrances, c.75% routes within the Palace that would be step-free.
- Other improvements to functions such as security, catering and logistics within the site, and in facilities for visitors and education.

Intermediate Scheme

The Intermediate Scheme provided incremental improvements above those set out in the Essential Scheme.

Programme Highlights

50 out of 100
scheduled
detailed
intrusive surveys
completed.



1,750 reports
and studies
on the Palace
produced.



Walk through
3D animation
proposals for
Lords' Decant.



Developed the
apprenticeships,
skills agenda
and **staff**
engagement.



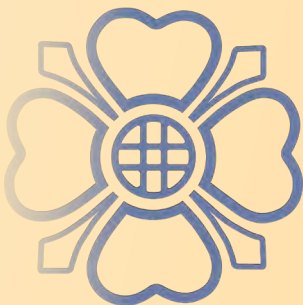
Delivered the
first annual
report and
accounts with
clean audit
opinions and
laid pre-recess.



Ran a Programme to **replace**
consultants and secondees, where
appropriate, with permanent staff.



395 reports
and deliverables
issued to date,
and a total of
3,185 comments
received and
addressed.



Programme Highlights (continued)

Palace of Westminster Project

- We have conducted research, undertaken surveys, and design development work to support the business case.
- Engagement with internal and external stakeholders to understand requirements and raise awareness and gather views of the Programme.
- **50 out of 100** detailed and intrusive surveys have been completed and the rest are scheduled.
- This has required the production of over **1,750 reports and studies** on the Palace.
- An initial **3D Building Information Model (BIM)** has been produced.
- All this work enabled the development of the two scheme options, where feasible design, delivery strategies and initial cost were developed.

Below:
Thermal imaging and acoustic surveys taking place within the Palace of Westminster.



House of Lords' Decant Project

- Research of archive information, surveys and reports and design development work informed production of the following key documents:
 - > Project Brief and Design Requirements
 - > Concept design report where feasible design, delivery strategies and initial cost are developed (with the development of 4 Scheme Options)
 - > Option appraisals
 - > Walk through 3D animation of proposals
- A total of **395** reports and deliverables have been issued to date, and a total of **3,185** comments have been received and addressed.



Heritage Collections Decant Project (HCD)

The Palace is home to a number of important heritage collections and their continued presence within the Palace during the works period would materially risk damaging them. For that reason, it was agreed that the collections must be decanted from the Palace site and safely stored until they can be brought back without risk of damage. We worked with Parliamentary Heritage teams to catalogue the artefacts and scope the short-term storage needs.

Corporate Activities

In addition to the Programme delivery over the course of the year we have also:

- Built capability and maturity in our corporate functions including Finance; Commercial and Legal Services to support the Programme.
- Ran a programme to replace consultants and secondees, where appropriate with permanent staff.
- Developed the apprenticeships, skills agenda and staff engagement.

Below:
House of Commons library
©UK Parliament



Initial Assessment of Cost and Schedule for the Essential Scheme

This assessment was intended to give parliamentary stakeholders a preliminary view of the potential range of cost and schedule for the main building phase of the Programme. These estimates were emerging and were halfway through the period that had been agreed for the development of full proposals to be included within a detailed and costed restoration plan.

A “Programme Business Case” was planned to be put before both Houses for approval in 2023. The Sponsor Body and Delivery Authority needed to carry out significantly more work during 2022, including further surveys and investigations into the condition of the buildings, before a formal range of cost and schedule estimates could be finalised.

The emerging cost and schedule ranges also included significant allowances for contingency to allow for the range of risks inherent in such a complex programme of works, reflecting the early stage of the analysis. The contingency estimates applied were benchmarked and derived following IPA good practice guidance in the development of business cases.

Since then, and as a result of the Commissions decisions, we have consolidated all the work to date and stored as a compendium so this can be used at a later stage. All other work relating to the development of the Programme Business Case has been stopped and the Sponsor Body will continue to collaborate with the two Houses on what comes next.

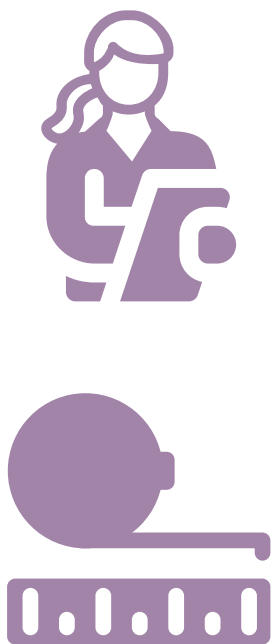
Right
Vellum scrolls from the Heritage collection
©UK Parliament/Jessica Taylor



Performance Analysis

Progress against objectives

The Corporate Plan 2021 was published in July 2021 and sets out the 10 key objectives identified for successful delivery of the Programme. Over the course of the first ten months work continued to identify and develop the future design of the Palace to develop the schemes that would be appraised within the business case.



Progress against objectives:

Objective 1:

Establish a strong sponsor function within the Sponsor Body

The Sponsor Body matured and developed into a fully functional collaborative team with strong capabilities, experts in their fields, technical support, skills and knowledge. Almost all substantive posts were filled with direct employees, unless not cost effective to do so. Staff performance, reward, training and development and other support structures were up and running.

All systems, processes and governance developed were proportionate, appropriate, and well-functioning as evidenced by reports from Internal and External auditors and the IPA.

The Sponsor’s Representative (S Rep) team provided independent technical advice to the Sponsor Body throughout the year. Delivery Authority deliverables were reviewed in detail including reviewing the assurance carried out by the Delivery Authority. The S Rep Team were stood down at the end of the year in line with the pause on development of the business case.

Objective 2:

Enhance our Programme management responsibility

We matured our oversight of the Delivery Authority and support for the Task Briefs which have been issued. The Delivery Authority developed an execution plan and Primary Performance Milestones. Regular challenge and review sessions were held over the year, giving a clearer line of sight to control performance and progress.

Two assurance reviews were conducted by IPA accredited teams and the National Audit Office (NAO), carried out field work to support an updated report on the status of the Programme. The first assurance review focussed on the capability and capacity of the programme in delivering the business case. The second review focussed on the approach to the business case.

Both assurance reviews gave Amber assessments, highlighting good progress made to date, and providing helpful recommendations about relationships with the Houses, governance, and critical dependencies for the Programme.

Objective 3:

Ensure that the parliamentary building works represents good value for money

The costs during this phase of the programme have been through a comprehensive process of review and challenge led by the CEOs and Boards of both organisations and scrutinised by the Commissions of both Houses as well as the Parliamentary Works Estimates Commission. This is done by:

- Maintaining a focus only on the highest priority activities that strictly align to objectives.
- A realistic recruitment profile and reduced reliance on consultants.
- Focused development of digital systems better matched to user needs.
- Targeted savings to ensure that a constant downward pressure on costs is maintained.

We put in place external benchmarking in line with best practice and consistent with the NAO’s recommendations. This has included bottom-up benchmarking as estimates are pulled together, industry standard benchmarks, lessons from all our activities, and top-down benchmarks using external academic analysis.

Top down

Engaged external academic analysis on reference class forecasting to inform the level of risk and uncertainty to apply.

Followed NAO and the IPA recommendations, established cost benchmarks around the production of the PBCs for major programmes.

Bottom up

Engaged cost consultants to provide benchmark data from other major programmes and heritage projects

Reviewed the Data & Digital programme, using a specialist Digital procurement consultant.

Objective 4:

Undertake effective Parliamentary and Government engagement and consultation in a timely manner

Continued engagement across the stakeholder community allowed the Sponsor Body to refine, options to help inform the client scope and requirements.

In June and July 2021, we ran a predominantly online engagement exercise for the parliamentary community. Over 370 individuals took part in this exercise, this included 122 Members, of whom 67 (55%) were Peers and 55 (45%) were MPs.

In November 2021 we ran a five-week Exhibition on the Parliamentary estate where Programme officials spoke directly to Members and passholders. Overall, the consultation had 394 Parliamentary engagements in November. 143 Peers engaged and 67 MPs engaged.

With the support of the House administrations, towards the end of 2021, we ran tours for members outlining findings from survey work and the work required in the basements of the Palace. We have continued to deliver tours and there is a waiting list of 70 interested Members to be booked on tours in 2022. In addition to this we have also offered individual Member briefings to all Members (including all new Members of the House of Commons and House of Lords), 99 such briefings were held in 2021.



Performance Analysis (continued)

Objective 5:

Promote understanding of the purpose and importance of the Programme

The restoration programme is committed to being a UK-wide project which includes and involves people and businesses of all sizes in all four nations of the UK. Working with the British Chambers of Commerce, we held events, visits and roundtables, met with Mayors and engaged with representative groups from business and industry.

Levels of media and social media activity to build understanding of, and support for, the purpose and benefits of the Programme was steadily built throughout 2021/22. Media interest about R&R has been growing throughout the year, with over 508 pieces of coverage.

A ‘Heritage Client Group’ was established. Membership is made up of heritage and conservation bodies, historical buildings, central and local governments, or public bodies from across the whole of the UK, to promote the historic environment.

In November 2021, jointly with Parliament, we hosted the Annual Conference for the International Network of Parliamentary Properties (INPP). The INPP is a network, learning from international best practice, of over 20 international organisations devoted to the restoration, rehabilitation and development of Parliamentary infrastructure.

Objective 6:

Work towards approval of the detailed and costed restoration plan

The programme was on track to deliver the business case in 2023. Work on schedule, designs, cost, risks and benefits analysis were being compiled for the chosen options, allowing for the value for money option analysis to be undertaken. Good progress has been made in developing the 5 cases (Strategic, Economic, Finance, Commercial, Management).

During 2021/22 four options for the fit out for the QEII Conference Centre were engaged upon and confirmed as viable options for the temporary accommodation of the House of Lords during the Restoration and Renewal decant.

Working with the Parliamentary Heritage Teams, we have begun the work to scope the detailed future requirements and have started cataloguing the Parliamentary Heritage Collections, which consists of approximately 26,000 items, of which circa 13,000 are in the Palace, some of which are in a very poor condition and in need of repair/conservation.

The Sponsor Body and Delivery Authority completed an exercise to get an early picture of the costs, time and other implications of carrying out the necessary works. The “Essential Scheme: Initial Assessment of Cost and Schedule; and Continued Presence: Summary of Impact Study” report was presented to the Commissions of the two Houses in January 2022 and was published in February 2022 and is available at the following [link](#).

Objective 7:

Provide effective Programme governance

In the spring of 2021, the Accounting Officers of the House of Commons, House of Lords, and the Sponsor Body jointly agreed to hold a Governance Review for the R&R Programme. The objective was to streamline the governance structure for the Programme at the administrative level, which was considered to be overly complicated and fragmented.

In July 2021, the review team produced a report making 27 recommendations, which was endorsed by the three Accounting Officers and the Chief Executive of the Delivery Authority.

A key recommendation was to create an R&R Steering Group, with senior representatives from both Houses and the Sponsor Body as core members, and senior personnel from the Delivery Authority as standing attendees. This group was established in October 2021 and subsequently met fortnightly.

Objective 8:

To ensure all Programme activities are supporting the development of the business case

We continued to develop the detailed and costed plan for the delivery of the Programme and were on track for this to be presented to Parliament in 2023. Our designs have been informed by extensive research, stakeholder engagement and design development work, resulting in the production of over 1,750 reports and studies.

Our extensive programme of surveys will also inform design options for the future. We are mid-way through our survey programme which will, for the first time, provide a detailed assessment of the condition of the Palace across a wide range of areas including structure and ground conditions; existing services and utilities; archaeology; fire; asbestos; and condition of external finishes. These surveys, which are significant and complex pieces of work in their own right, will be used to inform any future design for a restored and renewed Palace.

Our intrusive surveys are starting later than originally planned due to a variety of reasons, some of which have been within our span of control (mainly a delay with procurement activity) and others which have not (including Covid). We are now making good progress with approximately 50 out of 100 surveys conducted.

Objective 9 :

To develop the Programme maturity to procure and deliver chosen design options

Our overall Programme maturity improved across a number of distinct areas.

We continued to have a strong focus on value for money, understanding that we must be able to justify the expenditure of every penny of taxpayer’s money.

The Delivery Authority recruited a number of paid interns from lower socio-economic backgrounds (through our partnership with the Social Mobility Foundation) who are gaining valuable work experience in roles across the Programme. We have also commenced an apprenticeship programme and have seen apprentices employed both directly by the Delivery Authority and by our suppliers. We have agreed a Volunteering Policy against which we have already organised a number of Programme-wide volunteering activities.

Objective 10:

To develop the Delivery Authority corporate capability ready to deliver Phase 2 of the Programme

We have continued to build a strong team of people with the right mix of skills and knowledge. We increased our number of permanent employees and reduced the number of contracted. It will be necessary to operate a mixed resourcing model, particularly in design and project management disciplines, to balance enduring in-house capability with scarce and highly specialised technical expertise purchased from design and delivery partners as required.



Sustainability

Sustainability forms an essential part of what we do, and we are committed to monitoring and minimising the environmental impact of our operations.

Our Sustainability team is in its early stages of developing dedicated key performance indicators for organisational performance and we intend to issue and report against these associated targets in our next annual report. This includes development of our Carbon Strategy to set appropriate targets for the programme, aligning with the Parliamentary Estate’s ambitions as well as government policy and emerging best practice.

We are committed to reducing the Programme’s environmental impact. Colleagues are advised to consider if meetings can be accommodated virtually as the first option. Where it is safe and accessible, low carbon modes of transport such as rail are actively encouraged. Our office accommodation has been awarded a BREEAM ‘Excellent’ rating for its sustainability performance and is easily accessible by public transport with cycling facilities also provided on site.

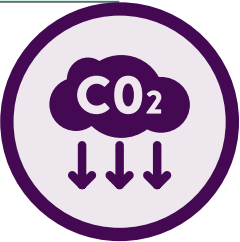
It is important that the Palace of Westminster is resilient to changes in the climate so that it can continue to operate as the working home of Parliament in the future. We are working collaboratively with contractors, architects, design managers, and the heritage team to understand the key risks of extreme weather events to the Palace. As part of the design process in 2021/22, a climate change resilience assessment was conducted, from which a climate change adaptation strategy has been developed.

Utilities and Carbon Reporting

The tables below set out the energy consumption and emissions across the Programme.

	2021/22	2021/22 (per occupant)	2020/21	2020/21 (per occupant)
Gas consumptions kWh	246,468	978	190,986	936
Electricity consumption kWh	356,545	1,415	249,857	1,225
Water consumptions m3	1,236	5	853	4
Scope 1: direct tCO2e	45		35	
Scope 2: indirect tCO2e	76		58	
Scope 3: Business Travel tCO2e	-		-	
Total expenditure on energy	£0.047m		£0.062m	

In 2020/21, gas, electricity and water consumption have been calculated by taking the overall building usage and dividing it by the total number of floors occupied by the programme. In 2021/22, electricity consumption has been calculated using the energy consumption benchmarks published in CIBSE (2012) Guide F Energy Efficiency in Buildings.



Finance Directors Report

Introduction

The SB and the DA constitute a Group under International Financial Reporting Standard 10 – Consolidated Financial Statements and, whilst both the DA and the Group accounts are laid in Parliament, the DA accounts are also filed at Companies House.

Budgeting System

Our operations are entirely funded by an Exchequer grant (known as Supply), voted by Parliament by means of the submission of expenditure ‘Estimates’.

The budget is separated into:

Resource Departmental Expenditure Limit Equivalent (Resource DEL) for current expenditure such as staff pay, purchase of goods and services and depreciation; Capital Departmental Expenditure Limit Equivalent (Capital DEL) for new investment in digital assets. Movements that are normally represented in Annually Managed Expenditure are treated as DEL equivalent.

The budget for 2021–22 as voted by Parliament was £149.6m Resource DEL and £6.0m Capital DEL.

As none of the external activities of the Group are classed as trading, all numbers throughout are presented including irrecoverable VAT at 20% where appropriate.

Financial Performance 2021–22

Costs have mainly comprised:

- Programme management services such as cost control, project management, construction planning, health and safety and fire engineering.
- Architectural design services and surveys as we start to understand the condition of the building and options for restoration and renewal.
- Digital support services to establish the organisations and provide 3D modelling technology.

