

# Restoration and Renewal Programme



## Strategic Review



**HOUSES OF PARLIAMENT**  
RESTORATION & RENEWAL

March 2021

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## 1.0 Executive Summary

### Introduction

1. As the historic home of the UK Parliament and a world-renowned UNESCO World Heritage Site, restoring and renewing the Palace of Westminster to a safe and functional space is of paramount importance to the future governance of the UK as well as the protection of our national monuments. Despite an ongoing programme of maintenance that has cost £369m in the four years since 2015 and £127m in 2018/19 alone<sup>1</sup>, the building is now deteriorating faster than it can be fixed through ongoing maintenance and individual improvement works. As the Public Accounts Committee noted in their October 2020 report on the Programme, significant and timely action is needed to protect the Palace and all those who work in it.
2. Restoring the Houses of Parliament will support thousands of jobs and apprenticeships across the country, in professions ranging from engineering to heritage skills such as stonemasonry and carpentry. The Programme will also create investment in communities across the UK through a national supply chain involving hundreds of businesses. Parliament already works with specialists across the country, sourcing encaustic tiles from Ironbridge, cast iron roof tiles from Halifax, Sheffield and Chard, limestone from Doncaster and Clipsham and slate from Ffestiniog, North Wales. This will grow with the Programme to create investment in communities across the UK.
3. As with any major public programme it is important to ensure that the Restoration and Renewal (R&R) Programme is set up for success and delivers value for money for the taxpayer. This is one of the key points highlighted by members of the public participating in the R&R Deliberative Panel<sup>2</sup>. The report of the 2016 Joint Committee on the Palace of Westminster anticipated that the new bodies (the Sponsor Body and Delivery Authority) would, once they had been established, seek to validate the conclusions in its report and test the feasibility of its recommendations. As informed by the Infrastructure and Projects Authority (IPA)<sup>3</sup> programme reviews should be carried out at major decision points throughout the lifecycle of a programme to ensure continued delivery towards the ultimate objectives in accordance with programme timescales, cost control and benefits realisation. Given the magnitude of the decisions required regarding the scope of Palace works and the decant locations, the changes in the country's economic circumstances, and the recommendations in the April 2020 NAO report, now is the right time to reassess if the approach to delivering the R&R Programme remains right.
4. The terms of reference for the Strategic Review were for it to consider what had changed since the publication of the Independent Options Appraisal (IOA) in 2014 and the Joint Committee of the Palace of Westminster report in 2016 – and whether that was significant enough to warrant a change in the strategy. The existing strategy inherited by the Sponsor Body and Delivery Authority is to conduct a full decant of the Palace, with the House of Commons moving to Richmond House and the House of Lords to the Queen Elizabeth II (QEII) Conference Centre. The review has assessed the continuing validity of previous decisions, information about the intended outcomes and associated

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<sup>1</sup> NAO report, 17 April 2020, paragraph 1.8

<sup>2</sup> A panel of 20 members of the public, who were broadly geographically and demographically representative, to discuss key questions about the Programme

<sup>3</sup> See, for example <https://www.gov.uk/government/publications/principles-for-project-success>; <https://www.gov.uk/government/publications/project-delivery-functional-standard>, and <https://www.nao.org.uk/report/framework-to-review-programmes/>



interventions (the scope) for the Palace itself, the potential methods of delivery, and the scope and location of any decant facilities – all whilst factoring in the points raised through consultation with those who work in the Palace, specialists and academics, and participants of the Deliberative Panel. The review has not sought to duplicate the work that will be required to develop the Business Case which will determine the schedule and cost for the programme, nor to make decisions about procedures or other matters that can only be determined by Parliament.

