

Quarterly Report R&R Programme Q4 2020/21

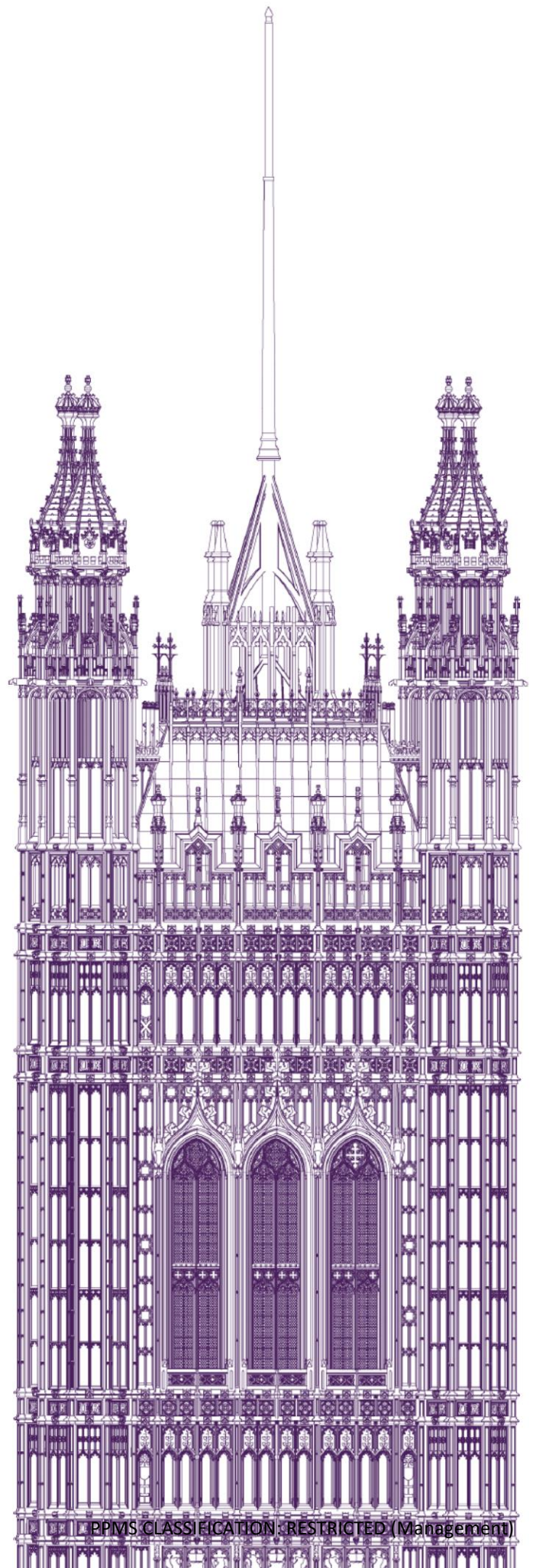




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Quarterly Report

Q4 2020-21

Purpose

1. Under the terms of the Parliamentary Relationship Agreement (PRA), the R&R Sponsor Body submits a quarterly report on the Programme to the Corporate Officers of both Houses. The report is expected to include an update on the recent activity of the Sponsor Body and Delivery Authority, including consultation and engagement with both Houses; the latest integrated schedule; and an overview of the programme costs, risks, and assurance activities.
2. To ensure the quarterly report is as topical as possible it will cover past, ongoing, and future Programme activity.
3. As part of its publication scheme and commitment to transparency, the Programme has decided to publish a version of the Quarterly Reports, following their consideration by the Commissions of both Houses. Any sensitive cost, schedule or commercial data will be removed in advance of publication.

