



## **Restoration and Renewal Programme**

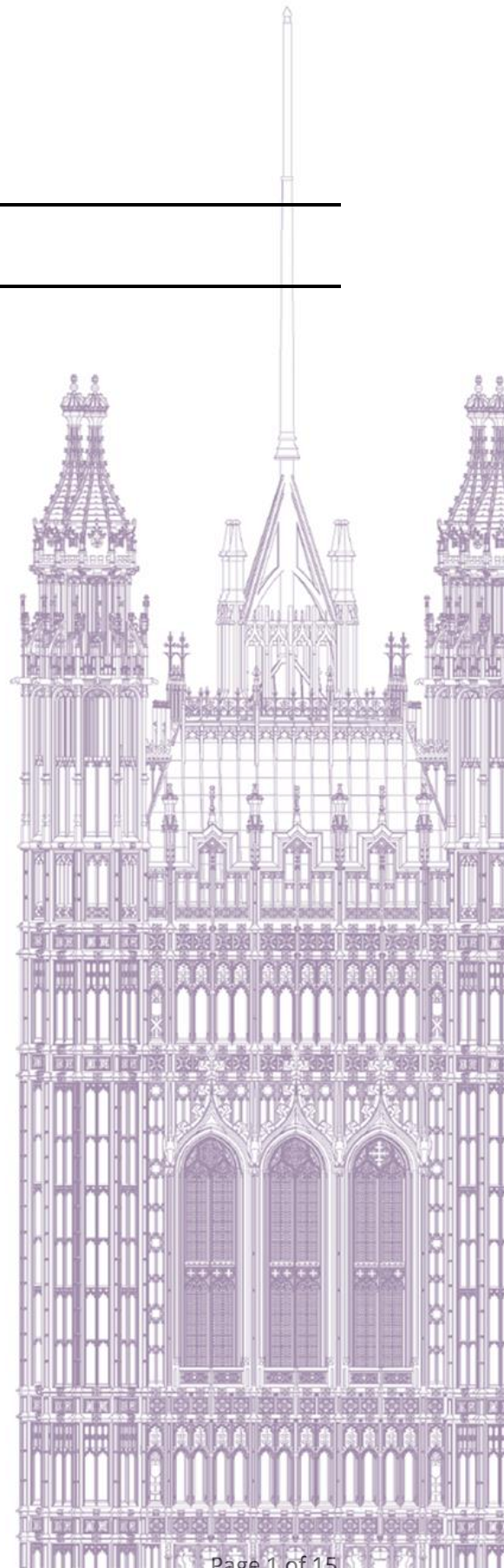
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# **Sponsor Body Quarter 3 Report**

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**October – December 2022**

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## Contents

CEO Introduction.....	3
Programme Summary .....	3
Transition .....	3
Phase 1 Plan .....	3
Developing a New Approach to R&R Works .....	4
Surveys .....	4
Communications and External Affairs.....	5
Risk .....	5
Finance .....	5
APPENDIX A: Financial Summary & R&R Savings Plan .....	7
APPENDIX B: Transition Programme Key Risks .....	11
APPENDIX C: R&R Programme Phase 1 Risks.....	13

## CEO Introduction

1. This report covers the Q3 period (October – December 2022) highlighting the work of the Sponsor Body (SB) and the Delivery Authority (DA).
2. Substantial progress has been made this quarter in completing the majority of the transition work and in developing a plan and approach to delivering a Strategic Case in 2023. The DA has completed the majority of the assessment of delivery options against the evaluation criteria which will be used to support the shortlisting decisions in 2023.