Most of the year has seen us operating under some restrictions on movement and access caused by the Covid-19 pandemic. This resulted in reverting to a remote working business model requiring a diversion of management time and energy.

The Programme’s out turn for the year was £118.4m against the respective control totals of £155.6m resulting in an underspend of £37.2m:



The key drivers to the underspend are:

The reduction is predominantly driven by delayed expenditure in the following areas:

- House of Lords Decant project: activities were paused in-year to enable more time for engagement and agreement on the design options down-selection than planned, with a reduction in resource required of £13m
- Heritage Collections Decant project: activities were paused to enable more time to reach agreement on the Joint Heritage Roadmap with Parliament teams than planned, with a reduction in resource required of £7m.
- Palace of Westminster: delayed start to intrusive surveys offset by early mobilisation of the additional design activities including to support the Continued Presence assessment resulting in a reduction of resource required of £4m.
- Data & Digital: deferral of investment projects including the Requirements Management system to align to future programme needs, with a reduction in resource required of £5m.
- The remaining reduction in resource requirement of £8m relates to delivery of savings across the Programme relating to staffing and greater certainty on the costs of activities following procurements.

Finance Directors Report (continued)

Future Risks

There are a number of risks and implications arising from either budget option for a future direction of the Programme and for the Delivery Authority’s capacity and capability to deliver a future Programme of work. These include:

- Delaying the development of proposals at this stage introduces a significant risk of future Programme delay.
- A loss of critical design and engineering expertise and capability.
- The ability to recruit expertise required in future, as well as retain its current highly experienced and specialist team.
- Any stop and re-start approach raises the risk of increasing the overall Programme cost for reasons associated with all the implications set out above.

Value for Money

Throughout the year we have been conscious of delivering value for money in everything we do. Following the publication of the decision of the House Commissions meetings about the future of the programme, and mindful of our responsibilities under Managing Public Money we have taken the following actions.

- Reviewed all commercial commitments and either terminated those arrangements or reduced the scope to those activities necessary to complete tasks such that they can be archived and made available for future reference.
- Paused or cancelled all recruitment unless it relates to business-critical roles.
- Continue activity on the Palace of Westminster investigatory survey work to inform the design and subsequent cost and schedule of future scheme proposals.
- Continued to support corporate function capability and comply with statutory requirements.

Cash

The full year Net Cash Requirement for 2020–21 was £155.6m, met from the Main Estimate. The cash out turn was £108.1m, a saving of £47.6m, driven by the underspend and better cash management.

Below:
Intrusive survey work to test for the presence of Asbestos



Statement of Financial Position

The main movements on the Group Statement of Financial Position are caused by:

Item	Movement 1	Reason
Non-current assets	£50k	Addition of the lease on 64 Victoria Street offset by depreciation on IT assets
Current assets	(£40,433k)	Enhanced cash management leading to significantly lower end of year cash balances.
Current liabilities	(£31,828k)	Reduction in supplier creditors offset by higher accruals and provisions for goods and services.
Equity	(£8,964k)	Mainly caused by the reduction in residual cash balances and therefore deferred income.

Planned Expenditure in 2022–23

Following on from the House Commissions decisions, the budget was reworked at pace and using a number of assumptions. The estimated expenditure is £84m RDEL equivalent and £3m CDEL. The Main Estimate was laid in Parliament on 17 May 2022. Detail is available in our published Estimate Memorandum.

EU Exit

At this stage, there have been no costs incurred or other impacts of leaving the European Union on the Programme.

Auditor of the Sponsor Body

The NAO undertakes the audit on behalf of the Comptroller & Auditor General and a notional fee of £125k has been charged, which covers both the audit of the Delivery Authority and the group accounts. No remuneration has been provided to the NAO for non-audit services.

Going concern

The financing of future service provision and liabilities is to be met by future grants of supply approved annually by Parliament. The Main Estimate for 2022–23 was presented to Parliament on 17 May 2022.

The decision to move to a new model for sponsorship would call into question the validity of a going concern presumption for a body which is likely to be abolished, however 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.

In the light of this, and the public statements from the meetings of the House Commissions and their published report, it is expected that the service will continue and so it has accordingly been considered appropriate to adopt the going concern basis for the preparation of these Financial Statements.

Signed

Sarah Johnson, Chief Executive
Accounting Officer

05 July 2022

02

Above:
Angel of Westminster East Side
©UK Parliament

Purpose of the Accountability Report

The Accountability report sets out how the Sponsor Body meets the key accountability requirements to Parliament. It is broken down into three areas:

The **Corporate Governance Report**, which:

- Discloses the Board with oversight for the Group, and
- Explains the governance structures, and a review of our risk management and the internal control systems.

The **Staff and Remuneration report**, which:

- Highlights employees matters and details of staff numbers and costs, and
- The Remuneration report discloses the remuneration of our Board and Directors.

Parliamentary Accountability and Audit Report, which includes:

- The Parliamentary accountability report presents the Group’s expenditure against the budgets set by Parliament, and
- The Audit report includes the Comptroller and Auditor General’s Certificate and Report to Parliament. It sets out the Audit opinion on the Financial Statements.



Corporate Governance Report

Statement of Accounting Officer’s Responsibilities

Under the Parliamentary Buildings (Restoration and Renewal) Act 2019 and in line with the direction from HM Treasury, the Sponsor Body is required to prepare, for each financial year, consolidated resource accounts detailing the resources it (and its subsidiary) has acquired, held or disposed of during the year and the resources it has used during the year.

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and to:

- **observe** the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- **ensure** that there are appropriate and reliable systems and procedures to carry out the consolidation process.
- **make** judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by the Delivery Authority.
- **state** whether applicable accounting standards as set out in the Government Financial Reporting Manual 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 take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

I was appointed as Accounting Officer for the Sponsor Body in accordance with the provisions of Schedule 1, section 25(4) of the R&R (2019) Act. The responsibilities of an Accounting Officer are set out in the Accounting Officers’ memorandum issued by the Public Accounts Commission.

In addition, under Schedule 2, para 9(3) I have appointed the CEO of the Delivery Authority to be an additional Accounting Officer to be accountable for that part of the group accounts relating to the Delivery Authority and the associated assets, liabilities and cash flows. This appointment does not detract from my overall responsibility as Accounting Officer.

I am responsible for ensuring that appropriate systems and controls are in place to ensure that any grants made are applied for the purposes intended and that such expenditure and the other income and expenditure is properly accounted for, for the purposes of consolidation within the resource accounts. I consider that the Annual Report and Accounts is fair, balanced and understandable.

Under their terms of appointment, the Accounting Officer of the Delivery Authority is accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure.

The responsibilities of the Accounting Officer also 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 organisation’s assets, as set out in Managing Public Money, published by HM Treasury.

Accounting Officer Confirmation

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Sponsor Body auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that this Annual Report and Accounts is fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Overview

The governance statement sets out how the Sponsor Body was governed and directed by management during the year. I have assessed the effectiveness of internal controls and governance and consider them to be satisfactory and functioning effectively.

Response to the House Commissions’ decisions

The House Commissions’ decisions have resulted in some amendments to activities and governance. The sections below detail the systems and governance which covered the ‘business-as-usual’ operations during the year. The response to the House Commissions’ March 2022 decisions regarding R&R are set out in the Performance Report in section 1, unless specifically referred to below to cover where activities were in progress but were halted or did not start due to the changes.

Whilst the governance structures in operation remain unchanged, such as the Board and its Committees, there have been changes in personnel with:

- the departure of three of the Executive Team in May 2022, with continuity plans in place utilising existing staff.
- the current CEO is due to depart in July 2022 having fulfilled all responsibilities relevant to this annual report and governance statement.
- An interim CEO has been identified and has already joined the programme for the hand over process.

As a part of succession planning Heads of Function have stepped up to replace the executives who left to ensure the Sponsor Body governance remains in place to support the new Accounting Officer through the transition.

Relationship with Parliament

The Parliamentary Relationship Agreement (PRA), a document setting out the working relationship between the two Houses of Parliament and the Sponsor Body, was published in May 2020, following formal approval by both House Commissions and the Sponsor Body. This was a requirement under the Parliamentary Buildings (Restoration and Renewal) Act 2019. The PRA ensures that both Houses and the Sponsor Body have clearly articulated arrangements in place regarding their relationship, roles and responsibilities. It was reviewed in November 2020 and a further update published in July 2021.

To support its accountability to Parliament and in accordance with the PRA, the Sponsor Body has:

- Provided quarterly reports to both Houses about recent and planned activity, including engagement and consultation, and an overview of the Programme’s schedule, costs, risks and assurance activities.
- Appointed spokespeople in each House, who will respond to any questions and make written statements on its behalf (currently Mark Tami MP and Lord Best).

The Act also requires the Sponsor Body to lay an annual report before both Houses, including information on the progress of the works and the size of companies that works contracts have been awarded to, as well as their geographical spread.

In carrying out its duties, the Sponsor Body is required to consult members of each House of Parliament and seek the views of employees of both Houses, people working for members of both Houses and members of the public. The Sponsor Body published a Member Consultation Strategy in May 2020, which outlines the strategy for consulting Members of both Houses during the Programme’s definition phase.

The Board will continue to meet until we move to a new operating model to maintain sound governance and effective scrutiny of expenditure, safeguarding taxpayer value.

Governance Statement (continued)

The Estimates Commission

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

The membership of the Commission is:

Name	Affiliation	Comment
Rt Hon Dame Eleanor Laing MP	Conservative	Chairperson
The Lord Macpherson of Earl’s Court GCB	Cross Bench	
Rt Hon Nicholas Brown MP	Labour	Appointed 8 June 2021
The Lord Gardiner of Kimble	Non-Affiliated	Appointed 13 July 2021
Lilian Greenwood MP	Labour	Left 8 June 2021
The Rt Hon. the Lord McFall of Alcluith	Non-Affiliated	Left 14 July 2021

The Commission formally met twice during 2021–22 in private session and a public formal oral evidence session held on 26 April 2022 on the Main Estimate 2022/23.

Relationship between Sponsor Body and the Delivery Authority

Governance

The formal governance arrangements are:

- The PDA established a Programme Delivery Agreement Group (“PDAG”) for the purpose of reviewing progress in delivery of all aspects of the Programme. PDAG provides the Sponsor Body visibility and assurance on delivery of the Programme by the Delivery Authority whilst minimising duplication of assurance activity by the Sponsor Body, key stakeholders, and other parties. The PDAG is chaired by a person nominated by the Sponsor Body and comprises senior officials from both organisations.
- Both Audit Committees are chaired by independent finance and audit specialists and have a shared understanding of the control environment and the interaction of strategic and operational risk across the two organisations.
- The CEO of the Delivery Authority attends some of the Sponsor Board meetings to present the Delivery Authority monthly report.
- Two of the External Members of the Sponsor Board served as Non-Executive Directors of the Delivery Authority Board to provide continuity and clear line of sight across the Programme.

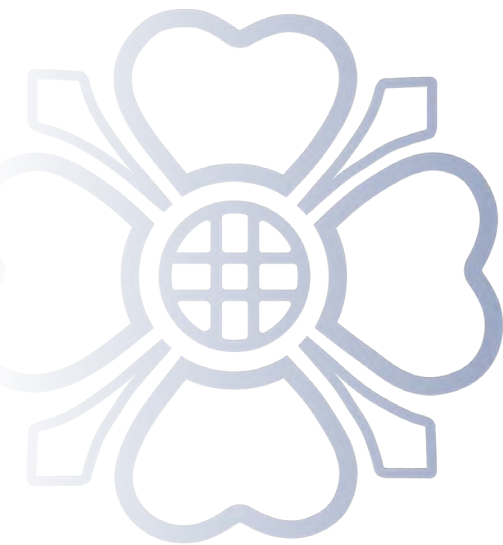
Governance Statement (continued)

Assurance

There are several different strands of assurance that cover the scope and the progress of the Programme:

- An independent assurance team (the Sponsor’s Assurance Representative, or S Rep) was created specifically with the purpose of scrutinising the work of the Delivery Authority. This team provided a monthly report to the Executive Team as well as a quarterly report to the Audit and Assurance Committee. This activity has been replaced with internally managed ‘deep dive’ exercises into areas of significant expenditure.
- We adopted the standard “best practice” three lines of defence assurance model which included independent reviews by teams from outside of the R&R Programme such as Internal Audit, the National Audit Office, the Infrastructure Projects Authority and PA Consulting.
- The most recent external review focussed on the process for delivering the business case. This was completed in November 2021, and we incorporated their recommendations into our workplans.
- The National Audit Office has undertaken two studies throughout the lifetime of the R&R Programme as well as exercising their role as the external auditors for both organisations.

During the transitional period assurance is being maintained through close collaboration between the executives of the Sponsor Body and the Delivery Authority.



Amended Task Brief

In response to the recent decisions of the House Commissions, the Sponsor Body issued the Delivery Authority with a revised Task Brief on 25 February 2022, setting out the activities to be:

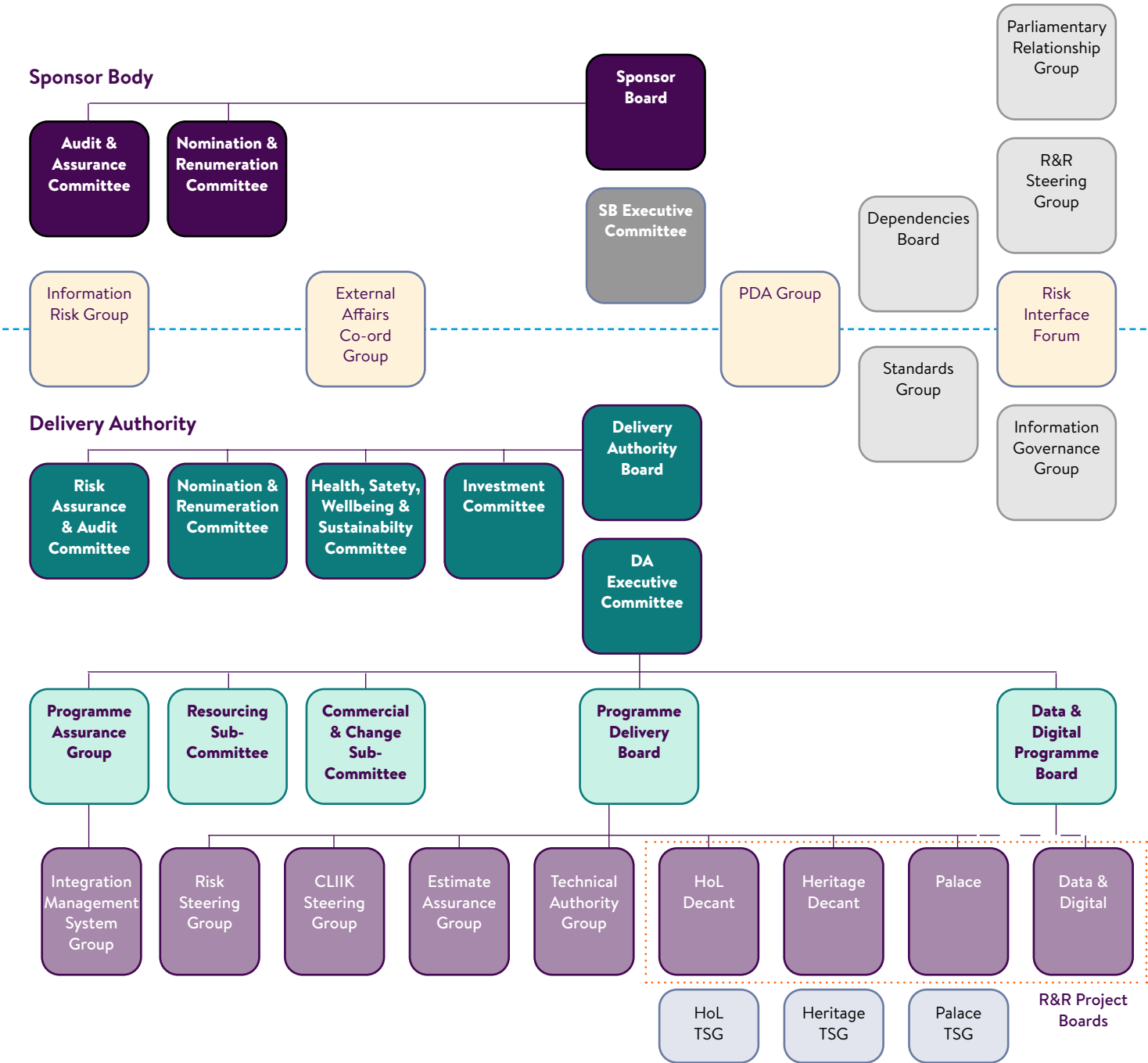
- Paused
- Continued in part
- Continued in full

The Delivery Authority responded on 18 March 2022 and work is now being planned to ensure a common understanding of the requirements and actions to be taken going forward.