Action for the Commissions

4. The Commissions are invited to note the progress of the R&R Programme during the 4th Quarter of 2020/21.

Developing Corporate Capacity & Capability

5. Following the publication of the revised Parliamentary Relationship Agreement (PRA) and Programme Delivery Agreement (PDA), work has begun on the 12-month refresh of both agreements. The work on both the PRA and PDA are closely aligned and the timetables are broadly similar, with a slight lag on the PDA to ensure it captures any flow down content from the PRA. The refreshed PRA and PDA are due to be published in Q2 2021/22.
6. As part of the review of the PRA a joint Governance Review is being carried out by the Parliamentary administrations and the Sponsor Body. Some improvements and clarifications could be made to governance arrangements relating to the R&R programme to enable the general behaviours set out in the PRA to be achieved, particularly in terms of collaboration, trust and coordination.
7. The overall objective of the review is to provide recommendations for improvements to governance and working arrangements for the members of the Parliamentary Relationship Group to agree and implement. Improvements should deliver clarity on roles and responsibilities, ensure visibility and ownerships at the appropriate level and help to achieve effective, efficient and collaborative decision making and management of issues. The review will provide its recommendations prior to the Summer Recess.
8. The final addition to the Programme's Senior Leadership team, Martin Bellamy the Chief Information Officer, joined the Delivery Authority in Q4. Both the Sponsor Body and the Delivery Authority now have a complete senior leadership structure.



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9. Other recruitment activities have continued so that both organisations progress towards their planned capacities, in parallel with the work to progress the programme as set out below.

Strategic Review

10. The Strategic Review was published on 11 March and was accompanied by engagement with all stakeholders and the media, alongside a written statement laid in both Houses by the Sponsor Body Parliamentary spokespeople.
11. Prior to the publication, within the quarter, there were a series of significant engagements with the Houses, including:
 - (a) A workshop on 7 January 2021 with Parliamentary officials to analyse in more detail the option of co-location on the Northern Estate, ultimately ruling this option out.
 - (b) updates were provided at the House of Commons Commission on 11 January and the House of Lords Commission on 22 January.
 - (c) Sarah Johnson and David Goldstone also attended the following Committees to discuss the Strategic Review:
 - House of Commons Finance Committee, 5 January
 - House of Commons Administration Committee, 11 January
 - House of Commons Procedure Committee, 18 January
 - House of Lords Services Committee, 25 February
12. Through these engagements, both Houses were able to discuss in detail the review, its findings, and the overall direction of travel of the programme.
13. This led to a request being made by the House of Commons Commission that the Programme look at the costs and feasibility of the House of Commons maintaining a continued presence in the Palace during the works. A formal mandate was received from the House of Commons Commission on 26 April setting out their requirements for this work.
14. Key findings and next steps from the Strategic Review have been discussed with a number of Parliamentary groups, including presentations at Party Group meetings in both Houses by Board Members, and has been widely shared with Members and Parliamentary staff.

Restoration & Renewal Phase 1

15. The House Commissions approved a revised Phase 1 Expenditure Limit which covers 2020/21 and 2021/22. The Estimates Commission subsequently approved the Annual Estimate for 2021/22 and laid that estimate alongside their comments in the House at the end of April.
16. A Phase 1 plan has been developed to align to the Strategic Review and the Business Case Strategy. This plan was endorsed by the Sponsor Body Board in April 2021.



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17. The Programme's Essential and Stretch Objectives, as recommended by the Strategic Review, were agreed by the Sponsor Body Board. These objectives have been used to frame the Schemes that will be taken forward for assessment in the Detailed and Costed Restoration & Renewal Plan. The schemes have also been informed by the work that was completed in the quarter to assess across 12 design areas (Accessibility, Building Services, Building Fabric, Security, Sustainability, Catering, Logistics, External Realm, Minimum Accretions, Asbestos, Participation and Space), the range of options and their potential value for money.
18. Following the recommendations of the Strategic Review an initial short list of four schemes has been developed. The objectives have been used to frame a 'Do Essential' (minimum) scheme option and a Do Maximum scheme option, and intermediate scheme options have been informed by the process undertaken to date to identify value for money solutions between the minimum and maximum schemes.
19. Following subsequent review, a refined short-list has been agreed that will see two scheme options being developed further for assessment in the Detail and Costed Restoration & Renewal Plan. The schemes that will be progressed are the 'Do Essential' scheme and one intermediate scheme.
20. Work continues to develop the options for the House of Lords decant, including a new Do Minimum option for QEII fit out, as recommended by the Strategic Review. The next step in assessing the options is to undertake engagement with the House of Lords to understand the operational benefits and dis-benefits of the different options.
21. Refreshed Phase 1 Task Briefs were issued for the Detailed and Costed Restoration & Renewal Plan and House of Lords Decant project on 15 March. In response, Task Brief Execution Plans will be produced in Q1 2021/22 to ensure robust plans are in place to deliver against the requirements.
22. The Agreed Task Brief Execution Plans will allow clear reporting and tracking against milestones and deliverables and will provide confidence of the progress being made towards the Detailed and Costed Restoration & Renewal Plan.