## Programme Summary

### Transition

3. The transition work to implement the Commissions' decisions during 2022 to change the Programme's governance arrangements has made substantial progress this quarter with the majority of the key programme outcomes complete. It is anticipated that the transition programme will be able to close down in January 2023 with the remaining activities being managed by the new R&R Programme governance. The remaining activities include completing the design of the R&R Client Team and enabling the first meeting of the R&R Programme Board.
4. Legal: The Statutory Instrument making consequential amendments to the R&R Act has been made and came into force on 1 January 2023. To complement this a new delivery agreement between the Corporate Officers and the DA was also completed.
5. Governance: The R&R Client Board and the Corporate Officers have now taken accountability for the R&R Programme as set out in the amended R&R Act and the Sponsor Board has been abolished. Progress has been made on the political and external membership of the Programme Board and membership is expected to be made public in January. The planned first meeting of the Programme Board is still at risk and work is being undertaken to plan how to induct new members as quickly as possible.
6. R&R Client Team: The new Client Team came into force on 1 January 2023 with existing SB staff being transferred into the new team. Significant work to ensure that administrative systems and IT systems were in place has taken place this quarter with some work continuing into January. There is ongoing work to complete the design of the Client Team after the 'lift and shift' of the SB staff into Parliament; this will look to ensure that the Client Team has the capability, experience and structure to work effectively with other Parliamentary teams and the DA to achieve the programme mandate set by both Houses.
7. Finance: Both House finance teams are finalising an agreement on how to handle the transfer of the SB accounts into the House accounts which will be reflected in the supplementary estimates completed early in the new year and in the main accounts later in 2023.

### Phase 1 Plan

8. A plan for delivering a 'strategic case' in 2023 has been agreed by officials, and the key milestones and approach were discussed by the Client Board. The timetable for 2023 to allow for shortlisting of new programme options and the development of a strategic case is ambitious, and work this

period has focussed on how to best develop the evidence to support the Programme Board and Client Board through this period.

9. The Programme has developed a plan to engage with Members of both Houses and the wider Parliamentary community to help inform the shortlisting decisions by the Programme Board.
10. There is ongoing work between the Programme and other Parliamentary projects on the estate to ensure that the R&R Programme is better integrated as set out in the mandate agreed by both Houses in summer 2022.

### Developing a New Approach to R&R Works

11. 80% of the Delivery Options assessments were completed in Q3 as planned. Options assessment against the agreed evaluation criteria is on target to complete by end Jan 23 to support the preparation of materials for the Programme Board through Feb and March (Milestone: Options Assessment Complete Jan 23). Internal DA (Exec and Board) and Client Team reviews are planned for mid-Jan, as are reviews by independent expert design and construction panels and the reconvened Independent Assurance Panel.
12. Materials for presentation to the Programme Board are being developed by officials (Milestone: Options Briefing to Programme Board Mar 23) to allow shortlisting to take place in the first half of 2023 so that the strategic case can be prepared for approval by both Houses by the end of 2023. Detailed engagement plans for the wider Parliamentary community are being implemented to support the governance decisions.
13. Engagement meetings with Parliamentary teams to share the options assessment are being arranged in certain topic areas for December 2022 and January 2023 to make sure that R&R assessments are aligned and integrated with other teams working on the estate.
14. Subject to the new Programme Board being established, the Programme is on target to provide an assessment of the options to support shortlisting from March onwards.

### Surveys

15. Four types of intrusive survey (Building Intrusive, Ground Investigation, Pull-out Tests and Air Quality Monitoring) are live. Preparatory and planning work for these has progressed well over Christmas recess. Five building intrusive surveys (outside of recess trials) in House of Lords areas are on target to start 16 January 2023, with noise monitoring in place.
16. Heating & Ventilation (HVAC) (contract award planned for Jan 23) and Photogrammetric Surveys (contract awarded 9 Dec 22) were endorsed in the quarter by Parliament's Domestic Committees.
17. For non-intrusive surveys, eight surveys were completed in the quarter. There are currently three surveys remaining to be completed until future surveys scope is finalised; a future pipeline of c.20 surveys has been agreed in principle and budgeted. The pipeline is under review internally to finalise scope and verify with in-house teams to avoid duplication and share outputs.
18. Archaeological trial pit surveys are at risk of not receiving consent due to risk of heritage harm not being shown to be outweighed by information-gathering benefits whilst R&R scope remains broad. Escalation meetings have been arranged internally and with consenting bodies.