We are also working with the two Houses to ensure as smooth as possible a transition to the new joint department.

Our Governance

The diagram below sets out the structure of the Programme governance and is true up to January 2022. Since the Commissions’ decisions in February, the Delivery Authority’s Investment Committee and the Health and Safety Committee have been paused.



The Board

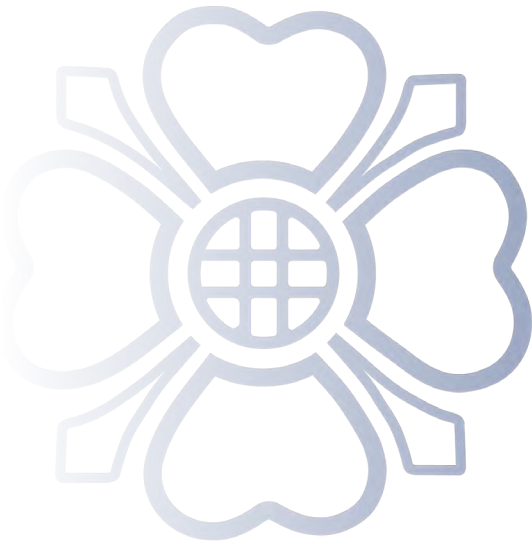
This section provides names of everyone who had responsibility for the Sponsor Body from 1 April 2021 to 31 March 2022. It includes our Board members, and Senior officials during the year.

Senior officials comprise members of the Executive Committee.

Leavers refer to those who left the Board or management posts during the financial year. Leavers and joiners, since the end of the reporting year, up to the date of publication are detailed in a separate section below.

Biographies of our Board members and Executive Committee members are on our website:

<https://www.restorationandrenewal.uk/about-us/the-sponsor-body>



Board and Committee Attendance

The tables show the attendance at the Board and the Committees of the Board:

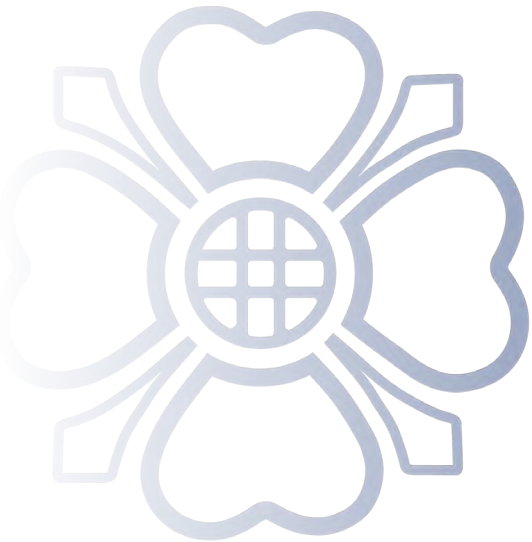
Name	Date Appointed (or Reappointed)	Date Left	Board Attendance	Audit and Assurance Committee Attendance	Nominations & Remuneration Committee Attendance
Chair					
Liz Peace CBE (Chair)	08/04/2020		11/11	-	2/2
Lords					
Lord Best	08/04/2020		11/11	5/5	
Lord Carter of Coles	08/04/2020		11/11	-	2/2
Baroness Scott of Needham Market	08/04/2020	22/07/2021	4/4	-	
Baroness Dee Doocey	13/07/2021		5/7	1/1	
Lord Deighton	08/04/2020		10/11	-	
Commons					
Damian Hinds MP	08/04/2020	13/08/2021	4/4	-	
Mark Tami MP (Chair of Noms & Rems)	08/04/2020		10/11	5/5	2/2
Kirsty Blackman MP	21/04/2021		9/11	-	
Sir Edward Leigh MP	22/09/2021		6/6	-	
Ian Levy MP	01/11/2020	19/10/2021	2/6	-	
Robin Millar MP	26/01/2022		2/2	-	
Externals					
Marta Phillips OBE (Chair of AAC)	01/07/2021		11/11	5/5	
Dr Simon Thurley CBE	08/04/2020		11/11	-	
Simon Wright OBE	01/07/2021		10/11	-	
Paul Lewis	01/07/2021		6/6	-	2/2
Brigid Janssen	08/04/2020	30/06/2021	3/3	-	
Hunada Nouss OBE	01/07/2020		-	4/5	

Executive Committee

Name	Role
Sarah Johnson	Chief Executive Officer
Gurdip Juty	Director of Finance & Corporate Services
Amanda Colledge	Business Case Director
Claire Maugham	Director of Communications
Mike Brough	Programme and Delivery Assurance Director (until 31 January 2022)
Lucy Owen	Chief of Staff (until 31 August 2021)
Chris Sexton	Chief of Staff (from 1 September 2021)

Amanda Colledge, Claire Maugham and Chris Sexton all left the Sponsor Body on 31st May 2022. As a part of the succession plan, since 1 June 2022 the Heads of Function have stepped up to replace the executives who have left. This is considered appropriate and proportionate to the reduced scope of the activities of the Sponsor Body as we move towards the new operating model.

An interim Chief Executive Officer, Dr Patsy Richards, has been appointed to replace Sarah Johnson as Accounting Officer. Sarah will leave prior to the start of the summer recess once her obligations in respect of this Annual Report and Accounts have been fulfilled.



The role of the Board

The Board is responsible for ensuring leadership through effective oversight and review. It shapes the strategic thinking of the Sponsor Body and sets the tone from the top.

Division of responsibility

Although the Chair and I discuss emerging issues regularly throughout the year, there is a clear division of responsibility between the Chair and my role as the Accounting Officer. The Chair is responsible for the leadership and effectiveness of the Board.

The Board is responsible for:

- promoting the highest standards of governance in the management of the operations – providing advice, oversight and challenge of the use of resources; agreeing the strategy and budget for the year
- ensuring that the Sponsor Body functions effectively so I can discharge my statutory responsibilities; and
- providing support and advice to me in the exercise of my duties and bringing an independence of thought, informed by non-executive members’ external experience.

Coverage of Board discussions

In the year, the Board progressed the following main items:

- Reviewed Programme-wide progress reports on a monthly basis
- Reviewed and discussed emerging risks and mitigations
- Agreed and implemented the Parliamentary Engagement Strategy
- Reviewed progress on the development of the Programme Business Case
- Approved the Corporate Plan and Annual Report and Accounts and budgets
- Reviewed the Emerging Cost Estimate and the Continued Presence analysis.
- Reviewed House of Lords decant options.
- Reviewed the revised task brief following decisions made by the joint House Commissions about the future of the Programme.

Minutes of all Board meetings are available from our website:

[Sponsor Board](#) | [Restoration and Renewal](#)

Board appointments

A number of appointments to the Board were made over the course of the year, as detailed in the reporting above.

Quality of data used by the Board

The Board considers that papers received have been of high quality. Meetings, which took place virtually and in a hybrid fashion, were efficiently chaired with challenge and discussion encouraged.

Compliance with the corporate governance code

Our approach to governance is in line with ‘the code’ – Corporate Governance in Central Government Departments: Code of Good Practice, with one exception.

Organisations are requested to carry out an annual board effectiveness evaluation. The Sponsor Body intended to carry out a light touch review of its effectiveness but, due to the changes in governance proposed, this did not take place.

Register of Interests

A code of conduct is published on our website that sets out the requirements to declare all interests on an annual basis. This requirement is reinforced in Board contracts and any potential conflicts are resolved in discussion with the Chair or Chief Executive All staff completed a return in March 2022. There were no declarations of significant company directorships or other interests that may have conflicted with their management responsibilities and all interests declared by Board members are published on our website:

<https://www.restorationandrenewal.uk/resources/transparency/the-sponsor-body>

Strategy days

It was intended that a strategy day would be held in 2022, but this has now been overtaken by the Commissions’ decisions. The Board held private sessions to discuss strategy at each meeting.

Our Governance (continued)

Highlights of Audit and Assurance Committee

The Audit and Assurance Committee (AAC) was integral to the scrutiny and challenge process in 2021–22. It provided advice to the Accounting Officers on matters of financial accountability, assurance, and governance.

It provided expert challenge, helping to focus on what was important, and how best to manage risk.

During 2021–2022, the AAC worked to:

- Respond to issues raised by internal and external auditors
- Review evidence of the operation of risk management through Risk reporting,
- Review the reports of the Sponsor Representative (S–rep) and the responses to issues raised,
- Oversee the preparation of the Annual Report and Accounts
- Review the findings of external assurance reviews, and progress against actions,
- Ensure awareness of key Delivery Authority audit and risk issues

Highlights of Nominations and Remuneration Committee

The Nominations and Remuneration Committee only considered issues by correspondence in the year. Its members are Liz Peace, Lord Carter of Coles, Mark Tami (chair) and Lord Deighton.

During 2021–22, the Committee has focused on:

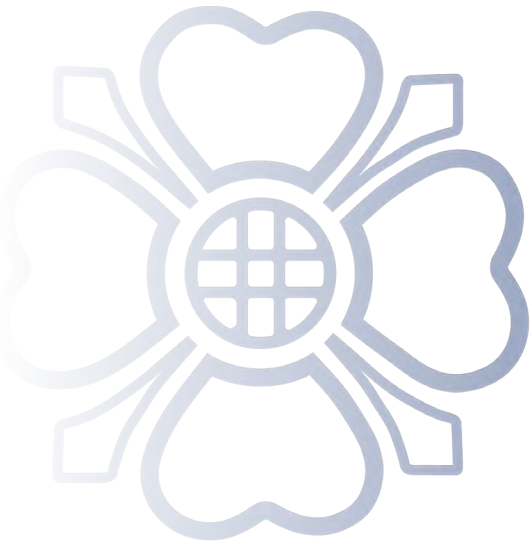
- Appointment of a director
- Transition planning and executive departures (in person meeting May 2022)

Executive Committee

The Executive Team, chaired by the Chief Executive meets formally every month. The Executive Team has collective responsibility for delivering the strategy and operational business priorities, engaging our people, strategic communications, overseeing the management of financial resources and internal management.

The Executive Team is also the senior executive diversity and inclusion decision-making body with overall responsibility for the Diversity and Inclusion Strategy.

The Executive team also meets at least weekly on an informal basis to support the Chief Executive, including in response to the recent decisions of the House Commissions.



Strategic Risk Management

The Programme risk frameworks have been developed to align with current guidance from the HM Treasury and ISO 31000:2018 Risk Management.

Over the year, we have continued to develop risk management capability and the overall maturity of the function. This included the creation of a Board approved risk appetite statement, identifying strategic risks that are in control of the Sponsor Body and mapping and aligning the risk approach with the Delivery Authority to ensure a holistic approach to programme risks.

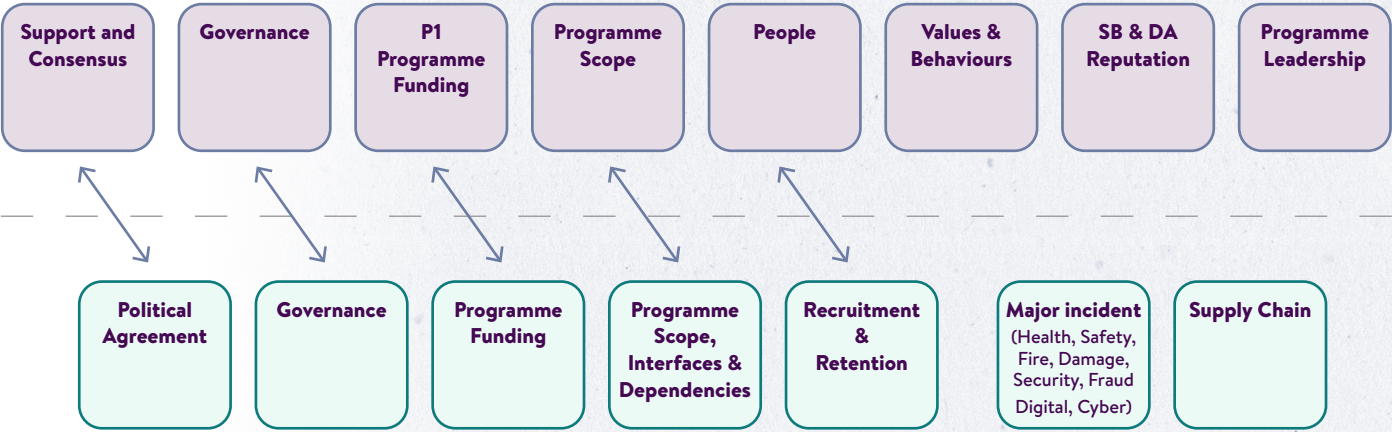
The risk management framework for the Programme has continued to mature over the year, with the establishment of regular reviews of the Strategic risks at Executive level and risk workshops with the Boards and Committees. In addition, the Strategic risks have been rationalised for greater focus, enhanced risk reporting put in place, and a Strategic risk map developed which shows the severity, proximity and ownership.

The Audit committees from both organisations provide a robust challenge to the risks and the mitigating actions being implemented – to provide assurance that the R&R Programme is managing risks effectively.

The overriding risk the R&R Programme has been faced with during this phase of works is the political appetite and acceptability of the programme of works. This provides the R&R Programme with a significant challenge. To manage this risk effectively, it has been sub divided into the Strategic risks which the R&R Programme own and mitigate.

The image below shows the Strategic risks for both the Sponsor Body and the Delivery Authority. There is some commonality in the Strategic risks but also some differences due to the defined responsibilities for each organisation. Whilst there is a joint effort in mitigating the risks that are common across both organisations, each of the Strategic risks has an individual owner identified at Executive level.

Sponsor Body Strategic Risks



Delivery Authority Strategic Risks

Our Governance (continued)

The decision by the two Houses, in March 2022, to review the approach to the works and governance crystallised a number of the strategic risks. These risks remain in place for the overall Programme going forwards, and are set out in the table below:

Strategic Risk Theme	Risk Description	Key Mitigations
Governance	Given the complexity of Parliamentary governance and approvals processes, there is a risk that key decisions are delayed/take longer than expected (in comparison to ‘industry norms’) or significant, further re-work is required leading to additional cost and delays to the production and approval of the PBC.	<ul style="list-style-type: none">• New governance proposed by the House Commissions in June 2022 will support greater engagement and clear accountability.• Programme plan will clearly set out engagement and decisions required.• Business Case Strategy will include approach to benefits and clearly articulate a narrative around estimates (including understanding differences from earlier work such as the Independent Options Appraisal).
Support & Consensus	As the emerging plans, costs and timescales for the Programme become widely known, there is a risk that the programme experiences increased hostility in the media, leading to a diminishment of political endorsement/appetite for the programme and/or a lack of advocacy from key approving and consenting bodies. This may result in the programme being unable to gain approval of key decisions and deliverables thus making it difficult to deliver an approved PBC.	<ul style="list-style-type: none">• Risk crystallised this year leading to a new man-date proposal by the House Commissions in June 2022.• New governance proposal by the House Commissions includes a clearer role for political advocacy in the programme governing bodies to build consensus and support.• Programme plan will set out engagement and decisions required by the Houses to support the programme• Collaborative working and engagement with Members, Officials and other stakeholders.
Programme Scope	Due to a lack of agreed requirements, requirements being specified too late, or a failure to capture the impact of dependent works from outside the programme, there is a risk that significant additional work is required for which the R&R programme is not resourced, leading to delay of funding approvals, potential misalignment of outcomes and benefits and decreased confidence in the Programme’s capability.	<ul style="list-style-type: none">• Interdependency assessment with Parliamentary Programmes• Formal change control process to understand the impact of proposals to changes to any early designs• Engagement plan with Parliamentary stakeholders to build understanding of members views and expectations and engage effectively to explain proposed approach and options.• Develop clear assessment and evaluation criteria for proposed options.