Consultation, Engagement and External Affairs

23. The Party Groups sessions on the Strategic Review referenced above have helped guide proposals for Member engagement prior to the Summer Recess. This proposed engagement will introduce some of the design features being looked at in the two schemes being taken forward in the Detailed and Costed Restoration & Renewal Plan, and other key questions for Members to consider. Proposals for engagement will be shared with the House of Commons Administration and House of Lords Services Committees in May.
24. One-to-one meetings with Members of both houses continue, and a new round of invitations to existing Members has been sent out, following good engagement and take up of invites from new members in both Houses.
25. The regular engagement groups with colleagues in the House Administrations continue to work well, and there is good progress on the assumptions needed to inform designs for the two schemes being taken forward. We have continued to engage with the bicameral Joint



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Working Group of senior parliamentary officials, which is proving a useful forum to discuss options for engagement, governance routes and the phase 1 timeline.

26. A comprehensive Parliamentary engagement plan is being finalised from now, up to the point at which the Programme will seek approval of the Detailed and Costed Restoration & Renewal Plan. This will be communicated to Parliamentary colleagues as part of a clear, plain English narrative of the next steps.
27. A further phase of Deliberative Panel sessions has been completed, with members of the public from around the country discussing and contributing their views of the scheme options. These have continued to show strong support for restoration and renewal of the Palace. The programme will deliver our first pieces of public engagement activity before summer recess, including engagement with schools and young people, and workshop conversations with target groups in communities around the UK.
28. Our audiences and engagement rates in our social channels have continued to grow, and we continue to develop the amount and variety of content in these channels. Our focus continues to be the values, people, and talents of the programme.
29. The programme continues to collaborate closely with the communications teams of both Houses, in particular around reactive media enquiries and publication of the Strategic Review.

Assurance & Strategic Risk

30. Final preparations are underway for the Infrastructure & Project Authority's Third Line Assurance Review taking place in Q1 2021/22. The appointed review team was fully briefed prior to the end of Q4 2020/21.
31. Progress has been made on developing the Sponsor Body Risk Appetite to support the Programme with strategic decision making. This will build on the Delivery Authority's Risk Appetite which was agreed by the Delivery Authority Board in March. It is expected that a Sponsor Risk Appetite Statement will be in place in Q1 2021/22, subject to approval by the Sponsor Body Audit and Assurance Committee.
32. The overall risk exposure of the Sponsor Body Strategic Risks has not significantly changed this quarter, although publication of the Strategic Review is an important mitigation for several of the top risks. In this period the risk around approval of the Detailed and Costed Restoration & Renewal Plan has been recognised specifically as has the uncertainty around a Continued Presence mandate. The top risks shown at Annex C are only partly in the control of the Sponsor Body and require close working with the Houses to clarify several areas, such as:
 - House of Commons Decant Strategy
 - Continued Presence mandate
 - Heritage Collections Decant mandate
 - Review of Parliamentary Relationship Agreement and Governance
33. The Sponsor Body will continue to scrutinise costs and plans during the 2021/22 financial year and are committed to drive through efficiencies and savings wherever



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possible including through, for example, holding monthly performance reviews of expenditure and challenging the resources required. The quarterly reports to the House Commissions, which will be shared with the Estimates Commission, will include information relating to the realisation of cost savings and efficiencies.

34. The primary focus on ensuring costs are appropriate and provide value for money include:
- Maintaining a focus only on the highest priority activities that strictly align to objectives.
 - A realistic recruitment profile and better value mix of resource type to match forward work plans.
 - Focused development of digital systems better matched to user needs.
 - Reduced risk value reflecting greater certainty of work in the current programme phase.
 - Targeted savings to ensure that a constant downward pressure on costs is maintained.
 - Continuous benchmarking of programme costs relevant to size, complexity and phase of the works.