5. The conclusions in this report are based on findings from the Strategic Review’s analysis, with recommendations on what is needed to move the Programme forward. It is now imperative that decisions are taken swiftly to ensure best value and to avoid future nugatory expenditure, with a coherent joined up approach to continued necessary maintenance and a planned programme of restoration and renewal.
6. **The review’s key conclusions relate to setting clear objectives for the R&R Programme; the delivery strategy; decant scope and locations; and governance and decision-making.**
7. **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. The objectives proposed in this report support and supplement the existing ‘Themes and Goals’ and ‘Strategic Steers’ and will, once agreed, form the basis against which the Business Case appraisal is carried out. This will include a timetable of review points to assess progress and to provide notice to Parliament of what decisions are required when and allow the down selection of options prior to presentation of the Outline Business Case for approval by both Houses<sup>4</sup>.**
8. **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. Such a phased approach has the potential to minimise the period when the Palace is not occupied, though will involve additional disruption for those in occupation compared to if they were located elsewhere for a longer period. The first step to this is to understand the condition data that already exists and pressing on with intrusive surveys.**
9. **As part of this review, an assessment of whether the Programme can be delivered with Parliament in partial occupation of the Palace has shown that this is technically possible but that such an approach would import an “extraordinary level of risk”, extra time measured in “decades” and far higher cost<sup>5</sup>. Parliamentarians would have to put up with decades of large-scale disruption and the very significant risks that would come with working on a large, noisy and complex construction site. As a result, this review concludes that a period of full vacation of the Palace is necessary but can be minimised by a phased approach, potentially by using access from the river. Along with further development of a phased approach, more detailed work is required as part of the business case process to understand the potential risks and consequences (such as disruption from noise and dust, and the inconvenience of changing layouts) from delivering some of the works whilst the Palace, or parts thereof, remain occupied. Co-ordination with the House administrations will also be needed to facilitate temporary moves to reflect a phased approach and other works on the Northern Estate<sup>6</sup>, which may include a blend of short-term and main**

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<sup>4</sup> In accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019.

<sup>5</sup> Independent expert engineering advice on whether full vacation of the Palace is required to enable the replacement and renewal of all mechanical and electrical systems, and if not required, to indicate what level of function could be reasonably accommodated during the works.

<sup>6</sup> The northern part of the Parliamentary Estate, which includes Richmond House, Norman Shaw North and South, Derby Gate, Canon Row and 1 Parliament Street, as well as Portcullis House



decant facilities. Alignment with an emerging Master Plan for the whole Parliamentary Estate will greatly aid identification of optimal solutions.

10. Thus this review concludes that even a ‘Do Minimum’ scope for the R&R works is significant enough to involve major disruption to Parliament and take several years to deliver, and will require a period when the Palace is not occupied.
11. For the period when the Palace is vacated, any facilities provided must meet Parliament’s operational needs and provide value for money without unnecessary call on public funds. The review concludes that this can best be achieved through use of the Northern Estate (including Richmond House) and the QEII Conference Centre. Further, there are options at both locations which – with compromises by Parliament – could result in lower costs, and will continue to be explored jointly with Parliament in agreeing the options to be taken forward.
  - For the House of Commons, use of the Northern Estate provides the opportunity to align short-term moves to support phased R&R works, main decant facilities in Richmond House, and long-term value through provision of future office accommodation.
  - For the House of Lords, the limited long-term value from any investment means that a ‘Do Minimum’ option for the QEII Conference Centre needs to be developed as the baseline, from which other options can be developed, as part of the separate business case for this project to secure best value for money.
12. In light of recent decisions by the House of Commons Commission on the management of projects on the Northern Estate, and to reflect a phased approach to the R&R works, it is imperative that the Programme and the House of Commons Service<sup>7</sup> work closely together to ensure the use of Richmond House and the Northern Estate reflects agreed priorities in the short, medium and long term.
13. Strong and clear governance will be essential to delivering this complex and large-scale Programme. While progress has already been made in developing the relationship between Parliament and the recently formed Sponsor Body and Delivery Authority, good practice supports the need for streamlined governance arrangements including to agree clear user requirements, provide clarity of what decisions will be delegated to the Sponsor Body following approval of the Outline Business Case, and ensure clear accountabilities and interfaces particularly in relation to estate master planning, works on the Northern Estate, and co-ordination of ongoing works and early phases of R&R work in the Palace.

### **The Scope of the Restoration and Renewal Programme**

14. The current strategic vision for the Programme is an ambitious and broad statement of intent, supported by a set of ‘Themes and Goals’ as endorsed by the then shadow Sponsor Board and House Commissions in 2019. To date, these are the only measure against which to assess potential design options and outcomes. For a programme of this scale and complexity, clarity in aims and measurable objectives is essential to ensure an understandable and deliverable brief and that realistic options are considered as part of the business case process.
15. Whilst the current Themes and Goals, and the Strategic Steers subsequently provided by the House administrations, have been helpful in guiding initial design work, they lack prioritisation or any form