Values & behaviours

Due to a lack of agreed roles and responsibilities or a lack of adherence to our stated values and behaviours, there is a risk that the open and collaborative relationships between the Sponsor Body and our partners (i.e., Delivery Authority, Parliamentary Staff, House Administrations) breaks down resulting in more transactional relationships that lead to delays in Phase 1, nugatory work, duplicated effort and poor-quality deliverables.

- External review of approach by critical friends to support clarity on relationships and structures
- Maintain challenging but constructive conversations between SB and DA
- Clear governance roles and responsibilities between both organisations in place
- Clear leadership approach from both organisations to implement a ‘one team’ approach
- Executive meeting between SB and DA to understand and resolve emerging issues
- Values and Behaviours stated for organisation and demonstrated by senior leaders

People (internal & supply chain)

Sponsor Body – the focus is internal, with a risk that a decline in the Programme’s reputation, changes to objectives, difficult working relationships with stakeholders and very demanding workloads, leads to a lowering of individual and team morale and high levels of staff attrition for which we are then unable to attract requisite skills and capabilities, resulting in poor quality deliverables.

Delivery Authority – the focus of the risk is externally to our supply chain, on the interest and capability of the market including securing UK wide suppliers.

- Commission proposals for a new Department and transfer of staff will be consulted fully with any affected staff.
- Appropriate recruitment and job descriptions fit for purpose delivering engaging work.
- Flexibility to draw on expertise from delivery team and wider Parliament.
- Promote social activities as an organisation (such as positive mental health)
- Identification of critical roles within functions and creation of retention strategies
- Development plans in place for staff
- Values and Behaviours promoted and demonstrated by senior leaders
- Creation of a flexible/hybrid working approach to make the programme more appealing
- Supply chain skills group established
- Develop market engagement report.

Our Governance (continued)

Internal controls

Internal controls are designed to assure delivery of our objectives in a compliant, effective and efficient manner, whilst safeguarding the funds and assets of the Group in accordance with HM Treasury’s ‘Managing Public Money’.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of Internal Audit, the executive directors responsible for developing and maintaining the internal control framework, and comments made by external auditors in their management letter and other reports.

The executive has individually provided me with an assessment of the management of risk, the governance of their directorates, the progress with establishing a common culture and the risk of fraud. In each case I am assured that, whilst there is still plenty to do, the management and development of policies and processes in these areas is appropriate for an organisation of our scale and maturity. Further work will be done in the next year to ensure continued progress on risk management and control and that we deliver a working culture that is supportive and enabling, allowing all our people to deliver to the best of their abilities.

Managing our information risk

Positive progress has been made in governance and assurance of information and data by the Programme. The Programme’s Senior Information Risk Owner (SIRO), the Sponsor Body’s Director of Finance and Corporate Services, has provided leadership for these developments. Development has been made in the following areas:

- a. Implementing the Information Governance and Cyber Security Strategies which incorporate Parliamentary requirements for information governance and secure management and transfer of information. This has included the continued development of an Information Asset Register and record of processing activities, data protection policies, and key Information Security and Incident Management policies
- b. The Information Governance Group, with membership drawn from the Sponsor Body and Delivery Authority, has provided oversight of corporate compliance for information governance and the development of the Programme’s information risk register.
- c. The Programme’s Cyber Security Operations Centre has been established and a Cyber Essentials Plus certification has been achieved.
- d. A cyber security awareness communications campaign and mandatory learning module have been implemented. We continue to ensure that anyone joining the Programme receives mandatory GDPR training as part of their induction and on an annual basis thereafter.
- e. Developing supplier management and supply chain assurance practice and the supplier assurance and system accreditation processes to assess and address programme information and security risks.

Personal data incidents

No protected personal data-related incidents were reportable to the Information Commissioner’s Office in 2021–22.

Freedom of information and Parliamentary Questions

During 2021–22, the Sponsor Body responded to:

- 8 Freedom of Information Requests and one internal review, each within 20 working days respectively.
- 13 Parliamentary Questions, including:
 - 8 Written Parliamentary Questions (7 in the Commons, 1 in the Lords), all within the recommended timescale for answer.
 - 5 Oral Parliamentary Questions in the House of Commons

Fraud and error

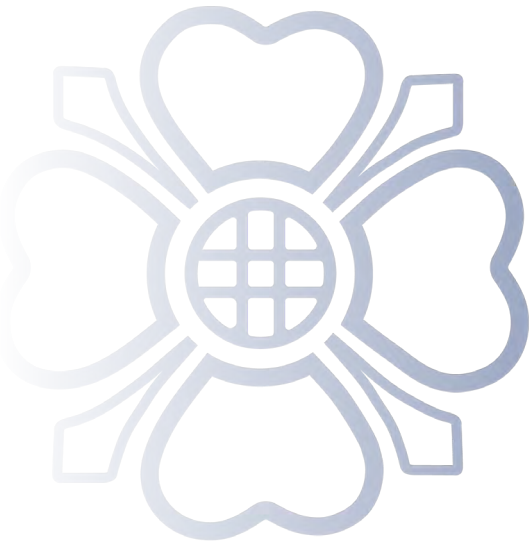
The Sponsor Body is committed to preventing and detecting fraud and bribery, with established controls, and to taking effective action if fraud or bribery is suspected or discovered to have occurred. Both the Sponsor Body and the Delivery Authority have appropriate policies and controls in place. Induction training for all staff is in place and is being reviewed and improved, mandatory training for staff and contractors builds awareness and compliance with controls.

Robust performance management of the largest suppliers is also in place and that of smaller suppliers is being strengthened. There have been no suspected cases of fraud, bribery or corruption in the year.

Internal Audit

Internal audit for the Sponsor Body is outsourced to RSM UK and their year-end report has given me assurance that there is an adequate and effective framework for risk management, governance, and internal control.

Recommendations are logged and the Audit and Assurance Committee monitor our progress in closing out recommendations to an agreed timetable. This framework will continue to operate to ensure compliance and value for money. In addition, internal audit may provide some support to the transition workstreams.



Our Governance (continued)

National Audit Office Report

The National Audit Office published a report titled “Restoration and Renewal of the Palace of Westminster: Progress update” which built on the work of their April 2020 report.

[Restoration and Renewal of the Palace of Westminster: Progress update \(nao.org.uk\)](#)

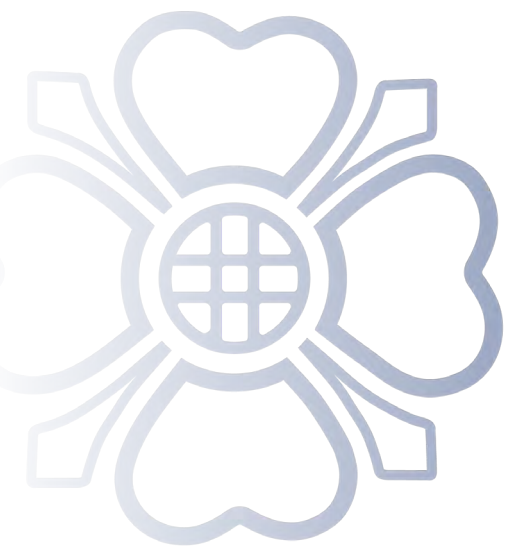
“This report aims to support Parliament by setting out what has happened since April 2020 and the progress that has been made in developing the information needed for a robust business case.”

The report’s conclusions were:

“The Palace of Westminster Restoration and Renewal Programme, widely endorsed as a necessity to preserve a historically and politically significant building, is at a critical, early stage.

Since becoming formally established the Sponsor Body and Delivery Authority have rapidly developed, although they have faced some staffing gaps. The next formal milestone is for the Sponsor Body to present Parliament with a Programme business case, currently expected in early 2023, for its approval.

To develop the business case, the Sponsor Body and Parliament need to agree what should be included and the Sponsor Body needs more clarity around critical supporting projects, the condition of the Palace and the desired result of the restoration. Without this, there is a risk that Parliament will spend money without the Programme progressing. Delays to the start of critical restoration work will only increase the risk of incidents, which will not always be possible to mitigate, affecting the Palace itself and those that use it.”



Public Accounts Committee (PAC)

The PAC held an oral evidence session about the Programme and the NAO report on 14 March 2022, the following witnesses provided evidence:

- Sarah Johnson, Chief Executive, Palace of Westminster Restoration and Renewal Sponsor Body.
- David Goldstone, Chief Executive, Palace of Westminster Restoration and Renewal Delivery Authority.
- Dr John Benger, Clerk of the House of Commons, House of Commons.
- Simon Burton, Clerk of Parliaments, House of Lords.

At the conclusion of the PAC the programme was requested to return once the House Commissions joint meeting had taken place to provide an update. The transcript from the PAC is available to review at the link below:

<https://committees.parliament.uk/event/7299/formal-meeting-oral-evidence-session/>

There was a follow up session in May which explored the situation further

[Recall: Restoration & Renewal of Parliament - Committees - UK Parliament](#)

The report on these sessions was published on 29 June and is available at the following link: <https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/49/summary.html#>

Infrastructure and Projects Authority (IPA)

Whilst the Infrastructure and Projects Authority (IPA) has no formal role in scrutinising the Programme under the R&R (2019) Act, we have a strong working relationship with them to draw on their experience of large complex projects with interdependencies and we will continue to seek the IPA’s advice on the Programme.

There have been Gateway reviews covering pre-establishment preparedness and again, the lessons learned from these have been incorporated into our structures and working plans. The most recent external assurance review was completed by IPA-accredited reviewers in November 2021 and work was ongoing until the Commissions decisions in February to implement the findings.

This included work on obtaining a clearer mandate for the Heritage Collections Decant Project and further work to clarify the dependencies with the House of Commons Decant work.

The themes from the independent assurance of the Programme in 2021 have been considered in the development of the future governance for the R&R Programme undertaken by the Houses and the future approach to the works that is currently being developed by the R&R Programme.

Whistleblowing

Staff and others who work for or provide services to us can raise a concern without fear of reprisal. Our policy covers situations where someone wants to raise a concern about suspected or actual malpractice or impropriety, improper conduct or unethical behaviour. It is published on our website for transparency about how we manage internal whistleblowing.

There were no internal whistleblowing cases brought to the attention of management during 2021–22.

Complaints

There is a complaints process with a dedicated email contact address highlighted on our website and no formal complaints were received in the reporting period.

Conclusion

The Sponsor Body continued to build on the strong foundations from last year on governance and risk management. In summary, I have considered the evidence provided regarding the production of the annual governance statement – including the governance structures, reviews of our subsidiary and the independent advice provided by the Audit and Assurance Committee. I conclude that we have satisfactory governance and risk management systems in place and have managed the uncertainty the Commissions’ Decision have introduced. We will continue to work in a collaborative fashion with the Delivery Authority and the two Houses, as we move towards a new operating model.

Remuneration and Staff Report

Remuneration report

Overview

The remuneration report sets out the remuneration policy and the amounts awarded to staff and directors. The staff report gives information relating to employee matters in the year. It also provides statutory disclosures on staff costs, numbers, composition, and other activities. Both reports are fundamental to demonstrating transparency and accountability to Parliament. This report has been prepared in accordance with the FReM and covers the Sponsor Body only, information on the Delivery Authority is available in their published accounts.

Remuneration Policy

The Chief Executive Officer and other staff are appointed on terms and conditions determined by the Sponsor Body. In determining terms and conditions, the Sponsor Body have regard to the desirability of keeping the terms and conditions broadly in line with those applying to staff in the House Departments (within the meaning of the House of Commons [Administration] Act 1978).

Staff who are directly employed by the Sponsor Body are normally employed for a three-year, fixed term appointment.

Remuneration and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Sponsor Body in 2021–22. Senior management comprise members of the executive committee.

¹The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

² Joined on 08/04/2020 and will leave once the annual report and accounts has been presented to Parliament.

³ Joined on 01/05/2020 and left on 31/05/2022, pension benefits include an adjustment to previous accrued pension benefits.

⁴ Joined on 01/05/2020 and left on 31/01/2022.

⁵ Joined on 28/09/2020 and left on 31/05/2022.

Single Total Figure of Remuneration (audited)

	2021–22				2020–21			
	Salary	Full year equivalent salary if different	Pension Benefits ¹	Total	Salary	Full year equivalent salary if different	Pension Benefits ¹	Total
	£'000	£'000	to nearest £000	to nearest £000	£'000	£'000	to nearest £000	to nearest £000
Chief Executive								
Sarah Johnson ²	155-160	-	60	215-220	140–145	155-160	55	195-200
Executive Members								
Gurdip Juty (From 07/12/2020)	135–140	-	55	190-195	40–45	135–140	17	60-65
Amanda Colledge ³	110–115	115-120	183	290-295	80–85	90–95	45	125-130
Michael Brough ⁴	120–125	140-145	52	170-175	120–125	130–135	52	170-175
Claire Maugham ⁵	135–140	-	55	190-195	70–75	135–140	28	95-100
Lucy Owen ⁶	55-60	115-120	258	315-320	65-70	115-120	27	90-95
Chris Sexton ⁷	210–215	360-365	-	210-215	-	-	-	-
Committee Chair								
Liz Peace (From 01/05/2020)	35–40	-	-	35-40	35–40	-	-	35-40
External Members								
Dr Simon Thurley* (From 01/05/2020)	20–25	-	-	20–25	20–25	-	-	20–25
Simon Wright* (From 01/05/2020)	20–25	-	-	20–25	20–25	-	-	20–25
Marta Phillips (From 01/05/2020)	20–25	-	-	20–25	20–25	-	-	20–25
Brigid Janssen ⁸	5–10	20-25	-	5–10	20–25	-	-	20–25
Hunada Nouss (From 01/07/2020)	5-10	-	-	5-10	5-10	-	-	5-10
Frederick Paul Lewis ⁹	10–15	20-25	-	10–15	-	-	-	-

⁶ Joined on 07/09/2020 and left on 24/09/2021 and Pension Benefits disclosure includes transfer in of past schemes.

⁷ Joined on 31/08/2021 as interim Chief of Staff on short term agency arrangement and left on 31/05/2022. The pay disclosed here is a figure calculated from the day rate paid to the agency.

⁸ Joined on 01/05/2020 and left on 01/07/2021.

⁹ Joined on 31/08/2021.

* Simon Wright and Dr Simon Thurley receive additional remuneration from the Delivery Authority for attendance at their board meetings as Sponsor Body representatives. Payments for this are disclosed in the Delivery Authority accounts.

House of Commons Parliamentary Members receive no payments for their service on the Board.

House of Lords members are remunerated by the House of Lords in line with the House’s own policies and no payments are made by the Sponsor Body.

The Chair and the External Members are not a part of any of our pension schemes.

Remuneration and Staff Report

Salary

‘Salary’ includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Sponsor Body and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Sponsor Body and treated by HM Revenue and Customs as a taxable emolument. There were none in 2021–22 (2020–21: nil).

Pension Benefits (audited)

	Accrued pension at pension age as at 31 March 2022 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive					
Sarah Johnson	5–10	2.5-5	81	46	21
Executive Members					
Gurdip Juty	20-25	2.5-5	276	229	30
Amanda Colledge	40-45 plus lump sum of 90-95	7.5-10 plus lump sum of 17.5-20	774	593	145
Michael Brough	5-10	2.5-5	91	54	25
Claire Maugham	0-5	2.5-5	53	17	25
Lucy Owen	20-25	20-22.5	263	17	34
Chris Sexton	-	-	-	-	-

Fair pay disclosure (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation’s workforce.