Programme Delivery

Palace of Westminster

35. The Phase 1 plan will be used to establish new Programme Performance Milestones (PPMs) that will form the basis for executive reporting and performance management to demonstrate the extent that progress is on track through Phase 1.
36. An initial 4D animation has been completed to illustrate how elements of the R&R construction works could be sequenced. This is the first stage in understanding the interfaces and complexities of logistics and construction planning in a constrained and sensitive environment.
37. The short-term critical activities for progress in the next quarter are to:
- resolve the outstanding user requirements/design assumptions with Parliament - currently progressing well through a series of topic specific Regular Engagement Groups; and
 - to mobilise the technical and project management teams to commence initial preparatory work to develop and assess the arrangements required to enable the House of Commons to maintain a 'continued presence' within a chamber during the construction work. This is dependent upon the definition of the 'continued presence' in the House of Commons Commission mandate being agreed.
38. The full suite of procurement information for intrusive survey work has been completed. This allowed the first stage of procurement to get underway on the government's tender web-portal. The commercial framework is targeted at driving value for money and specifically aimed at attracting small and medium sized businesses.
39. The non-intrusive survey work has made good progress with scope for surveys being agreed and six surveys underway in the quarter, all of which will be used to inform the design schemes and improve knowledge of the existing state of the building and immediate environment. The surveys cover details of existing fire escape routes, acoustic performance of key rooms and areas, thermographic performance of the building to inform the future



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energy calculations, ecology and tree surveys which are required for the future town planning submission, and the initial assessment of archaeological features using ground penetrating radar.

40. Agreement has been reached with Parliament to set up a weekly working group to focus on progressing three key areas relating to information and surveys: 1) Sourcing existing information, for which the Programme has agreed to fund short-term resource to help the in-house team; 2) alignment of processes and priorities; and 3) exploring ways to accelerate the key R&R surveys by making use of the existing in-house framework contracts.

House of Lords Decant

41. The concept design stage has been completed, which will provide; designs, costs estimates and scheduling information for the different options for remodelling of the QEII building. This will be used to support the engagement process with the House of Lords officers and members, as well as providing key inputs to Detailed and Costed Restoration & Renewal Plan. Following the recommendations of the Strategic Review, a new more minimal intervention option is in the preliminary stages of concept design and estimating.
42. In the next quarter, the work to scope and estimate the new option will be completed for initial analysis purposes. Following the option selection process, the preferred scheme will be used to update the design and refine the estimates to complete the design concept stage.

Heritage Collections Decant

43. No on-site surveys were carried out this period due to COVID-19 restrictions. The team are fully engaged on developing the necessary standards and procedures for future preparation and transport of the heritage items.
44. All engagement with Parliament remains paused on a future potential new storage facility. However, the project team are on track to conclude the first stage to assess capacity and other requirements by the end of June. Senior level workshops with the Heritage Team have commenced. Initial outputs are focussing on R&R providing some resource to the Parliamentary team to help bring all the different strands of heritage care together into a 'roadmap'.

Skills & Apprenticeships

45. This quarter saw a focus on the jobs and skills which will be generated by the programme, including an opinion article from the Delivery Authority Chair in The Times and social media content highlighting:
 - (1) the talents of apprentices working on the programme.
 - (2) an announcement of our partnership with the Social Mobility Foundation (SMF).
 - (3) an announcement of a planned shared apprenticeship programme.
46. Apprenticeship loan arrangements will see up to 160 apprentices employed and placed with some 300 heritage and construction Small and Medium sized Enterprises (SMEs) working on R&R who want to support on-the-job learning, but face challenges in employing apprentices themselves.



47. A preliminary assessment of skills and capabilities has been undertaken. The assessment has been based on research and surveys across a large number of employers and training providers covering 30 occupational groups. This has enabled the Delivery Authority to develop a quantitative understanding of the mainstream skills base, together with an emerging picture of capability gaps in the construction and specialist heritage and conservation areas.
48. The focus for the coming quarter will be the recruitment of the first cohort of SMF-sourced interns and onboarding onto the programme along with the early steps to agree recruitment of the Delivery Authority's planned five apprentices for September 2021.

Integrated Schedule

44. The integrated schedule contained in Annex A, remains the same as reported at Q3 2020/21.
45. Post the Strategic Review, the programme is now reconnecting with colleagues in IHSE to work towards publishing a new version. It is expected that a revised schedule will be available for the Q1 2021/22 Report.