19. Long-lead monitoring equipment purchase was completed ahead of plan, to de-risk Easter recess works.

## Communications and External Affairs

20. In December, the Client Board endorsed the Parliamentary works narrative developed in collaboration with Parliamentary and DA colleagues to reflect all work across the estate. This narrative represents a significant step forward in integrating and contextualising all estate works with our audiences, and is now being rolled out across works-related communications products and channels in the Houses and in the DA. The Client Board also endorsed the Member and Parliamentary engagement approach and plan for 2023, with products and engagement sessions now being developed and due to begin in early 2023. We continued to communicate to Parliamentary audiences the progress being made on surveys.
21. Public and Member-facing content and media stories have focused on our ongoing surveying of the Palace, showcasing progress and momentum on boreholes and internal surveys through video, photos, and graphics. In November, we generated significant and positive national media coverage focusing on the discovery of a section of medieval river wall under the Palace, found during DA-led surveys.
22. Our UK-wide market and regional engagement sessions are at an advanced planning stage, with the first DA market engagement roundtable and visit taking place at the end of January in the northeast and five more now confirmed up to April.

## Risk

23. The SB risk function continued to support the Transition Programme as it moved towards the formation of the new Client Team within the Palace of Westminster. The Transition Programme is expected to close down in January and any remaining risks will be managed by the R&R Client Team and Delivery Authority as shown in appendix B.
24. A draft view of R&R Programme Phase 1 Risks with proposed mitigation and actions from both the DA and SB are shown in appendix C. These have been developed collaboratively with all parties to provide an overview of key risks that could materialise and impact the Programme in Phase 1.

## Finance

25. The total spend for the R&R Programme to the end of Q3 is £57.5m against the Forecast 1 amount of £65.8m, mainly due to an underspend of £8m in the DA. This is a combination of targeted savings identified through the deep dive process, other savings delivered in-year and profiling changes, predominantly where work is now expected to be completed later in the year.
26. As part of the ongoing focus on delivering efficiencies and savings, as well as the £3.5m savings target embedded in the budget, a further £5.9m of net savings have been delivered to date in 2022/23. These savings are being utilised to offset option development costs in quarters 3 and 4 – as identified in the Main Estimate due to the level of uncertainty earlier this year, design activity was only budgeted for the first half of the financial year.

27. The DA's revised forecast includes £12m for this additional work for options development in the second half of the year, as well as costs associated with the DA assuming responsibility for the office lease following the SB's transition. In line with the DA's ongoing commitment to drive value and ensure the organisation is "right sized", these scope increases have been offset by savings, with the DA's 2022/23 forecast position remaining at £80m, as per the original budget. A summary of the DA's revised forecast is shown on Appendix A: Page 9.
28. Following a number of reviews of the 2023/24 Budget across the DA and Client Team, the Main Estimate is going for review and approval to the Client Board in February 2023 before being examined by the Parliamentary Works Estimate Commission in March 2023.

## APPENDIX A: Financial Summary & R&R Savings Plan

RESTORATION & RENEWAL FINANCIAL OUTTURN	Quarter 1 - 3 Actual v Forecast 2				Full Year	Full Year
	Actual £m's	Forecast £m's	Var £m's	Var %	Forecast 1 (Reallocated Budget) £m's	Forecast 2 £m's
Sponsor Body	4.7	5.0	0.3	6%	7.0	7.1
Corporate	8.2	9.4	1.2	13%	12.4	11.3
Programme Management	9.7	10.5	0.8	8%	14	13.6
Data & Digital	14.7	15.3	0.6	4%	19.1	18.8
Palace of Westminster Delivery Options	9.8	9.6	-0.2	-2%	10.8	13.1
Surveys	7.5	10.8	3.3	31%	14.6	12.3
Other Projects	2.6	3.6	1	28%	4.7	4.5
Delivery Authority Adjustments	0.3	1.6	1.3	81%	4.4	6.4
<b>Total Expenditure</b>	<b>57.5</b>	<b>65.8</b>	<b>8.3</b>	<b>13%</b>	<b>87.0</b>	<b>87.1</b>