The latest fair pay disclosure data for both the Sponsor Body and the Delivery Authority is shown below. All remuneration figures are annualised:

	Sponsor Body			Delivery Authority		
	2021-22	2020-21	% change	2021-22	2020-21 (restated)	% change
Highest paid Director’s remuneration (£)	362,500	157,500	130%	300,000	300,000	0%
Average remuneration in respect of employees of the entity taken as a whole (£)	66,428	70,008	-5%	68,611	76,369	-10%
25th percentile remuneration (£)	51,893	43,270	20%	37,000	38,000	-3%
Median remuneration (£)	56,000	60,000	-7%	60,000	62,000	-3%
75th percentile remuneration (£)	77,000	79,106	-3%	85,000	97,900	-13%
25th percentile remuneration ratio	6.99	3.64	92%	8.11	7.89	3%
Median remuneration ratio	6.47	2.63	146%	5.00	4.84	3%
75th percentile remuneration ratio	4.71	1.99	137%	3.53	3.06	15%

Total remuneration for both the Sponsor Body and Delivery Authority includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. The median remuneration, 25th percentile pay remuneration and the 75th percentile pay remuneration for both the Sponsor Body and Delivery Authority excludes the highest paid Director and is based on annualised, full-time equivalent remuneration as at the end of the financial year. Non-Executive Directors have been excluded from the fair pay disclosure for both years.

Remuneration and Staff Report

Sponsor Body

The banded remuneration of the highest paid Director in the period 1 April 2021 to 31 March 2022 was £360,000–£365,000 (2020-21: £155,000–£160,000). These calculations also include the costs of seconded and interim staff engaged in the reporting period. The change is due to one, interim employee covering a critical role pending a full recruitment process which was then put on hold following the House Commissions decisions.

In 2021–22, no individuals (2020-21: nil)) received remuneration in excess of the highest paid Director. The pay for that particular employee has been calculated using the day rate paid to the agency less any agency’s commission, irrecoverable VAT and employer’s national insurance.

Remuneration bands ranged from £28,000–£365,000 (2020–21: £28,000–£158,000).

The percentage change in performance pay is nil due to no performance pay being settled in both 2021-22 and 2020-21.

The reduction in remuneration in the 75th percentile is as a result of recruitment of permanent employees to reduce interim staff levels. The increase in remuneration in the 25th percentile is because of recruitment of lower-level staff during the year.

Delivery Authority

The highest paid Director as at 31 March 2022 was the Chief Executive. At this date the annual remuneration ranged from £21,548 to £300,000 (2020-21: £20,000 to £300,000).

The 2020-21 median annualised remuneration has been restated to include the costs of interim employees.

The reduction in remuneration across all percentiles from 2020-21 to 2021-22 is because of initial recruitment focusing on more senior posts and recruitment of permanent employees reducing interim staff levels.

Compensation for loss of office Executive and Board Members (audited)

There were no Executive or Board Members departing under voluntary exit or voluntary redundancy terms in the financial year.

Three Executive Directors and the Accounting Officer have however left office after the reporting period. Settlement payments in line with their individual, contractual entitlement have been approved by the Nominations and Remuneration Committee and will be paid to these individuals in 2022–23 as follows:

- Amanda Colledge left on 31/05/2022 and received their contractual entitlement of £124,800;
- Claire Maugham left on 31/05/2022 and received their contractual entitlement of £145,600.
- Chris Sexton left on 31/05/2022 and received no entitlement.
- Sarah Johnson will leave on 22/07/2022 and will receive their contractual entitlement of £136,500.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced

– the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected

that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

Introduction

The Staff Report reports employee matters in the year. It also provides statutory disclosures on staff costs, numbers, composition, and other activities.

Staff composition

The staff complement is made up of a mixture of directly employed staff, secondees from the two Houses of Parliament and interim labour.

In addition, a number of services are purchased on the equivalent of outsourced contracts to supply specialist skills in time limited arrangements in areas where it would not represent value to have a full employee.

The people engaged in these services are not represented in the staff numbers as they are, in the main, employees of the contracted organisations.

Staff numbers and related costs (audited)

Average number of persons employed

The average number of full-time equivalent persons employed in the Group during the period 1 April 2021 to 31 March 2022 was as follows:

				2021–22	2020–21
	Permanently employed staff	Seconded staff	Others	Total	Total
Sponsor Body	33	6	2	41	33
Delivery Authority	110	3	28	141	89
Total	143	9	30	182	122

Notes for table on p59 (top)

The cost of people engaged in delivering the Group’s objectives is disclosed in the table below. The Group is recharged the full costs of all House of Commons and Lords staff seconded for the period of their secondment. Secondees, contractors and interims also include irrecoverable VAT.

				2021–22	2020–21
	Permanently employed staff £’000	Seconded staff £’000	Others £’000	Total £’000	Total £’000
Wages and salaries	10,043	1,075	5,936	17,054	12,038
Social security costs	1,208	103	-	1,311	669
Other pension costs	1,212	209	-	1,421	1,044
Sub-total	12,463	1,387	5,936	19,786	13,751
Recoveries	-	-	-	-	-
Total net costs	12,463	1,387	5,936	19,786	13,751
Of which:					
Sponsor Body	3,011	1,089	616	4,716	3,640
Delivery Authority	9,452	298	5,320	15,070	10,111
	12,463	1,387	5,936	19,786	13,751

Gender Pay Gap (not subject to audit)

The Sponsor Body is committed to gender equality, ensuring everyone can reach their full potential in the organisation. We are focussed on delivering this through prioritising action on attracting talent, achieving balanced representation and promoting a positive culture.

Number of Female and Male Employees 31 March 2022 (1)

			Total at	Female representation by
	Female	Male	31 March 2022	%
Board Members (2)	5	9	14	35.7%
Senior Managers (3)	3	2	5	60.0%
Employees	18	19	37	48.6%

Number of Female and Male Employees 31 March 2021 (1)

			Total at	Female representation by
	Female	Male	31 March 2021	%
Board Members (2)	5	8	13	38.5%
Senior Managers (3)	4	2	6	66.7%
Employees	13	21	34	38.2%

(1) Based on headcount (not full-time equivalent). Includes permanent, seconded and interim employees.

(2) Members of the Board and it’s Committees.

(3) Executive team members.

Staff Report (continued)

Sickness absence data

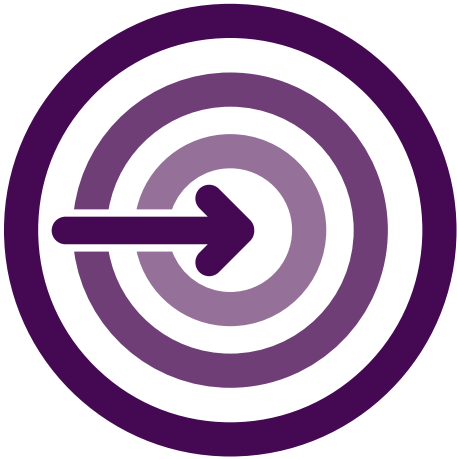
We introduced our employee self-service portal during the year and use this to track sickness absence. In 2021–22 the number of working days lost was 2.6 days per employee. No comparative figures are available for the prior year as the recording system was only implemented over the course of 2020–21.

Health, safety, and well-being

The Health, Safety and Wellbeing of our people is paramount to the Sponsor Body, whether working from home or in the office. This has been a particular challenge in 2021-22 to make sure we have continued to provide a safe and supportive working environment.

The Wellbeing offer includes training in resilience, stress management, mental health talks, health campaigns and disability awareness. Staff have access to the Employee Assistance Programme for confidential counselling and advice for work and life issues.

We have staff trained as Mental Health First Aiders who provide first support to those who seek help due to a mental health concern.

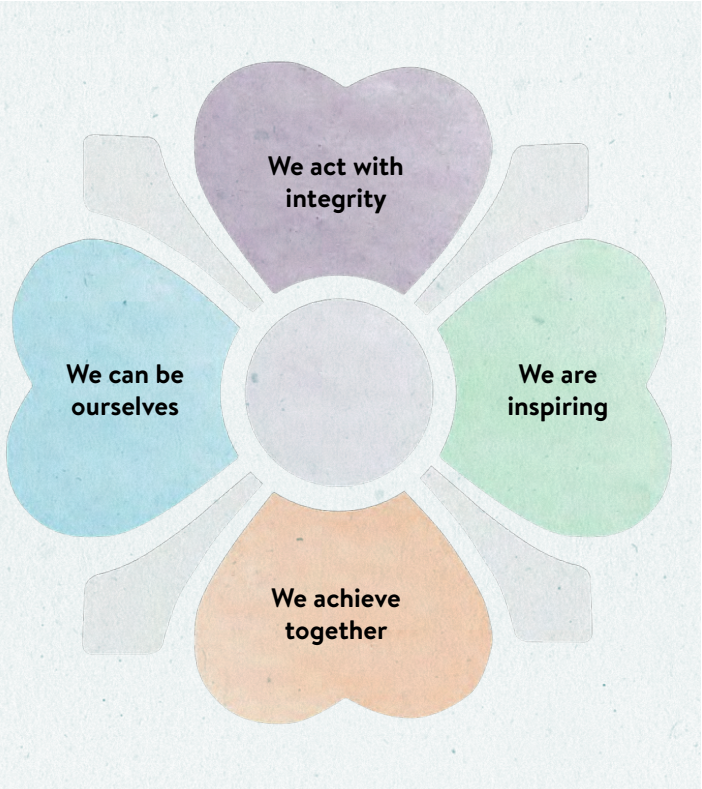


Values and behaviours

The Sponsor Body and Delivery Authority launched joint organisational values and behaviours in April 2021. There are four values:

- We act with integrity...** we do things right, remaining focused on health, safety, and value for money,
- We are inspiring...** we lead by example, looking to improve, taking planned risks, and celebrating successes,
- We achieve together...** we work collectively and respond to, learn from, and embrace change, and
- We can be ourselves...** we are inclusive and treat others with respect.

Our values play an important part in inspiring and motivating everyone who works on the Programme. The behaviours set expectations of how we will work with each other and hold ourselves to account for our actions, collectively and individually.



Diversity and inclusion

The Sponsor Body and Delivery Authority are committed to creating a Programme environment that embraces the strength and skills in our differences, and to creating a sense of belonging for everyone.

Our Annual Equality, Diversity and Inclusion (EDI) report sets out our progress against the Public Sector Equality Duty (PSED) commitment under the Equality Act 2010. Our Commitment to PSED is embedded in the PRA between Parliament and the Sponsor Body, and in the PDA between the Sponsor Body and Delivery Authority.

Our annual Equality, Diversity and Inclusion (EDI) action plan, our objectives and our general approach are ambitious for the start-up of new organisations embarking on a major programme. However, we believe this area is fundamental to our success. EDI is central to the Programme and throughout the delivery of the Restoration and Renewal works.

The EDI Annual Report includes workforce data for all organisations working on the Programme; it includes data for employees of the Delivery Authority and the Sponsor Body, as well as data from our suppliers. It can be found here www.restorationandrenewal.uk

Employee involvement and consultation

Those working on the Programme are encouraged to help ensure that we have a diversity of perspectives in our work. We hold a monthly interactive All Hands meeting and use this to inform and consult colleagues on a wide range of topics. Engagement surveys and colleague-led focus groups have been used to inform our approach to post-pandemic ways of working.

These have been achieved by:

- Creating engaging internal comms campaigns to support EDI, wellbeing and other workstreams, including incorporating breaks into Outlook meetings to underpin our wellbeing messaging.
- Introducing and embedding our new Smart Working policy and communicating our move into our new office.
- Launching our first colleague engagement survey.
- Delivering change comms at pace as direction from Houses Commissions came through. Supporting colleagues through change and ensuring welfare and our values are embedded through the change comms.

Staff engagement and communications

This year saw the first staff survey for the Programme, facilitated by Hive as an outsourced provider. Key highlights of the report were:

- a. 74% response rate
- b. 7.5/10 engagement score
- c. Strong scores for managers being motivating, good leadership, communication and being given meaningful work
- d. Weaker scores reported on work/life balance and the ability to take breaks during work, and staff retention and loyalty.

Given the uncertain nature of the future of staff in the Sponsor Body, it is not surprising that loyalty scored lower than other areas as the survey took place during the initial uncertainty following the House Commissions decisions.

Management remains committed to ensuring the best outcomes for our people through the transition.

Employment policies and processes

The Sponsor Body and the Delivery Authority are committed to ensuring that their employees are treated fairly, with dignity and respect. We have adopted gender neutral language in all HR policies, and these will be reviewed during the next 12 months to ensure that they are reflective of our new values. We are developing our family friendly policies (such as maternity, adoption and shared parental leave policies) and will ensure that these are inclusive and reflective of modern families.

The Delivery Authority has been awarded Disability Confident Employer status for taking all the core actions to be a disability confident employer, which includes the full and fair consideration to applications for employment made by disabled persons.

Staff Report (continued)

Supporting our Employees throughout the Pandemic

This year has, of course, been dominated again by the COVID-19 pandemic, restricting access to the Palace and the workplace. The majority of our staff have continued to work from home throughout the COVID-19 pandemic in line with government guidelines.

We ensured our offices were “COVID-19 secure” by implementing measures to minimise the risk of transmission in the workplace. This has enabled a small number of staff to work in our office when necessary for either practical or wellbeing reasons.

A ‘return to work’, in line with Government guidance began in February 2022, with all staff having a nominated ‘Team Day’ when they were asked to be in the office where possible.

Throughout the period under review, we continued with a wide range of practical and wellbeing support for our employees. This included:

Practical support

- Financial support for workstation equipment to enable safe and comfortable remote working
- Flexibility by agreement with line managers on hours and work patterns
- Risk assessments and virtual display screen equipment evaluations
- Workplace adjustments for the remote environment (e.g., assistive technology)
- Virtual physiotherapy sessions, accessed via self-referral

Wellbeing support

- A network of 32 Positive Mental Health Ambassadors (PMHAs), and a weekly “Tea and Talk” session that enabled casual, non-work conversation, and a way for employees to remain connected while working remotely
- Regular reminders on support mechanisms such as our PMHAs and Employee Assistance Service (which is open 24 hours a day)
- A weekly “Wellbeing Wednesday” slot which includes tips on physical health, mental wellbeing, and relaxation
- Employee led interest groups and virtual activities such as book club, quiz nights and virtual Tai Chi

Our support is well-signposted through a range of organisational-wide communication channels.

Organisational Development and Learning

We strive to ensure our organisational culture is inclusive. We encourage continuous learning, and we are committed to enabling colleagues to be the best they can be. Colleagues are encouraged to take ownership of their personal learning and development.

Colleagues and their managers engage in regular performance and development conversations and work collaboratively to develop and agree Personal Development plans in line with our Performance and Development Review (PDR) process.

We review organisational wide Learning and Development current and future needs and plan our approach to meet these. We believe that developing skills for the future is an integral part of everything we do and look for different funding opportunities to enable this to happen.

Leadership and Culture

We have created a Leadership Community to strengthen the collective leadership of the Delivery Authority. This community of senior leaders will support and enable change, and lead on further embedding our Values and Behaviours across the Programme. As well as offering peer support to each other and mentoring colleagues, this group are also involved in leading operational workstreams, as delegated from the Executive Team.

Distribution of Headcount of Senior Civil Service equivalent (SCS) salaries as at end of March 2022

Salary Bands	SCS within the range as at end of March 2022	Percentage as at March 2022	SCS within the range as at end of March 2021	Percentage as at March 2021
SB1	1	20.0%	1	16.7%
SB2	4	80.0%	5	83.3%
Grand Total	5	100.0%	6	100.0%

This information has been extracted from Oracle – the Sponsor Body Human Resources record as at the end of March 2022.

Numbers are headcount of paid, employees at SCS grade.

Salary Bands

Sponsor Body pay ranges are available on our website here: <https://www.restorationandrenewal.uk/resources/transparency/the-sponsor-body>

Spend on consultancy services and temporary staff

The Group has engaged suppliers to provide professional services including strategic advice, assisting with the design and the costs of services provided by our integrated delivery partner (£25.3m) (2020-21: £26.3m) and design services (£37.4m) (2020-21: £19.1m). The remaining professional fees relate to various lower-value services procured from suppliers during the year, such as digital and process design support.