Annex A – Integrated Schedule

Table 1: Integrated Schedule

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Annex B – Financial Summary

Restoration and Renewal Programme - Quarter 4 Financial Out Turn (£m's)

Quarter 4 2020/21	Quarter 4				Full Year				Full Year			
	Actuals	Forecast	Variance	%	Actuals	Forecast	Variance	%	Forecast	Budget	Variance	%
Sponsor Body	3.8	3.8	0.0	1%	13.5	13.5	0.0	0%	13.5	16.6	3.1	19%
Delivery Authority Management	9.4	11.1	1.6	15%	30.5	32.1	1.6	5%	32.1	37.1	5.0	13%
Data & Digital	7.4	9.2	1.7	19%	25.8	27.5	1.7	6%	27.5	27.9	0.4	1%
Heritage Collection Decant	0.6	0.6	(0.0)	(8%)	1.7	1.7	(0.0)	(3%)	1.7	3.0	1.3	44%
House of Lords Decant	1.0	1.3	0.3	24%	6.9	7.3	0.3	4%	7.3	12.5	5.3	42%
Palace of Westminster	6.5	7.8	1.3	17%	18.1	19.4	1.3	7%	19.4	19.9	0.4	2%
Programme Risk	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%	0.0	8.3	8.3	100%
Adjustments	3.4	3.8	0.4	12%	0.7	3.8	3.1	81%	3.8	0.0	(3.8)	
Total Expenditure	32.2	37.6	5.4	14%	97.3	105.4	8.0	8%	105.4	125.3	20.0	16%

All figures are the draft outturn and are subject to change as part of the year end process and audit.

Table 2: Financial Performance

Headlines

The Strategic Review and impact of the COVID-19 Pandemic had a significant impact to the expenditure and activity originally planned across the programme. These two factors were the main driver for the forecast underspend of £20m against the budget.

However, a further underspend of £8m was recorded against the full year forecast.

Savings - £2.8m

A number of savings were recorded as the programme continues to drive value for money whilst achieving the required outcomes for a lower cost, with the main variances being for:

£0.6m – In the PMO and Programme Delivery where spend on external studies and consultancy was stopped.

£0.5m – Less than forecast design work on the House of Lords Decant project was required.

£1.0m – Through lower than forecast staff costs across the corporate and programme functions.

Slippage - £2.8m

The impact of the slippage is manageable within the 2021/22 budget and will be reflected in the Q1 reforecast. In addition, there is no current indications that this will adversely impact the Phase1 timeline.

The main variances were:

£0.9m – Due to incomplete scope definition on the Palace of Westminster and the movement of surveys into 2021/22.

£1.3m – From lower-than-expected ramp up on the Data Service Provider and Engagement Support Service contracts.

Adjustments - £2.2m

£0.5m – An adjustment for £3.8m was forecast for the recharge of Data & Digital setup costs from the House of Commons. The actual final recharge was less than forecast.

£1.7m – A one-off adjustment to the management accounts following a correction by the House of Commons reflecting the actual financial position for April 2020, prior to the programme becoming operational.