**Sponsor Body** – The year-to-date underspend was driven by keeping headcount numbers under control through active management rather than just recruiting to budget, ensuring that only appropriate posts were filled. Holding significant numbers of vacancies ensured flexibility to respond to changes in the programme requirements. Savings from the vacancies carried have allowed contractual settlements for the previous leadership team to be absorbed within the £7m approved budget.

**Corporate** – The year-to-date underspend of £1.2m has been driven by resource savings across the various functions, lower legal fees, and office accommodation savings. The full year underspend is also reflective of these savings which are expected to carry on for the remainder of the year.

**Programme Management** – The year-to-date underspend of £0.8m reflects resourcing underspends. This includes targeted savings in areas where demand has reduced, such as Stakeholder Engagement & Consents and Health, Safety & Wellbeing. The full year underspend is lower than this, at £0.4m, reflecting additional costs as a result of estimating work required to assess options.

**Data & Digital** – The year-to-date and full year underspend largely results from delayed spend on various investment projects which have commenced and expected to be completed in-year. A new Digital Services Supplier has been onboarded, which is delivering savings and will reduce the operational cost base significantly in 2023/24.

**Palace of Westminster (options development)** – The year-to-date overspend of (£0.2m) reflects design costs for the second half of the year (quarter 3 and going forward to quarter 4) that were not budgeted. This overspend will increase in quarter 4 but is being offset by savings delivered elsewhere in the DA.

**Surveys** – The year-to-date underspend is £3.3m in this area. Ten contracts for Intrusive Surveys have been awarded this year of which eight have commenced surveys. However there have been

later start dates for surveys than initially forecast due to the budget phasing being agreed before these contractors were engaged. There have also been savings on some surveys delivered to date. These savings, alongside slippage of some activity into next year, will result in a full year underspend.

**Other Projects** – This encompasses the options-neutral Heritage collections activity, work on the Construction and Delivery Options and the now completed House of Lords Decant Concept Design stage. The year-to-date underspend of £1.0m predominantly relates to lower than forecast resource utilisation to undertake construction studies, including more work being undertaken by internal resources rather than external subject matter experts. This area also includes costs relating to the commencement of the Early R&R project, exploring work in a standalone area of the Palace for which initial scoping started in January 2023.

**Delivery Authority Adjustments** – The year-to-date underspend of £1.3m is the unutilised risk, contingency, and inflation provisions. This will be required to support required unbudgeted design and activity required under the new task brief in the second half of the year. The full-year overspend relates to an increased capital requirement needed for the technical adjustment to account for the DA's take-on of the office lease previously held by the SB.