These costs meet the definition of consultancy as per the Public Expenditure System (PES) guidance. Full year spend in 2021-22 on Consultancy Services was £77.5m (2020-21: £51.6m) and Contingent Labour £0.6m (2020-21: £6.4m) by the Group.

The Sponsor Body monitors all external costs to ensure that the continuing expenditure represents the best value for money for the organisation.

Reporting of Civil Service and other compensation schemes – exit packages (audited)

No exit packages have been agreed as at the end of the reporting period. (2020-21: nil).

Staff Report (continued)

Off-payroll Engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm’s length bodies must publish information on their high paid and/or senior off-payroll engagements.

The tables below provide the total number of off-payroll engagements in the Group, who are earning more than £245 per day plus new engagements during the year and a table showing those who were board members or senior officials during the year.

Table 1: This table shows the number of off-payroll engagements as of 31 March 2022, for more than £245 per day and that last for longer than six months.

All existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

	Sponsor Body	Delivery Authority
Number of existing engagements as of 31 March 2022	4	26
Of which:		
Number that have existed for less than one year at time of reporting	1	11
Number that have existed for between one and two years at time of reporting	3	15
Number that have existed for between two and three years at time of reporting	-	-
Number that have existed for between three and four years at time of reporting	-	-
Number that have existed for four or more years at time of reporting	-	-

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022, for more than £245 per day and that last for longer than six months.

	Sponsor Body	Delivery Authority
Number of temporary off-payroll workers engaged during the year ended 31 March 2022	2	18
Of which:		
Not subject to off-payroll legislation	-	-
Subject to off-payroll legislation and determined as in-scope of IR35	2	16
Subject to off-payroll legislation and determined as out-of-scope of IR35	-	2
Number of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which: No. of engagements that saw a change to IR35 status following review	-	-

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022.

	Sponsor Body	Delivery Authority
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	12	-
Number of individuals that have been deemed ‘board members and/or, senior officials with significant financial responsibility’, during the financial year. This figure should include both off-payroll and on-payroll engagements	24	14

Of all of the off-payroll engagements listed above, only one was an external contractor hired on a daily rate, the remainder are the Parliamentary members of the Board who are paid in accordance with the arrangements of their respective Houses.

The one contractor was originally engaged on a short-term assignment to cover the vacancy on the departure of the full-time Chief of Staff. Recruitment plans were put on hold in the light of the Houses’ decisions and the individual’s contract was extended to cover some of the transition period as they had experience of this type of engagement, the contract ended on 31 May 2022.

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the Sponsor Body 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 Houses of Parliament.

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 gov.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 will not 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 expenditure in the Statement of Consolidated Net Expenditure (SOCNE), to tie the SoPS to the financial statements (note 2); and a reconciliation of outturn to net cash requirement (note 3).

The SoPS and Estimates are compiled against the budgeting framework, which is similar to, but different from IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 29, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different from IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [gov.uk](#).

The SoPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The Financial Performance section, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SoPS disclosures.

The Sponsor Body has agreed with HM Treasury that all RDEL Equivalent expenditure is treated as Admin and that it is appropriate for provisions not shown against AME. Per section 7(3) of the Supply and Appropriation Act, RDEL and AME are combined to define the RDEL Equivalent total.

All comparative figures are for the period 8 April 2020 to 31 March 2021.

Statement of Outturn against Parliamentary Supply 2021–22

all figures presented in £000s

Type of spend note	SoPS note	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		2020–21
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Outturn total
Departmental Expenditure Limit										
Resource	1.1	117,152	-	117,152	149,613	-	149,613	32,461	32,461	86,538
Capital	1.2	1,248	-	1,248	6,000	-	6,000	4,752	4,752	5,223
Total		118,400	-	118,400	155,613	-	155,613	37,213	37,213	91,761
Annually Managed Expenditure										
Resource	1.1	-	-	-	-	-	-	-	-	-
Capital	1.2	-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-
Total Budget										
Resource	1.1	117,152	-	117,152	149,613	-	149,613	32,461	32,461	86,538
Capital	1.2	1,248	-	1,248	6,000	-	6,000	4,752	4,752	5,223
Total Budget Expenditure		118,400	-	118,400	155,613	-	155,613	37,213	37,213	91,761
Non-Budget Expenditure										
Total Budget and Non-Budget		118,400	-	118,400	155,613	-	155,613	37,213	37,213	91,761

Figures in the areas outlined in a thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

Parliamentary Accountability and Audit Report

(continued)

Net Cash Requirement 2021–22

all figures presented in £000s

Item	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/ (excess)	2020–21 Outturn total
Net Cash Requirement	3	108,063	155,613	47,550	96,568

Administration Costs 2021–22

all figures presented in £000s

Type of Spend	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/ (excess)	2020–21 Outturn total
Administration costs	1.1	117,152	149,613	32,461	86,538

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 2021–22

all figures presented in £000s

SoPS 1. Outturn detail, by Estimate Line

SoPS 1.1 Analysis of Resource Outturn by Estimate Line

Type of spend (resource)	Resource outturn			Estimate	Outturn vs Estimate, saving/ (excess)	2020–21 Outturn total
	Gross	Income	Net	Total		
Spending in Departmental Expenditure Limit (DEL)						
Voted expenditure	117,152	-	117,152	149,613	32,461	86,538
Total voted DEL	117,152	-	117,152	149,613	32,461	86,538
Total spending in DEL	117,152	-	117,152	149,613	32,461	86,538
Total resource	117,152	-	117,152	149,613	32,461	86,538

As agreed with HM Treasury, all RDEL Equivalent expenditure is treated as Admin and that it is appropriate for provisions not shown against AME. Per section 7(3) of the Supply and Appropriation Act, RDEL and AME are combined to define the RDEL Equivalent total.

Notes to the Statement of Outturn against Parliamentary Supply 2021–22 (continued)

all figures presented in £000s

SoPS 1.2 Analysis of Capital Outturn by Estimate Line

Type of spend (capital)	Resource outturn			Estimate	Outturn vs Estimate, saving/ (excess)	2020–21 Outturn total
	Gross	Income	Net	Total		
Spending in Departmental Expenditure Limit (DEL)						
Voted expenditure	1,248	-	1,248	6,000	4,752	5,223
Total voted DEL	1,248	-	1,248	6,000	4,752	5,223
Total spending in DEL	1,248	-	1,248	6,000	4,752	5,223
Total capital	1,248	-	1,248	6,000	4,752	5,223

SoPS 2. Reconciliation of Outturn to Net Operating Expenditure

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. However, the resource outturn in the SoPS is the same as the net expenditure, therefore a bridging reconciliation is not required.

Parliamentary Accountability and Audit Report

(continued)

Notes to the Statement of Outturn against Parliamentary Supply 2021–22 (continued)

all figures presented in £000s

SoPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

Item	Reference	Outturn total	Estimate	Estimate, saving/(excess)
Total resource outturn	SoPS 1.1	117,152	149,613	32,461
Total capital outturn	SoPS 1.2	1,248	6,000	4,752
Adjustments for ALBs:				
Remove voted resource and capital		(105,723)	-	105,723
Add cash grant-in-aid	Note 4	98,500	-	(98,500)
Adjustments to remove non-cash items:				
Depreciation and amortisation	Note 4	(233)	-	233
Notional audit fee	Note 4	(125)	-	125
Adjustments to reflect movements in working balances:				
Decrease in receivables	Note 10	(1,654)	-	1,654
Increase in lease liability	Note 7	(872)	-	872
Increase in payables	Note 11	(230)	-	230
Total		108,063	155,613	47,550
Removal of non-voted budget items:				
Other adjustments		-	-	-
Net cash requirement		108,063	155,613	47,550

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.

Parliamentary Accountability Disclosures

The following sections are subject to audit.

Losses and Special Payments

Losses Statement

Losses are transactions of a type which Parliament could not have foreseen when Supply funding for the Parliamentary Works Sponsor Body was voted. The term loss includes loss of public monies, stores, stocks, cash and other property entrusted to the Parliamentary Works Sponsor Body. Examples include cash losses, bookkeeping losses, exchange rate fluctuations, losses of pay, allowance and superannuation benefits, losses arising from overpayments, losses arising from failure to make adequate charges, and losses arising from accountable stores.

Situations where recurring or individual circumstances result in multiple losses of equivalent nature are grouped together. This group is subsequently counted as one case. This results in greater visibility where circumstances result in significant total values of cases despite individual cases being low value.

There were no individual losses of more than £300,000.

2021–22				
	Sponsor Body		Group	
	Number of cases	£000	Number of cases	£000
Losses under £300,000	-	-	6	337
Total	-	-	6	337

All losses were incurred by the Delivery Authority

Losses incurred in the year include £260k in relation to tax liabilities for off-payroll workers. This amount was disclosed as a Contingent Liability in their 2020–21 accounts and followed a review of all contracts in 2020–21, including novated contracts. No penalties were incurred in relation to this payment due to proactive engagement with HMRC. There were smaller losses, totalling £7k, related primarily to losses of IT equipment.

Other losses had been incurred following the Commissions’ decisions in February 2022 which required an in-year re-assessment of activity. £60k related to recruitment activity including contractually obligated payments to individuals, to whom offers had been made that were then withdrawn, to whom an amount in lieu of their contractual notice period had been paid. A further £10k related to abortive costs for regional supplier and market engagement events.

Given the current uncertainty over the scope of the future works to the Palace of Westminster, there is a chance that some expenditure incurred to date may be considered at a later date a constructive loss. However, without a confirmed scope of works it is not currently possible to make this assessment, and it remains the view of management that all spend incurred to date has been in line with the mandate for the Restoration and Renewal Programme and requirements instructed to the Delivery Authority and Sponsor Body at the time incurred and is likely to be of value in informing future design options.

Special Payments

There were no special payments in the period.

Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of IAS 37, the Sponsor Body also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There are no such remote contingent liabilities to report (2020–21: nil).

Signed

Sarah Johnson, Chief Executive
Accounting Officer

05 July 2022

Parliamentary Accountability and Audit Report

(continued)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT.

Opinion on financial statements

I certify that I have audited the financial statements of the Parliamentary Works Sponsor Body and of its Group for the year ended 31 March 2022 under the Parliamentary Buildings (Restoration and Renewal) Act 2019. The financial statements comprise: the Parliamentary Works Sponsor Body’s and Group’s

- Statement of Financial Position as at 31 March 2022;
- 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 Group 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 Sponsor Body’s and the Group’s affairs as at 31 March 2022 and of the Parliamentary Works Sponsor Body’s net expenditure and the Group’s net expenditure for the year then ended; and
- have been properly prepared in accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019 and HM Treasury directions issued thereunder.

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 2022 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 of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor’s responsibilities* for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council’s *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Parliamentary Works Sponsor Body and its Group 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 Sponsor Body’s and its Group’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 Sponsor Body’s or its Group’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 Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Parliamentary Works Sponsor Body and its Group 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 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 nor my auditor’s Certificate and Report. The Accounting Officer is 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 certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Parliamentary Buildings (Restoration and Renewal) Act 2019.

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 directions made under the Parliamentary Buildings (Restoration and Renewal) Act 2019; 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 Sponsor Body and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Parliamentary Works Sponsor Body or returns adequate for my audit have not been received from branches not visited by my staff; 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
- certain disclosures of remuneration specified by HM Treasury’s Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is 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 Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Parliamentary Works Sponsor Body’s and its Group’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 Officer anticipates that the services provided by the Parliamentary Works Sponsor Body and its Group will not continue to be provided in the future.

Parliamentary Accountability and Audit Report

(continued)

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019.

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 certificate 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, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Parliamentary Works Sponsor Body’s and its Group’s accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Parliamentary Works Sponsor Body’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Parliamentary Works Sponsor Body’s and its Group’s policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Parliamentary Works Sponsor Body’s and its Group’s controls relating to the Parliamentary Works Sponsor Body’s compliance with the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Supply and Appropriation (Main Estimates) Act 2021, and Managing Public Money;
- discussing among the engagement team including significant component audit teams 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 Sponsor Body and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Parliamentary Works Sponsor Body’s and Group’s framework of authority as well as other legal and regulatory frameworks in which the Parliamentary Works Sponsor Body and Group operates, focusing 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 Sponsor Body and its Group.

The key laws and regulations I considered in this context included the Parliamentary Buildings (Restoration and Renewal) Act 2019, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, Employment Law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing 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;
- enquiring of management, the Audit and Assurance Committee and legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including significant component audit teams 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 certificate.

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), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am also required to obtain evidence sufficient 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 that I identify during my audit.

Report

I have no observations to make on these financial statements.

Signed

Gareth Davies,
Comptroller and Auditor General 08 July 2022

National Audit Office

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Victoria
London
SW1W 9SP

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Above:
St Stephen's Hall
©UK Parliament/Jessica Taylor

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2022

This account summarises the expenditure and income generated and consumed on an accrual’s basis.

			2021–22 £’000		2020–21 £’000
	Note	Sponsor Body	Group	Sponsor Body	Group
Income	5	(1,658)	-	(1,641)	-
Staff costs	3	4,716	19,786	3,640	13,751
Purchase of goods and services	4	8,073	93,609	10,323	71,761
Grant-in-aid to ALB	4	98,500	-	85,152	-
Depreciation and impairment charges	4	233	1,298	-	708
Provision expense	4	-	1,800	-	-
Other operating expenditure	4	184	649	13	318
Total operating expenditure		111,706	117,142	99,128	86,538
Net operating expenditure		110,048	117,142	97,487	86,538
Finance expense		10	10	-	-
Net expenditure for the year		110,058	117,152	97,487	86,538
OTHER COMPREHENSIVE NET EXPENDITURE					
No other transactions recorded under Other Comprehensive Net Expenditure					
Comprehensive net expenditure		110,058	117,152	97,487	86,538

All activities are continuing operations.

The notes on pages 82 to 100 form part of these accounts.

Consolidated Statement of Financial Position

as at 31 March 2022

This statement presents the financial position of the Sponsor Body and Group. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

			31 March 2022 £’000		31 March 2021 £’000
	Note	Sponsor Body	Group	Sponsor Body	Group
Non-current assets					
Property, plant and equipment		-	7	-	5
Right of use assets	7	886	886	-	-
Intangible assets	6	-	3,572	-	4,510
Total non-current assets		886	4,465	-	4,515
Current assets					
Trade and other receivables	10	240	434	1,894	1,894
Cash and cash equivalents	9	2,069	8,184	29,632	47,157
Total current assets		2,309	8,618	31,526	49,051
Total assets		3,195	13,083	31,526	53,566
Current liabilities					
Trade and other payables	11	(4,987)	(9,220)	(32,320)	(43,411)
Provisions	12	-	(1,800)	-	-
Lease liabilities	7	(563)	(563)	-	-
Total current liabilities		(5,550)	(11,583)	(32,320)	(43,411)
Total assets less current liabilities		(2,355)	1,500	(794)	10,155
Non-current liabilities					
Lease liabilities	7	(309)	(309)	-	-
Total non-current liabilities		(309)	(309)	-	-
Total assets less liabilities		(2,664)	1,191	(794)	10,155
Taxpayers’ equity and other reserves					
General fund		(2,664)	1,191	(794)	10,155
Total equity		(2,664)	1,191	(794)	10,155

The Group has adopted IFRS 16 Leases from 1 April 2021. As permitted by the FReM, the Group has implemented the standard prospectively without restating prior year figures. Note 1.7 sets out further details of transition and note 7 contains additional information on the impact of the change in accounting policies.

The notes on pages 82 to 100 form part of these accounts.