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<sup>7</sup> The House of Commons corporate body, which is led by the House of Commons Executive Board to deliver the strategy set by the House of Commons Commission



of weighting which could determine a range of options for consideration. Design teams need to understand the relative importance of different potential outcomes to enable them to focus on what is most important as well as to identify and assess trade-offs where necessary. The Themes and Goals need to be supported by a clear set of objectives that can be used to support the development of options for the business case. Greatest benefit would come from distinguishing between:

- a set of ‘Essential’ objectives focussed on achieving the necessary improvements in the key areas such as health and safety, sustainability, accessibility and inclusion, functionality and design, and sense of history – which can inform the development of a true ‘Do Minimum’ option for the Business Case; and
  - a set of ‘Stretch’ objectives setting out higher levels of ambition and informing the development of a ‘Do Maximum’ option, alongside one to two other options derived from an analytical process to determine best value outcomes.
16. The proposed Essential and Stretch objectives are set out in Section 3 of this report. With an agreed final version of these in place, it will be possible to identify the best value option, and to down-select the less promising options at intermediate pre-determined points during the business case process.

**Recommendation 1: The proposed Essential objectives are, once agreed, adopted as the core minimum measures for the programme, to inform a “Do Minimum” option in the Outline Business Case, supplemented with Stretch objectives that offer greater ambition and a “Do Maximum” option in line with the current Themes and Goals and Strategic Steers. These should ‘book end’ the development of up to two further options, the value for money of which can be assessed in the Outline Business Case. Following engagement with the House Administrations, the Sponsor Body should formally adopt the proposed objectives and develop a schedule of when decisions will be required and options reviewed during the Business Case development process.**

### The Delivery Strategy

17. The scale of the restoration and renewal works required in the Palace has not been undertaken since its construction in the nineteenth century. A rolling programme of maintenance and upgrade has to date allowed the Palace to remain operational, but Parliament has already decided that this approach will no longer suffice. Parliaments worldwide have grappled with the issue of restoring historic buildings while balancing the need for Parliamentarians to represent and govern the country effectively. Those most comparable with the UK are Canada, Austria, the Netherlands and Finland all of which have opted for a full decant approach (or sequential decants for Finland), with Canadian Parliamentarians moving into temporary accommodation for around ten years. The 2018 Resolutions of the two Houses endorsed the recommendation of the 2016 Joint Committee report that a full vacation of the Palace for the entirety of the works is the best solution to deliver the Programme.
18. However, recognising the importance to members of both Houses of maintaining the Palace as a working building and the statutory obligation in the 2019 Act to ensure both Houses return to the Palace as soon as possible after any period of decant, the Delivery Authority has conducted a significant amount of analysis to look at options that minimise the timeframe where the Palace is unoccupied. Delivery through a phased approach (such as starting from the river frontage if feasible) could enable early phases of work to take place with the Chambers and core functions of both Houses continuing to operate in situ (maximising the use of recesses and non-sitting times) and reduce any period of inoccupation. Such an approach would require close coordination and working



between the Programme and the House administrations to identify and schedule the delivery of works with both Houses in place, as well as to manage the inevitable disruption, for which Palace occupants would need to have greater tolerance than hitherto. Carrying out the anticipated works to the Palace whilst it continues in operation also creates significant risks – including to safety, security, and health – that would need to be fully understood, and effectively mitigated. This concept is still at an early stage but considering the potential it has to reduce the period of inoccupation of the Palace, it should be explored further as part of the Business Case options. The clear alternative would be to extend the period for which the Palace is unoccupied, avoiding the risks and disruption from occupying a site with continuing construction works.

19. Further independent technical assessment into the potential to deliver the essential mechanical and electrical systems renewal without fully vacating the Palace, carried out as part of this Review, shows that whilst it is technically possible, doing so imports an “extraordinary level of risk”<sup>8</sup>, with works estimated to cost far more compared to full vacation of the Palace, take decades to deliver, and cause very significant disruption to the operation of Parliament. This echoes the position of the 2009 Mechanical and Electrical programme, 2012 Pre-Feasibility Study Group and 2014 IOA report. This underpins the professional views of the Sponsor Body and Delivery Authority that a period of fully vacating the Palace - likely years rather than months - will be required, although this can be minimised through a phased approach to the works. Independent experts should continue to be used as the business case options are developed to challenge the analysis on the maximum level of work that can be carried out while the building remains occupied.