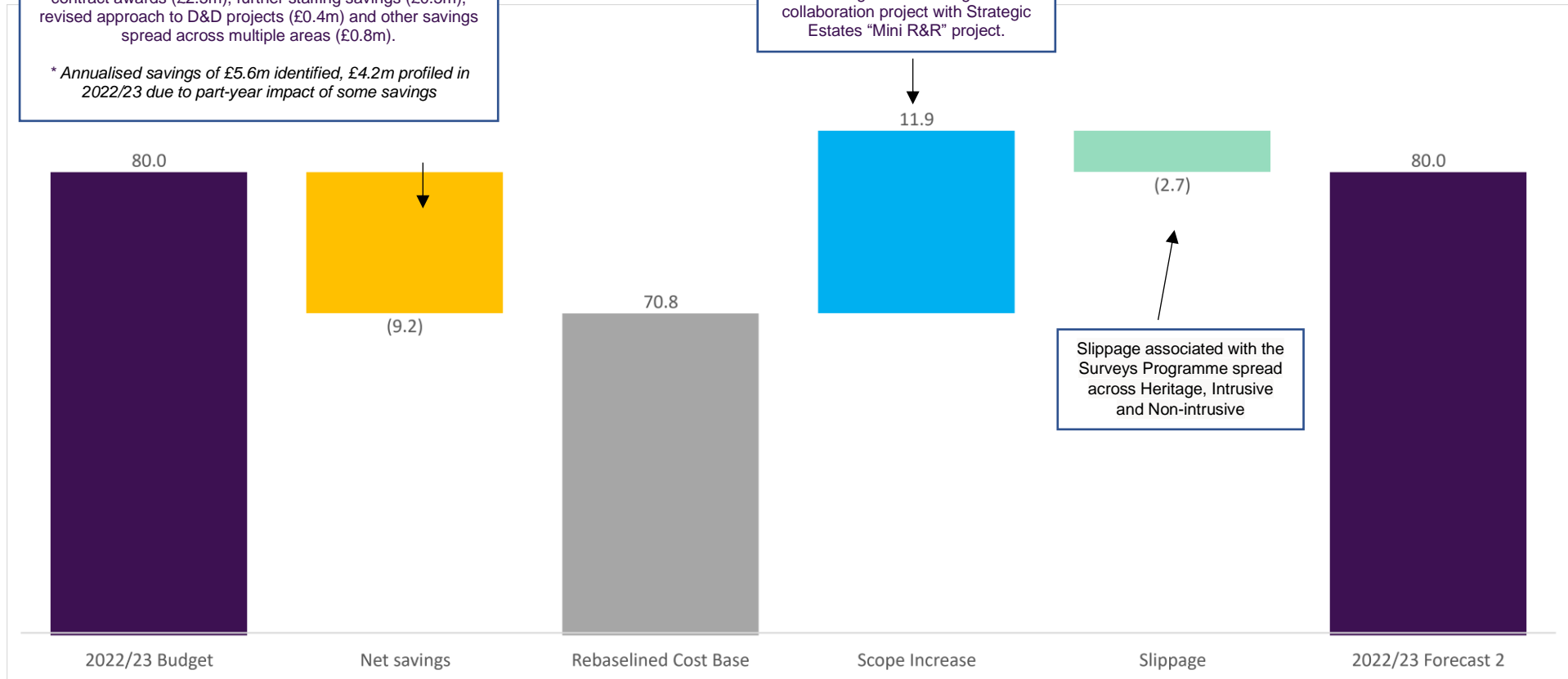
## Full Year Forecast 1 (Budget 2022/23) vs Forecast 2 Movement 2022/23 (£m)

<b>Savings/Increase</b>	<b>(9.2)</b>
<b>Change of scope</b>	<b>11.9</b>
<b>Phasing</b>	<b>(2.7)</b>
	<b>(0.0)</b>

Above embedded savings target of £3.5m, deep-dive savings of £4.2m\* delivered through review of resources and professional services. This includes £1.0m in Data & Digital (D&D), £1.4m in design costs, and £1.7m across other areas. Additional savings are from intrusive surveys following contract awards (£2.5m), further staffing savings (£0.5m), revised approach to D&D projects (£0.4m) and other savings spread across multiple areas (£0.8m).

*\* Annualised savings of £5.6m identified, £4.2m profiled in 2022/23 due to part-year impact of some savings*

Scope increases that were not budgeted for, associated with design partner fees for the second half of the year (£8m), capital requirement for multi-year office lease (£3m). Balance relates to transition costs and other scope changes such as digital collaboration project with Strategic Estates "Mini R&R" project.