Signed

Sarah Johnson, Chief Executive
Accounting Officer

05 July 2022

Financial Statements (continued)

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Sponsor Body and the Group during the reporting period. The statement shows how the Sponsor Body generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

		2021–22 £'000	2020–21 £'000
	Note	Sponsor Body	Group
Cash flows from operating activities			
Net expenditure for the year		(110,058)	(117,152)
(Increase) / decrease in trade and other receivables	10	1,654	1,460
Increase / (decrease) in trade and other payables and lease liabilities	7&11	(26,461)	(33,319)
Movement on provisions	12	-	1,800
Other non-cash transactions	4	358	1,423
Items not passing through the SoCNE		26,691	26,691
Other adjustments		-	-
Net cash outflow from operating activities		(107,816)	(119,097)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(4)
Purchase of intangibles	6	-	(125)
Net cash outflow from investing activities		-	(129)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		80,500	80,500
Advances from the Contingencies Fund		-	-
Repayments to the Contingencies Fund		-	-
Repayments of principal on leases	7	(247)	(247)
Net cash inflow from financing activities		80,253	80,253
Net increase/(decrease) in cash and cash equivalents		(27,563)	(38,973)
Cash and cash equivalents at the beginning of the period	9	29,632	47,157
Cash and cash equivalents at the end of the period	9	2,069	8,184

The cash and cash equivalents held by the Sponsor Body represents amounts issued from the Consolidated Fund but not spent at year-end. This has been disclosed as year-end payables (Note 11).

The notes on pages 82 to 100 form part of these accounts.

Consolidated Statement of Changes in Taxpayers’ Equity

for the year ended 31 March 2022

This statement shows the movement in the year on the different reserves held by the Sponsor Body analysed into ‘general fund reserves’ (i.e., those reserves that reflect a contribution from the Consolidated Fund). The General Fund represents the total assets less liabilities of the Group, to the extent that the total is not represented by other reserves and financing items.

	Note	Sponsor Body General Fund	Sponsor Body Total	General Group Fund	Group Total
		£'000	£'000	£'000	£'000
Balance as at 8 April 2020					
Net Parliamentary funding – drawn down		126,200	126,200	126,200	126,200
Supply payable adjustment	11	(29,632)	(29,632)	(29,632)	(29,632)
Comprehensive net expenditure for the period		(97,487)	(97,487)	(86,538)	(86,538)
Non-cash charges – auditors’ remuneration	4	125	125	125	125
Balance as at 31 March 2021		(794)	(794)	10,155	10,155
First time adoption of IFRS 16	1.7	-	-	-	-
Net Parliamentary funding – drawn down		80,500	80,500	80,500	80,500
Deemed Supply		29,632	29,632	29,632	29,632
Supply payable adjustment	11	(2,069)	(2,069)	(2,069)	(2,069)
Comprehensive net expenditure for the year		(110,058)	(110,058)	(117,152)	(117,152)
Non-cash charges – auditors’ remuneration	4	125	125	125	125
Balance as at 31 March 2022		(2,664)	(2,664)	1,191	1,191

The notes on pages 82 to 100 form part of these accounts.

Notes to the Group Resource Accounts

1. Statement of Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared under a direction issued by HM Treasury under the Parliamentary Buildings (Restoration and Renewal) Act 2019 and in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the Government Financial Reporting Manual (FReM).

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Group for the purposes of giving a true and fair view has been selected. The policies adopted by the Group are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019, however the FReM deferred adoption until 1 April 2022. HM treasury permitted the Group to adopt IFRS 16 this year due to a new lease arrangement entered into by the Sponsor Body and to align accounting policies across the Group. Further details are provided in notes 1.7 and 7 to these Accounts.

The 2020-21 comparatives within these financial statements and accompanying notes cover the period 8 April 2020 to 31 March 2021.

1.2 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.

1.3 Basis of Consolidation

The Group accounts comprise a consolidation of the Sponsor Body and the Delivery Authority. This is required under IFRS 10 – Consolidated Financial Statements as the Delivery Authority is a company limited by guarantee with the Sponsor Body as the sole guarantor. These bodies make up the ‘Programme Group’.

The Delivery Authority prepares accounts in accordance with the Companies Act 2006 (for limited companies and adjustments are made if necessary to consolidate the accounts in accordance with the FReM where differences in accounting policies would have a significant effect on these accounts).

The Sponsor Body and the Delivery Authority included in this consolidation are domiciled in the UK. Transactions and balances between the entities included in the consolidation are eliminated.

1.4 Judgements and key sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period to 31 March, and for amounts reported for income and expenses during the period. In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

During Phase 1 of the Programme, the Delivery Authority’s expenditure relates to the preparation of a detailed and costed plan, in the form of a Programme Business Case (PBC) for the proposed restoration and renewal works to the Palace of Westminster, and the associated enabling projects (specifically the decant of the House of Lords and of the Palace’s Heritage Collections).

Management have assessed this expenditure and determined that work on the PBC is akin to the ‘research’ stage of the project, and as such all costs are expensed during the period (aside from those capitalised as detailed in Note 1.6).

Management have also assessed the position following the House Commissions’ decision and, as explained in note 1.5 below, believe that it is appropriate to continue to use the Going Concern basis for these statements.

1.5 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 decision to move to a new model for the Sponsor Body would call into question the use of going concern for a body which is being abolished, however the published decisions of the Joint Meeting of the Commissions and the text of the motion tabled in the House of Commons makes it clear that it proposes transferring the sponsor function into a new, joint department of the Houses.

In the light of this commitment to continuing the service, management has therefore considered it appropriate to adopt a going concern basis.

The Consolidated Statement of Financial Position (SoFP) shows net assets. Funding for the Group will be met by future funding voted by Parliament annually in Supply and Appropriation Acts. Approval for amounts required for 2022–23 was given by Parliament on 17 May 2022.

1.6 Intangible Non-current Assets

An intangible asset is an asset that is not physical in nature. In the Group, intangible assets consist of IT infrastructure, which are capitalised if their carrying value, on an individual or asset pool basis, exceeds the relevant capitalisation threshold of £2,500.

Intangible assets are measured on initial recognition at cost. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the period ending 31 March.

All intangible assets are currently assessed to have a finite life and are assessed for impairment. The amortisation period and the amortisation method are reviewed at least at each financial year end. Amortisation of intangible assets is charged to the Statement of comprehensive net expenditure when the assets are available for use to allocate the carrying amounts of the intangible assets over their estimated useful economic lives.

Intangible assets are amortised on a straight-line basis over their useful economic life of five years, with amortisation commencing in the month of acquisition.

Where the Sponsor Body makes payments in respect of the use of cloud computing services purchased from a third-party service provider (which may include the use of software, the use of an operating environment in which the Sponsor Body can develop its own software, or the use of digital processing capability), then these are not capitalised as the Sponsor Body has no legal title to, or rights to control the underlying assets associated with these services. Where we have incurred additional implementation costs to adapt third-party service provider systems to enable us to use the service, there is scope for capitalisation of these costs if they meet the criteria of development activities per International Accounting Standard (IAS) 38 Intangible Assets. These are considered on a case-by-case basis.

1.7 Leases

As explained in note 1.1 IFRS 16 Leases has been implemented from 1 April 2021. In accordance with IFRS 16, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases. The FReM and HMT’s IFRS 16 Leases Application Guidance expand the scope of IFRS 16 to include intra-government arrangements where non-performance may not be enforceable by Law. The Group has applied the standard to arrangements with other organisations which share accommodation.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease. The Group excludes contracts for low-value items, defined as items costing less than £2,500 when new, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that the Group is reasonably certain to exercise).

Initial Recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), the Group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the payments for the remaining lease term, net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the Group’s incremental cost of borrowing. The payments included in the liability are those that are fixed, or in-substance fixed, excluding changes arising, for example, from future rent reviews or changes in an index. For the Sponsor Body, the incremental cost of borrowing is the rate advised by HM Treasury which is set on a calendar year basis (0.91% for 2021). The lease liability is presented within the Leases note to the accounts.

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made, or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

Notes to the Group Resource Accounts

(continued)

Subsequent Measurement

The right of use asset is subsequently measured at either fair value or current value in existing use. The cost measure-ment model in IFRS 16 is used as an approximate proxy for current value in existing use or fair value of the lease.

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments and modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure as follows:

Scenario	Discount rate	Asset or expenditure
Reassessment		
The non-cancellable period changes	Revised	Asset*
Modification		
The lease term is increased	Revised	Asset*
The consideration is changed	Revised	Asset*
The scope is decreased	Revised	Asset and Expenditure (The asset is remeasured proportionate to the reduction in scope; any difference between the change in the value of the asset and liability is recognised as a gain or loss)

*Where the amount of reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Lease Expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or for those shorter than twelve months are expensed.

Transitional Arrangements

During 2020–21, the Group held an operating lease for the occupation of 7 Millbank and operating lease payments were recognised as an expense on a straight-line basis over the lease term.

On adoption of IFRS 16 on 1 April 2021, the Group has made the following determinations:

- To adopt IFRS 16 prospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2020–21 reflect the requirements of IAS 17.
- Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts entered during 2021–22 have been classified using the IFRS 16 criteria.
- To exclude leases whose term ends within twelve months of first adoption. To note that the previous office space lease expired during 2021–22 with a remaining term of less than twelve months as at the date of transition and thus no right of use asset and liability were required to be recognised at 1 April 2021.

1.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of an instrument.

Financial Assets

The Group holds financial assets (see notes 9 and 10) in the following categories:

- Cash and cash equivalent
- Trade and other receivables

Cash and cash equivalents comprise current balances held at the Government Banking Services that are readily convertible to known amounts of cash with insignificant risk of change in value. The carrying amount of these assets approximates to their Fair Value.

Receivables are held to collect contractual cash flows and do not contain significant financing components. They are held at amortised cost less expected credit losses. The Group’s loss allowance is determined by applying a simplified approach equalling the lifetime expected credit losses. An allowance is made for potentially impaired receivables based on regular reviews of all outstanding amounts. From this review, there have been no material changes to impairment during the financial year.

Trade receivables are intra-Group transactions or balances with the Houses of Parliament, being a customer with low credit risk. The impact of IFRS 9 Financial Instruments is therefore not material.

Financial Liabilities

The Group holds financial liabilities (see note 11) in the following category:

- Trade and other payables

Trade and other payables are recognised at fair value, which represent liabilities for goods and services provided to the Sponsor Body prior to the financial year end that are unpaid. Trade and other payables are non-interest bearing, their carrying value approximates their fair value. Accruals are recognised for expenditure incurred for goods and services delivered prior to the financial year end and that have not been invoiced.

1.9 Pensions

Defined Benefit Pension Schemes

The Group contributes towards a number of unfunded defined benefit pensions schemes of which employees are members: these include the Principal Civil Service Pension Scheme (PCSPS) and Civil Servants and Others Pension Scheme (CSOPS) also known as Alpha (a pension scheme introduced on 1 April 2015). These schemes are administered by My CSP on behalf of the Cabinet Office. The Sponsor Body pays contributions into these schemes at an agreed rate. As one of many participating organisations, the Sponsor Body is not able to identify its share of any liability for making future pension payments to members and accordingly, Parliamentary Works Sponsor Body accounts for this as if it were a defined contribution scheme and recognises the costs of these contributions in the Statement of Comprehensive Net Expenditure when they fall due. Further information regarding PCSPS and CSOPS is presented in the Staff Report.

Defined Contribution Pension Schemes

In the Delivery Authority, employees may opt to join a personal stakeholder pension scheme instead, providing the scheme meets the minimum criteria set by government. These are defined contribution schemes where the company pays established contribution rates into a separate fund. The amount of pension benefit that a member receives in retirement is dependent on the performance of the fund. The Delivery Authority recognises the cost of these contributions in the Statement of Comprehensive Net Expenditure when they fall due. There is no further payment obligation for the company once the contributions have been paid.

1.10 Financing

All expenditure is financed from amounts approved by Parliament through the annual Appropriation Act and is credited directly to the General Fund and recorded in the Statement of Changes in Taxpayers’ Equity.

Notes to the Group Resource Accounts

(continued)

1.11 Grants

Grant-in-aid is recognised on a cash basis. Grant-in-aid is a funding mechanism to finance the costs of the Delivery Authority which is within the Group. The Sponsor Body 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.

1.12 Staff Costs

Staff costs include wages and salaries, social security costs and pension costs. All short-term staff costs payable at the year end, which will be paid within one year from the date of reporting, are recognised in the Statement of Comprehensive Net Expenditure in accordance with IAS 19 Employee Benefits. These include any accrued leave entitlements.

1.13 Other Expenses

Operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.14 Recharges

The House of Commons recharges costs to both the Sponsor Body and the Delivery Authority on a quarterly basis. These costs include seconded staff costs until secondment agreements are terminated and miscellaneous recharges (for example surveys) for works carried out on behalf of both the Sponsor Body and the Delivery Authority where the contract has not yet novated.

The Sponsor Body and the Delivery Authority supply each other with services and the cost of these services are significant to the Group. Management has specifically assessed the recharging mechanism between the two entities.

The Sponsor Body recharges the Delivery Authority premises costs and in management’s view using the floor space area has been considered as an appropriate basis of recharging those costs.

The Delivery Authority recharges the Sponsor Body for Digital and Corporate costs including IT setup costs and hosting of the ERP system. The costs of these services are recharged by Delivery Authority to its parent at cost as agreed by management.

As all the recharges are net neutral, no profit is created between the parent and its subsidiary, and these transactions are then fully eliminated.

1.15 Taxation

The Sponsor Body and its subsidiary are subject to Corporation Tax on taxable profits. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted by the reporting date.

Apart from intra-Group recharges, all other activities of the Group are not classed as trading for the purposes of VAT and output tax on sales does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.16 Operating Segments

IFRS 8 Operating Segments has been applied in full without interpretation or adaptation in line with HM Treasury guidance. Segmental information is included in Note 2 to these accounts.

The figures in Note 2 provide the income and expenditure totals associated with key business activities within the Group and therefore the management information reporting to the Board for the period.

1.17 Provisions

The Group makes provisions for liabilities and charges in accordance with IAS 37 Provisions for liabilities and charges where a legal or constructive liability (i.e., a present obligation arising from past events) exists, the transfer of economic benefits is probable, and a reasonable estimate can be made.

Provisions for liabilities and charges are based on reliable estimates of the expenditure required to settle future legal or constructive obligations that exist. Provisions are charged to the Statement of Comprehensive Net Expenditure and released when the transfer of economic benefit to settle the obligation is made.

1.18 Adoption of New and Revised Standards

2021–22

IFRS 16 Leases will be adopted by the 2022–23 FReM, however HM Treasury has permitted the Group to adopt IFRS 16 in 2021–22 due to a new lease entered and to align accounting policies across the Group. Further details are provided in note 1.7 above.

Subsequent Years

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 Group has assessed that there are no arrangements that currently fall within scope and therefore this standard will have no impact on the Group financial statements.

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

2. Reporting by Operating Segment

Operating Segments are determined in accordance with IFRS 8 Operating Segments based on what information is presented for decision making purposes to the Chief Operating Decision Maker (CODM) who is the Accounting Officer.

The Accounting Officer receives financial information at aggregate level as well as information on outcomes relating to each group. These are measured on the same basis as for financial reporting purposes in the Statement of Comprehensive Net Expenditure. This information is published on a quarterly basis on our website.

The structure of the Sponsor Body means that materially all the assets and liabilities included in the Statement of Financial Position are used for the general administration and benefit of the Group as a whole. Consequently, they are not apportioned to operating segments in the table below. The description for each operating segment is stated below.

Sponsor Body

This is the administration and management of the Sponsor Body, including staff costs, digital costs, accommodation, assurance over the whole programme, development of a detailed and costed Restoration and Renewal plan and engagement with parliament and external stakeholders.

Delivery Authority Management

This is the administration and management of the Delivery Body, including staff costs, accommodation, corporate functions including, finance, HR, Health and Safety, legal, the Programme management office, risk and assurance, planning scheduling and cost management as well as external support in the preparation of the options for the Programme Business Case.

Data and Digital

This is the cost to develop and maintain digital systems to support the delivery of objectives including finance, HR and procurement, enterprise solutions and Programme delivery platforms.

Heritage Collection Decant

This is the Programme workstream looking at options to decant the Heritage Collections and ensure their preservation and safety as the restoration works takes place.

House of Lords Decant

This is the Programme workstream developing proposals on the House of Lords Decant options from the current chamber ensuring continuity of operations whilst the chamber is restored and renewed.

Palace of Westminster

This is the Programme workstream progressing work on surveying the Palace and developing design options to support the Sponsor Body to develop a detailed and costed plan.