**Recommendation 2: Even a ‘Do Minimum’ scope of R&R will require a period when the Palace is not occupied. The Programme should fully explore a phased approach with, at its heart, a focus on minimising the period of fully vacating the Palace and noting the primary importance of the use of the Chambers themselves, and this should form the basis of the Outline Business Case. In doing so:**

- **In relation to a phased approach, close working is needed between the Programme and the House administrations, to co-ordinate works that can be carried out while Parliament continues to occupy the Palace and to assess now, and plan to manage and mitigate, the risks associated with those works.**
  - **Recognising the rapidity of the independent technical assessment carried out as part of this review, further expert work is needed on the risks associated with parts of the Palace remaining occupied whilst portions of the phased works are taking place. This should inform the business case review points at which options are down selected.**
20. Understanding the condition of the Palace will be key to reducing risks to the Programme’s overall timetable. This was reflected in the 2020 Public Accounts Committee report on the Programme’s progress and would greatly assist in providing certainty around the potential opportunities for phasing delivery. Whilst Parliament’s In-House Services and Estate’s team already hold a significant amount of data, knowledge of the Palace’s condition (and therefore the scope of work required) remains incomplete – a situation which has been exacerbated due to the restrictions on access due to COVID-19. It is imperative that all necessary surveys – even where they involve intrusive work that may cause disruption to some elements of parliamentary business – begin as soon as possible and that business case options accurately reflect the work required.

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<sup>8</sup> Independent expert engineering advice on whether full vacation of the Palace is required to enable the replacement and renewal of all mechanical and electrical systems, and if not required, to indicate what level of function could be reasonably accommodated during the works.



21. The decant of heritage collections remains an important aspect in preparing for the works to commence. Current work to scope the delivery of the heritage decant project should continue with all due momentum and engagement.

**Recommendation 3: All necessary surveys to understand the condition of the Palace should take place as soon as possible (optimising the use of recesses and non-sitting hours where possible) to ensure that the right decisions can be taken quickly and enable an immediate start to works when final decisions on the scope of works are taken. This should include a review of the current rules allowing work to be stopped if deemed too disruptive to ensure they balance the operation of core Parliamentary activity, particularly the Chambers, with the need for intrusive building surveys to inform the Outline Business Case.**

### **Decant Scope and Locations**

22. Given that this Review concludes that a significant period of full vacation of the Palace will be required for the reasons outlined above, the development of alternative facilities is essential. However, the development of a phased delivery approach may mean there is also a requirement for short-term facilities to enable moves within the Parliamentary Estate. This may mean, for example, that committee rooms are effectively uninhabitable for the period of construction work to a discrete area. As such, these would need to be provided elsewhere temporarily and facilities identified and fitted out. This work will require further fleshing out in conjunction with the House administrations as part of the development of phased delivery plans, and needs to be considered alongside the plans for main decant facilities as well as overall master planning for the Parliamentary Estate, where it may affect decisions on what to build when.

**Recommendation 4: The phased approach to delivery may require shorter term facilities to enable temporary moves to facilitate works. Scheme development needs to consider locations for both short term moves and the period of main decant, and be closely aligned to emerging master planning for the whole Parliamentary Estate.**

23. The IOA used hypothetical decant locations (with assumed costs for comparative purposes) as the basis of their assessment. Since then and in line with recommendations in the Joint Committee report, the redevelopment of Richmond House and the QEII Conference Centre have been identified as the preferred decant locations for the Commons and Lords respectively, with the scope and budget for Richmond House approved as part of the Northern Estate Programme (NEP)<sup>9</sup> outline business case in 2019 by the House of Commons Commission, and the QEII Conference Centre approved as part of the House of Lords decant location business case by the House of Lords Administration in summer 2019.
24. The net present cost (which factors in long-term benefits and residual value) for these locations combined is currently estimated [REDACTED]. This significant net cost for temporary facilities, and the possibility that working practices adopted during the COVID-19 pandemic might result in reduced requirements for decant accommodation, led the review to reassess the value of the current schemes compared to other potential solutions.

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<sup>9</sup> The Northern Estate refers to a group of Parliamentary buildings to the north of Bridge Street, including Richmond House, Norman Shaw North and South, Canon Row, Derby Gate and 1 Parliament Street. Initially managed as a single Northern Estate Programme, the House of Commons Commission agreed in November 2020 to reintegrate the refurbishment and redevelopment of a number of these buildings into a more agile portfolio of in-house projects.