R&R Savings Plan Financial Year 2022/23

Delivery Authority	Year to Date Delivery (Q1 to Q3)	Full Year		
Savings (£m)	Total £m's	Savings / (pressures) identified £m's      %		Comments
<b>Savings Target</b> embedded in budget	<b>2.4</b>	<b>3.5</b>	<b>4.4%</b>	The £3.5m savings target included within the budget have been fully allocated, with £2.4m achieved to date.
<b>Net Savings</b> above budget target	<b>5.9</b>	-	<b>4%</b>	Over and above the embedded savings, quarter 1 to quarter 3 saw delivery of a net savings position of £5.9m. Through the forecast process, a further £3.3m of net savings are expected in Q4, giving an expected full year saving of £9.2m.
<b>Net Position</b>	<b>5.9</b>	<b>3.3</b>		
<b>Sponsor Body Savings Target</b> embedded in budget	<b>0.2</b>	<b>0.4</b>	<b>2.9%</b>	

The Programme is committed to delivering savings and the DA included a savings target of £3.5m (4%) in its Main Estimate, which will be achieved. Over and above the embedded savings target, there is a net savings position of £5.9m that has been achieved in the three quarters of the financial year with a further £3.3m anticipated for Q4.

Against the DA forecast of £80m, further opportunities of up to £2m have been identified which predominantly relates to underspends in the Surveys Programme based on updated cost and schedule estimates, as well as contingency, inflation and risk provisions expected to be unutilised. Achievement of these opportunities will result in an underspend against our budget.



## APPENDIX B: Transition Programme Key Risks

Ref & Title	Summary Description	Owner	Key Mitigations and Actions	Status	Commentary	Transfer/ Close status
Political Bandwidth (TPG-R002)	Ability to engage effectively and gain access to Members, resulting in key decisions not being able to be made in a timely fashion.	Patsy Richards	<ul style="list-style-type: none"> <li>• Early meetings of Client Board (and Programme Board once members established) to maintain momentum</li> <li>• Continue bespoke engagement with Members including in respect of debates on regulations</li> <li>• Identify and engage with 'political champions' to build support and drive forward key decision</li> <li>• May result in delays to decision-making; in the short term it can be accommodated within the Feb Board.</li> </ul>		There remain notable challenges and uncertainty within the wider political and economic landscape. Appointment of Programme Board Members is dependent on the Client Board and the Houses approving the recommendation.	<b>Transfer:</b> This risk will be transferred to the R&R Corporate Risk Log. This will be linked to the Political Advocacy and Governance risks in the Corporate Risk Log.
Revised Governance Arrangements (TPG-R003)	Difficulties in implementing the revised governance structure results in accountabilities across the Programme becoming unclear, leading to milestone misalignment with an inability to progress to current timeframes.	R&R Directors	<ul style="list-style-type: none"> <li>• Manage expectations of Client Board regarding how safety-critical works to the palace are delivered</li> <li>• Client Board hold decision-making powers until Programme Board is established.</li> <li>• Early engagement with External Programme Board members who have already been identified</li> <li>• Approach to works paper shared with (and endorsed by) Client Board, Joint Audit Committee, Parliamentary Works Estimate Commission and the Joint Finance Committee. Agreed accountabilities for day agreed with the Clerks</li> </ul>		<p>Phase 1 plan continues to be developed. First Client Board meeting has taken place. PWEC and Joint Finance Committee have received approach to works and governance papers.</p> <p>PB External members being finalised. Number of political Members have been agreed – just awaiting confirmation. Details will be included in the first report from both Commissions to the Houses, alongside the motion to appoint the members identified.</p>	<p><b>Transfer:</b> This risk will be transferred to the R&amp;R Corporate Risk Log. This will be a 'child risk' to the strategic risk already established around governance and approvals.</p> <p>However, until the Programme Board membership is agreed and the Board is in place this will remain a risk. Once the Programme Board is established this will be reviewed.</p>