Notes to the Group Resource Accounts

(continued)

2021–22 Group

	Total Sponsor Body £'000	Delivery Authority Management £'000	Data & Digital £'000	Heritage Collection Decant £'000	House of Lords Decant £'000	Palace of Westminster £'000	Total Delivery Authority £'000	Group Total £'000
Gross expenditure	111,716	36,158	29,030	732	2,694	37,940	106,554	218,270
Income	(1,658)	-	(960)	-	-	-	(960)	(2,618)
Net expenditure before eliminations	110,058	36,158	28,070	732	2,694	37,940	105,594	215,652
Intra-group eliminations	(97,802)	(1,658)	960	-	-	-	(698)	(98,500)
Net expenditure after eliminations	12,256	34,500	29,030	732	2,694	37,940	104,896	117,152

2020–21 Group

	Total Sponsor Body £'000	Delivery Authority Management £'000	Data & Digital £'000	Heritage Collection Decant £'000	House of Lords Decant £'000	Palace of Westminster £'000	Total Delivery Authority £'000	Group Total £'000
Gross expenditure	99,128	27,073	23,206	1,668	6,208	16,902	75,057	174,185
Income	(1,641)	-	(854)	-	-	-	(854)	(2,495)
Net expenditure before eliminations	97,487	27,073	22,352	1,668	6,208	16,902	74,203	171,690
Intra-group eliminations	(84,365)	(1,641)	854	-	-	-	(787)	(85,152)
Net expenditure after eliminations	13,122	25,432	23,206	1,668	6,208	16,902	73,416	86,538

3. Staff Costs

	Permanently employed staff £'000	Seconded staff £'000	Others £'000	2021–22 Total £'000	2020–21 Total £'000
Wages and salaries	10,043	1,075	5,936	17,054	12,038
Social security costs	1,208	103	-	1,311	669
Other pension costs	1,212	209	-	1,421	1,044
Sub-total	12,463	1,387	5,936	19,786	13,751
Recoveries	-	-	-	-	-
Total net costs	12,463	1,387	5,936	19,786	13,751
Of which:					
Sponsor Body	3,011	1,089	616	4,716	3,640
Delivery Authority	9,452	298	5,320	15,070	10,111
Total	12,463	1,387	5,936	19,786	13,751

The Staff Report on pages 58 to 65 within the accountability section contains further details on staff number and costs.

Notes to the Group Resource Accounts

(continued)

4. Total Expenditure

	Sponsor Body 2021–22	Group 2021–22	Sponsor Body 2020–21	Group 2020–21
	£'000	£'000	£'000	£'000
Staff costs	4,716	19,786	3,640	13,751
Grant-in-Aid to ALB				
Delivery Authority	98,500	-	85,152	-
Total Grant-in-Aid	98,500	-	85,152	-
Rental of premises	598	748	1,013	1,189
Service charge	195	229	210	246
Interest charges	10	10	-	-
Research and development	-	-	-	23
Project management fees	4,512	4,512	4,775	4,775
Insurance	5	41	25	25
Accommodation costs	626	739	620	723
IT	770	13,894	854	17,730
Training and other non-pay staff costs	41	293	54	100
Professional services	1,201	73,028	2,647	46,825
Other	184	649	13	318
Total cash	111,358	113,929	99,003	85,705
Non-cash items				
Movement in provisions	-	1,800	-	-
Depreciation	233	235	-	1
Amortisation	-	1,063	-	707
Auditor remuneration	125	125	125	125
Other	-	-	-	-
Total non-cash	358	3,223	125	833
Total operating expenditure	111,716	117,152	99,128	86,538

Notional (non-cash) remuneration for the cost of audits of a) Delivery Authority and b) the Sponsor Body and group accounts by the Comptroller and Auditor General was £125k (2020–21: £125k). There were no fees in respect of non-audit work.

Professional services primarily include costs of services amounting to £25.3m (2020–21: £26.3m) and design services provided £37.4m (2020–21: £19.1m) provided by our integrated delivery partner.

The remaining professional fees relate to various services procured from suppliers during the year, such as surveys, legal fees, consultancy, systems and process design support, recruitment and other professional services.

IT costs consist of maintenance £0.7m (2020–21: £2m), development and support £13m (2020–21: £13m) and purchases of IT equipment £0.2m (2020–21: £2m).

5. Income

	Sponsor Body 2021–22	Group 2021–22	Sponsor Body 2020–21	Group 2020–21
	£'000	£'000	£'000	£'000
Recharges to Delivery Authority	1,658	-	1,641	-
Total income	1,658	-	1,641	-

6. Intangible assets

All intangible assets in 2021–22 and 2020–21 are owned by the Delivery Authority.

2021–22 Group	IT Infrastructure	Total
	£'000	£'000
Cost or valuation		
At 1 April 2021	5,217	5,217
Addition	125	125
At 31 March 2022	5,342	5,342
Amortisation		
At 1 April 2021	707	707
Charge for the year	1,063	1,063
At 31 March 2022	1,770	1,770
Carrying amount at 31 March 2021	4,510	4,510
Carrying amount at 31 March 2022	3,572	3,572

Notes to the Group Resource Accounts

(continued)

6. Intangible assets (continued)

2020–21 Group

	IT Infrastructure	Total
	£'000	£'000
Cost or valuation		
At 8 April 2020	-	-
Addition	5,217	5,217
At 31 March 2021	5,217	5,217
Amortisation		
At 8 April 2020	-	-
Charge for the year	707	707
At 31 March 2021	707	707
Carrying amount at 31 March 2020	-	-
Carrying amount at 31 March 2021	4,510	4,510

7. Leases

As explained in Note 1.7, the Group has adopted IFRS 16 ‘Leases’ from 1 April 2021. As permitted by the FReM, the Group has implemented it using the cumulative catch-up method, without restating prior year figures. The Group entered a lease arrangement in October 2021 which meets the requirement of IFRS 16. This has been recognised as right-of-use lease asset and lease liability in Statement of Financial Position, with the associated costs being recognised in Statement of Comprehensive Net Expenditure. Another lease recognised as an operating lease until 31 March 2021 continues to be recognised as such in 2021-22 as at the date of transition to IFRS 16 the lease had a term of less than 12 months remaining and hence qualifies as a short-term lease. As a result, no right-of-use lease asset and lease liability were recognised for this lease at 1 April 2021.

The Group’s lease comprises of an operational building used as the head office which is material. The lease relates to 64 Victoria Street which commenced on 18 October 2021 for a term of two years with no extension options. The value of the asset as at 31 March 2022 was £0.9m.

Right-of-Use Lease Assets

	Sponsor Body Buildings Total	Group Buildings Total
	£'000	£'000
Cost or valuation		
At 1 April 2021	-	-
Additions	1,119	1,119
At 31 March 2022	1,119	1,119
Depreciation		
At 1 April 2021	-	-
Charge for the year	233	233
At 31 March 2022	233	233
Carrying amount at 31 March 2022	886	886

Notes to the Group Resource Accounts

(continued)

7. Leases (continued)

Lease Liabilities

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below. The cash flows and balances are presented net of irrecoverable VAT.

	Sponsor Body 2021–22	Group 2021–22
	£'000	£'000
Amounts falling due:		
Not later than one year	(570)	(570)
Later than one year and not later than five years	(312)	(312)
Later than five years	-	-
Total	(882)	(882)
Less: interest cost	10	10
Balance as at 31 March 2022	(872)	(872)
Of which:		
Current	(563)	(563)
Non-current	(309)	(309)

Amounts recognised in the Statement of Comprehensive Net Expenditure

	Sponsor Body 2021–22	Group 2021–22
	£'000	£'000
Depreciation	233	233
Interest expense	10	10
Low value and short-term lease	76	694
Total	319	937

Amounts recognised in the Statement of Cash Flows

	Sponsor Body 2021–22	Group 2021–22
	£'000	£'000
Repayments of principal on leases	247	247
Interest expense	10	10
Total	257	257

Reconciliation from IAS 17 operating lease commitment on 31 March 2021 to IFRS 16 opening lease liability on 1 April 2021

The table below shows the Group’s operating lease commitments as at 31 March 2021, shown in Note 14 to the lease liabilities as at 1 April 2021, following adoption of IFRS 16.

	£'000
Operating lease commitments at 31 March 2021	1,264
Low value and short-term lease commitments	(1,264)
IFRS 16 opening balance lease liabilities	-

8. Financial Instruments

As the cash requirements of the Sponsor Body are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The organisation has very limited powers to borrow, invest surpluses, or purchase foreign currency. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risk facing the Sponsor Body in undertaking its activities.

The majority of financial instruments relate to contracts for goods and services in line with the organisation’s expected purchase and usage requirements and the entity is, therefore, exposed to little credit, liquidity or market risk.

Notes to the Group Resource Accounts

(continued)

9. Cash and cash equivalents

		2021–22		2020–21
	Sponsor Body £'000	Group £'000	Sponsor Body £'000	Group £'000
Balance at 1 April	29,632	47,157	-	-
Net change in cash and cash equivalent balances	(27,563)	(38,973)	29,632	47,157
Balance at 31 March	2,069	8,184	29,632	47,157
The following balances at 31 March were held at:				
Government Banking Service	2,069	8,184	29,632	47,157
Balance at 31 March	2,069	8,184	29,632	47,157

10. Trade and Other Receivables

	31 March 2022		31 March 2021	
	Sponsor Body	Group	Sponsor Body	Group
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade receivables	-	-	-	-
Other receivables	166	121	1,891	1,380
Prepayments and accrued income	74	313	3	514
Total current trade and other receivables	240	434	1,894	1,894
Total trade and other receivables	240	434	1,894	1,894

11. Trade and Other Payables

	31 March 2022		31 March 2021	
	Sponsor Body	Group	Sponsor Body	Group
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
VAT	-	7	-	-
Other taxation and social security	85	542	47	290
Trade payables	1,866	2,365	539	1,234
Other payables	78	101	37	117
Accruals and deferred income	889	4,136	2,065	12,138
Amounts issued from the Consolidated Fund for Supply but not spent at year end	2,069	2,069	29,632	29,632
Total current trade and other payables	4,987	9,220	32,320	43,411
Total trade and other payables	4,987	9,220	32,320	43,411

12. Provisions

The Group has the following provisions. There was no provision recorded in the prior year.

2021–22 Group			
	Sponsor Body Total	Other	Group Total
	£'000	£'000	£'000
At 31 March 2021	-	-	-
Increase in provision	-	1,800	1,800
At 31 March 2022	-	1,800	1,800
Cash flows as at 31 March 2022			
Within 1 year	-	1,800	1,800
Within 2–5 years	-	-	-
Over 5 years	-	-	-
Total	-	1,800	1,800

Notes to the Group Resource Accounts

(continued)

Delivery Authority

The provision of £1.8m relates to:

- a) a provision relating to performance-related payments for 2020–21 and 2021–22. The Delivery Authority operates a discretionary scheme which allows for recognition of high performers in any year without raising base salary levels. Any discretionary awards paid are subject to individual and corporate performance. The Delivery Authority decided to generally defer payment of discretionary performance awards related to the period ending 31 March 2021, which otherwise would have been paid in 2021–22. The Nomination and Remuneration Committee has approved the principle of performance related payments but has not yet approved individual awards for 2020–21 or 2021–22, which will be considered during 2022–23.
- b) an amount for supplier costs where the application for payment remained under review at year end. This is for amounts where the likelihood of payment has been assessed as probable.

13. Contingent Liabilities

There is a contingent liability on property recharges from the House of Commons. The offices occupied by the programme are both opted to VAT by the superior landlord. The House is clarifying with HMRC whether this VAT is recoverable by them. If it is not, there may be a further charge of up to £280k.

14. Capital and Other Commitments

14.1 Capital commitments

There are no contractual capital commitments at the end of the reporting period but not otherwise included in these financial statements.

14.2 Commitments under leases

14.2.1 Operating leases: Sponsor Body as a lessee

	Sponsor Body		Sponsor Body	
	2021–22	Group	2020–21	Group
	£'000	£'000	£'000	£'000
Obligations under operating leases for the following periods comprise:				
Buildings				
Within 1 year	-	-	1,264	1,264
Within 2–5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	-	-	1,264	1,264

15. Related-party Transactions

The Sponsor Body is the sponsor of the Delivery Authority. This body is regarded as a related party, with which the Sponsor Body has had various material transactions during the year.

The Houses of Parliament and the Delivery Authority are related parties and there have been transactions with:

- The House of Commons: property costs recharges for the occupation of 7 Millbank, 64 Victoria Street and staff secondments.
- Delivery Authority: grant in aid payment, property costs recharges to them and IT, Data and Digital Strategic Review and other services costs recharges from them.

	Payments to Related Party	Amounts owed to Related Party	Receipts from Related Party	Amounts due from Related Party
	£'000	£'000	£'000	£'000
House of Commons	2,890	153	-	-
Delivery Authority	99,473	-	1,839	242

Board members and key senior management staff are subject to a standard annual interest’s review, stating whether they, their spouses or close family members have been in a position of influence or control in organisations with which the Sponsor Body has transactions.

The Remuneration Report provides information on key management compensation.

16. Entities Consolidated

The Restoration and Renewal Delivery Authority

The Restoration and Renewal Delivery Authority is a company limited by guarantee and the Sponsor Body is the sole guarantor.

Notes to the Group Resource Accounts

(continued)

17. Events after the Reporting Period Date

In accordance with the requirements of IAS 10 Events After the Reporting Period, events are considered up to the date on which the accounts are authorised for issue.

Two members of the Executive Team left the Sponsor Body on 31 May 2022 under settlement agreements in line with their contractual terms and conditions, as described in the Remuneration and Staff report. Heads of Function have stepped up to the roles to ensure continuity during the transition.

The Chief Executive, who is also the Accounting Officer, will leave under a settlement agreement in line with her contractual terms and conditions once these accounts are presented to Parliament, and will be replaced by Dr Patsy Richards.

A motion has been tabled in the House of Commons on 22 June 2022 for the debate to consider the Restoration and Renewal Programme proposing that the House of Commons:

- a. reaffirms its commitment to preserving the Palace of Westminster for future generations and ensuring the safety of all those who work in and visit the Palace, now and in the future.
- b. notwithstanding the Resolution of 31 January 2018, welcomes the report from the House of Commons and House of Lords Commissions proposing a new mandate for the Restoration and Renewal works and a new governance structure to support them.
- c. accordingly endorses the recommendations set out in the Commissions’ report; and
- d. in consequence, approves the establishment of a joint department of the two Houses, under the terms of the Parliament (Joint Departments) Act 2007.

Any changes to the Restoration and Renewal Programme will require the agreement of both Houses of Parliament. The motion tabled in the House of Commons and any debates that may occur before the summer Parliamentary recess are considered to be a non-adjusting event after the reporting period and will not impact the going concern basis of accounting set out in note 1.5.

The date the Accounts are authorised for issue by Sarah Johnson (Accounting Officer) is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

Annex A – Contracts Awarded in the UK

Not subject to audit

Pursuant to Schedule 2, Paragraph 27 of the Parliamentary Buildings (Restoration and Renewal) Act 2019, we are required to report:

“Information about persons to whom contracts in respect of the carrying out of the Parliamentary building works have been awarded, in particular– (a) their size, and (b) the areas in which they operate.”

The tables below set out the size of organisations we have contracted with: Small and Medium Sized Enterprises are defined as entities employing less than 250 people.

Company size	Suppliers	%	Spend £m	%
SME	115	66%	28.4	30%
Large	60	34%	67.5	70%
Total	175	100	95.9	100

Region	Spend £m	%
London	39.6	41.3%
Northwest	33.9	35.4%
Scotland	8.3	8.6%
Southeast	6.5	6.8%
East	2.2	2.3%
West Midlands	1.8	1.9%
Wales	1.3	1.3%
Southwest	1.2	1.3%
Yorkshire	0.5	0.5%
East Midlands	0.4	0.4%
Rest of the World	0.1	0.1%
Northeast	0.0	0.0%
Total	95.9	100.0





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View of the Victoria Tower, Palace of Westminster
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HOUSES OF PARLIAMENT
RESTORATION & RENEWAL



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