Annex C – Top Strategic Risks

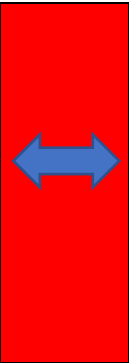

Table 3: Top Strategic Risks

Risk Ref	Title	Description	Effect	Status & 1/4ly Trend	Mitigations	Owner
SR20	R&R Strategic Objectives	The current financial climate and uncertainty due to the Covid 19 pandemic, make building political consensus on the R&R Strategic Objectives difficult.	May result in consensus on the strategic objectives becoming challenging to achieve and decision making in the Houses is slower.		<ul style="list-style-type: none"> Strategic Review outcomes will help to clarify overall objectives and high-level requirement (complete) Informal engagement with key stakeholders to align views and understanding (ongoing) Sponsor Board members to be provided with information and key lines to support conversations with colleagues and engagement in the Houses (ongoing) Agree a clear roadmap and timeline for engagement and decisions to be taken by the Houses to support the programme (May 2021) Engagement with the Houses to agree the Heritage Project mandate (Apr 2021) Engagement with Houses post Strategic Review publication to clarify outcomes; give direction regarding requirements; and re-confirm strategy (Jun 2021) Engage with Members to explain the outcomes of the Strategic Review and the evidence behind the recommended approach. (Jun 2021) 	Sarah Johnson
SR08	Interdependent Projects	Projects or works outside of the R&R programme undermine the delivery of R&R.	Significant cost and delay. Misaligned outcomes and benefits between R&R and other projects		<ul style="list-style-type: none"> Decide which ongoing works will be incorporated into the R&R programme with the Houses (ongoing) The Dependencies Board has met regularly to manage interdependencies between R&R and Parliamentary Programmes (ongoing) R&R Interface Group to capture wider dependencies and potential impacts (ongoing) Develop a possessions strategy (June 2021) Implement a clear change control process as set out in the PRA to manage further transfers into the R&R programme. (Jul 2021) Agree House of Commons Decant Strategy (TBC) Restart Level 1 Integrated Schedule planning with Parliamentary colleagues (Apr 2021) 	Mike Brough



SR22	Outline Business Case Approval	Due to the economic or political pressures there is a risk that the overall proposals for Phase 2 in the Programme Outline Business Case may not be agreed, funding levels may not be sufficient or that timescales are unrealistic.	Requirement for significant re-work resulting in additional time and programme costs alongside reputational damage.		<ul style="list-style-type: none"> Business Case Strategy to be revised in line with the Strategic Review outcomes and to set out the scheme options that will form the business case. (complete) Scheme options approach to be progressively shared with Parliamentary stakeholders to build buy-in (ongoing). Invite challenge from Gateway reviews and other external assurance, including the NAO, on the processes employed to generate the Business Case estimates (ongoing) Set out clear engagement plan with Parliament as part of the Phase 1 Timeline including how and when emerging costs will be shared (May 2021) Develop internal and external benchmarks to justify costs in estimates and any risk and optimism bias provision (Dec 2021) Articulate clear narrative around the OBC estimate including understanding differences from earlier work such as the Independent Options Appraisal. (2022) Government engagement strategy (May 2021) 	Lucy Owen
SR21	Political Consensus	Due to the different context and pressures on both Houses and on different stakeholder groups there is a risk that political consensus is difficult to reach.	Will impede decision making for the R&R Programme and agreement on preferred solutions becomes difficult to reach.		<ul style="list-style-type: none"> Strategic Review clarifies overall objectives and high-level requirement (complete) Sponsor Board members to be provided with information and key lines to support conversations with colleagues and engagement in the Houses (ongoing) Informal engagement with key stakeholders to align views and understanding (ongoing) Agree a clear roadmap and timeline for engagement and decisions to be taken by the Houses to support the programme (May 2021) Agree a robust governance route with the Houses for decision making. (May 2021) 	Lucy Owen



DA33	Definition of Heritage Collections Decant Project Requirements	As a result of a lack of definition of requirement, extent of scope and overlap of responsibilities and authority, there is a risk that the requirement of the Heritage Collections project cannot be effectively achieved.	Delay in the provision of required facilities and potential for delay of the start of Palace main works		<ul style="list-style-type: none"> With Sponsor Body, engage House authorities to clarify mandate for delivery, the associated roles and responsibilities (via a RACI matrix) and the eventual future operating model for heritage collections. Work will then be re-remitted to the Delivery Authority from the Sponsor Body to deliver. (Early 2021) Continue to inventory the Heritage Collection and plan potential moves whilst clarity on the mandate is sought. (Ongoing) Link with mitigations for risk above on Political Consensus. R&R Interface Group being used to manage high level interface, with R&R Risk Interface Forum at the operating level. (Ongoing) 	Matt White
DA38	Programme OBC: Uncertainty of Continued Presence effect	The mandate is not sufficiently defined or agreed at the outset. There is a risk that the continued presence requirement is changed during design work. Delay in down-selection	Extension required for Phase 1 including significant additional cost		<ul style="list-style-type: none"> With Sponsor Body, engage House authorities to clarify mandate for the Continued Presence work. (Apr 2021) Include work required in overall Programme plan (complete) Prepare instructions for design teams to allow rapid progress on the work when mandated (Apr 2021) Iteratively share the impact of the Continued Presence analysis with the Houses as part of the overall business case engagement plan. (ongoing) 	Matt White