Ref & Title	Summary Description	Owner	Key Mitigations and Actions	Status	Commentary	Transfer/ Close status
Sponsor Body Capability and Internal Controls (TPG-R009)	Due to staff exiting the Programme for other opportunities, there is a risk that we experience loss of key skills and are unable to undertake essential functions while maintaining appropriate levels of internal controls	Patsy Richards	<ul style="list-style-type: none"> <li>Workforce structure in support of People Plan that identifies resources to be 'protected'</li> <li>Contract labour/temporary resources to navigate shortfalls</li> <li>Pulse survey for staff to identify any areas of concern regarding transition to the Client Team</li> </ul>	↔	<ul style="list-style-type: none"> <li>Organisational Design work will provide info on gaps once transition has completed.</li> <li>Skills and capability risk has been added to Phase One Risk Register to monitor once transition has closed.</li> <li>A Pulse Survey for SB staff has been commissioned and issued.</li> <li>Engagement with Organisational Design consultancy to review following TUPE of staff. This is currently underway until Apr 23</li> </ul>	<p><b>Transfer:</b> Due to the current labour market and difficulty in attracting and retaining staff across Parliament this will be a key risk for R&amp;R and will be transferred to the Corporate Risk Log.</p> <p>Despite a number of recruitment initiatives underway this will be a long-term risk for R&amp;R activities</p>
Relationship Deterioration (TPG-R001)	Due to divergence of objectives and priorities amongst programme parties, working relationships deteriorate resulting in significant detriment to the programme	Andy Helliwell	<ul style="list-style-type: none"> <li>Quadripartite working via R&amp;R Steering Group</li> <li>New operating model provides opportunity to strengthen relationships across bodies.</li> <li>DA to remain informed and consulted regarding decisions and changes during the transition period</li> </ul>	↔	All teams continue to work well and collaboratively. Design of Client Team to be agreed but remains on track; date of sign-off TBC by Transition Board.	<p><b>Transfer:</b> Relationships have matured during transition and the ongoing TOM effort will design and implement the new ways of working. However, the risk is not at sufficient tolerance that it can be closed down and will be transferred to the R&amp;R Corporate Risk Log in the short term.</p>

## APPENDIX C: R&R Programme Phase 1 Risks

Risk	Impact	Key Mitigation/Action	RAG Status
<b>POLITICAL CONSENSUS</b>  Due to changes in key political figures associated with the programme, or strong objections from consenting bodies, we are unable to secure enduring political support and endorsement for proposals	<ul style="list-style-type: none"> <li>Key decisions and approvals not being attained in a timely manner. Results in extensive criticism and reputational damage.</li> <li>Potentially results in a prolonged Phase 1 period and places the viability of the programme in doubt.</li> <li>Impedes our ability to clearly articulate a single programme vision, achieve our strategic goals and benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Implement the new governance and operating model for the programme.</li> <li>Induction documentation/events and early meetings with new Programme Board members and other key stakeholders to promote the purpose and vision for the programme. Meetings to also include wider parties (e.g., Cabinet Office and those in context of the surrounding World Heritage Site) to ensure broad support.</li> <li>Identify key benefits from the programme options as well as being open about the trade-offs and difficult decisions which need to be taken.</li> <li>Implement communications and engagement strategy to develop strong public and Member-facing narrative setting out what we need to do and why we need to do it. This includes informal engagement with key stakeholders to align views and understanding.</li> </ul>	
<b>ECONOMIC PRESSURE</b>  As a result of increasing economic and inflationary pressure / uncertainty, there is a risk that approval of funding is not agreed in line with current programme plans or has significant conditions attached	<ul style="list-style-type: none"> <li>Challenge to deliver works 'cheaper' and potentially compromising the quality and sustainability of the work.</li> <li>Calls into question the long-term viability of the Programme.</li> <li>Programme credibility called into question if multiple requests for additional funding are required.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a wider range of options in line with the mandate from the Houses that are clearly assessed against the agreed evaluation criteria (including cost).</li> <li>Invite challenge from Gateway reviews and other external assurance, including the NAO, on the processes employed to generate the programme option estimates.</li> <li>An integrated approach to R&amp;R works alongside other Parliamentary programmes and safety-critical works.</li> <li>Agree the funding model and approach with the Boards and Parliamentary Works Estimate Committee.</li> </ul>	



Risk	Impact	Key Mitigation/Action	RAG Status
<b>GOVERNANCE AND APPROVALS</b>  The requirement to engage with significant number of stakeholders (Parliamentarians, Consenting Authorities, Public, etc) combined with the complexity of the Parliamentary governance and approvals processes, prevents the Programme meeting the decision-making pace (and thus key Programme milestones) expected by Members	<ul style="list-style-type: none"> <li>Proposals needing to be revisited retrospectively to capture divergence in views and requirements.</li> <li>Leads to failure to deliver the expectations of Members, maximise benefits and increase the resilience of the Palace.</li> <li>Potential to increase costs with any delay to the programme and may reduce the momentum of the Programme</li> </ul>	<ul style="list-style-type: none"> <li>Implement the new governance and operating model for the Programme.</li> <li>Identify option-neutral work and development that can continue in parallel to the option shortlisting process.</li> <li>Senior staff to build relationships with decision making Members, including managing expectations and appropriate understanding of governance timelines/milestone pressure.</li> <li>Develop a delivery strategy to encompass comms, engagement and governance in a holistic manner and be agreed with the Programme Board and Client Board.</li> </ul>	
<b>RECRUITMENT AND RETENTION</b>  There is a risk that the Programme will be unable to retain or attract the key skills required to deliver the works.	<ul style="list-style-type: none"> <li>This would lead to delay, rework, and a decreased confidence in the Programme's capability.</li> <li>Reduces overall resilience in the Programme if key resource is not in place to deliver key activities.</li> <li>Potential to delay key activities or quality of the outputs without the right resource.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Comms strategy – open and regular communication with all colleagues.</li> <li>Develop succession planning &amp; emergency cover as required.</li> <li>Create talent pools for roles as required and promote learning and development opportunities (training etc).</li> <li>(DA) Benefits review (look to make package more attractive to enable recruitment and retention) and implementation.</li> </ul>	
<b>SUPPLY CHAIN</b>  Due to a decline in certain traditional and unique skills required from the UK labour market to deliver our programme of works, combined with a lack of confidence in the future of the Programme, there is a risk that the interest and capability of the market, including securing UK wide suppliers, is insufficient	<ul style="list-style-type: none"> <li>This would lead to required skills and materials being unavailable when needed, impacting cost, time, and quality.</li> <li>Potential inability to do the works in line with the methods currently anticipated.</li> <li>Potential for suppliers to not want to engage with the Programme and contract with Parliament</li> </ul>	<ul style="list-style-type: none"> <li>Developing and maintaining a credible and published pipeline of work and continuing engagement with heritage client group to establish priority actions.</li> <li>Open communication with existing and potential future suppliers to keep them informed of developments.</li> <li>Completion of market capacity reports and review routes to market and mitigating actions with the DA Risk Audit and Assurance Committee.</li> <li>Establish market understanding and acceptance of our development and funding arrangements.</li> </ul>	



Risk	Impact	Key Mitigation/Action	RAG Status
<b>PARLIAMENTARY READINESS</b>  Parliament does not have the capacity to accommodate the Programme and is not operationally ready to support activities or to provide governance support that would allow effective decision-making and Programme delivery	<ul style="list-style-type: none"><li>• Lack of momentum and the inability to meet the Programme plan without effective support from wider Parliamentary teams</li><li>• Lack of buy-in from senior management if the Programme is seen not to be relevant to Parliamentary teams and benefits of working with the Programme are not clear</li><li>• Delays with the early stages of work may have dependency impacts across Parliament</li></ul>	<ul style="list-style-type: none"><li>• Provide clarity through the R&amp;R Phase 1 Plan and integrated estates plan where mutual support and dependency is required.</li><li>• Scope out effectively the readiness requirements and key deliverables and ensure the appropriate sign-offs and resource are in place.</li><li>• Identify priority areas of work that need resource and highlight where there may be challenges ahead of time.</li><li>• Proactively engage with services across Parliament to flag key priorities and identify any blockers</li></ul>	