25. In line with HM Treasury Green Book guidance and our statutory obligation to ensure that the works represent good value for money, the review considered a wide range of decant options in London. Following direction from the Speakers of both Houses<sup>11</sup>, locations outside London were not considered. The review assessed 41 options across 20 decant locations (including dual and shared chamber options which appear financially attractive but fail to provide the facilities that Parliament needs). This has shown that the current proposed locations of Richmond House and the QEII Conference Centre remain the best value options. Richmond House offers long term value to the Parliamentary Estate through the creation of Grade A office space within the secure Parliamentary boundary. This can be used to help consolidate the Parliamentary Estate in the future and reduce the significant reliance on commercial leases (currently c.17,000m<sup>2</sup>) in the surrounding area. As the QEII Conference Centre will not form part of the future Parliamentary Estate after a period of occupation by the Lords, it presents no legacy value to Parliament. As such a 'minimum intervention' scheme that does only essential mechanical and electrical upgrades and minimises other works may offer a value for money solution.
26. The decision by the House of Commons Commission in September 2020 to use Richmond House for three years as the decant facility during works to the Norman Shaw North building could delay the R&R Programme. With Richmond House occupied by MPs and staff displaced from Norman Shaw North, any work to Richmond House for the purposes of R&R could not commence until Norman Shaw North is complete. To help mitigate this risk of delay, and as acknowledged by the House of Commons Commission, this requires further engagement between the Programme and the House of Commons Service to agree and align outcomes.
27. Richmond House, with resolution of the above issues, provides the optimum solution for temporary accommodation for the House of Commons while the Palace cannot be occupied. **Recommendation 5: Richmond House should continue to be pursued as the decant solution for the House of Commons. The Programme and House of Commons Service need to explore the optimum use of Richmond House as a temporary location for the House of Commons, taking into account the wider works planned on the Northern Estate and the work on estate-wide master planning.**
28. The QEII Conference Centre remains the optimum decant location for the House of Lords. **Recommendation 6: Work on the (separate) Outline Business Case for use of the QEII Conference Centre as a decant solution for the House of Lords should continue. The business case options should be re-baselined to a 'Do Minimum' starting point, enabling options to be developed upwards to identify the optimal blend of value for money and functionality.**

### **Programme Governance and Accountabilities**

29. Strong and clear governance will be essential in delivering the complex and large-scale Programme. As outlined in the 2020 NAO and PAC reports, the relationship between the parties must be a close one to deliver successful outcomes for the Programme and ultimately Parliament. While progress has already been made (including the agreement of a Parliamentary Relationship Agreement which will be a living document to provide a framework for the relationship between the Sponsor Body and Parliament) further changes to the current approach are required to make governance arrangements more streamlined and agile, while recognising the ongoing strategic importance of engagement with a diverse stakeholder audience. In particular this needs to include:

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<sup>11</sup> See letters DEP2020-0426, DEP2020-0505 & DEP2020-0504 at <https://www.parliament.uk/depositedpapers#toggle-505>  
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- Agreement of clear user requirements;
  - Timely and effective wider programme decision-making between the Programme and Parliament, including clarity of what decisions will be delegated to the Sponsor Body once the OBC has been approved (Phase 2 under the 2019 Act), and where any non-delegated decisions will be made; and
  - Clear accountabilities and management of interfaces between the Programme and Parliament, including in relation to:
    - The relationship with works on the Northern Estate;
    - Ongoing works and services provided by the House administrations, including any early works as part of a phased approach; and
    - Master planning for the Parliamentary Estate.
30. Getting these arrangements right will be key to the success of the Programme. As can be seen from other major programmes, clarity of requirements, accountabilities and governance are fundamental in determining the success or failure of a programme, and planning for the arrangements that will be in place for Phase 2 of the Programme is required now.

**Recommendation 7: To ensure the successful delivery of the Programme, governance arrangements are required that balance the need for streamlined and agile decision making whilst respecting the legitimate interests of Parliamentary stakeholders in making such decisions. Any governance structure will only be as strong as the working relationships and cultures which underpin it, and while the key relationships are still finding their feet a renewed sense of achieving the Programme’s objectives as a “shared endeavour” is critical to fully realising the benefits for all of the parties.**



## **2.0 Introduction**

31. The Palace of Westminster is a world-renowned landmark, ranking fifth in a list of most recognisable places in the world. With its Grade I-listed Gothic Revival design, it is part of a UNESCO World Heritage Site,<sup>12</sup> with foundations over a millennium old.
32. Following the ruling out in 2012 by the House of Commons Commission and House of Lords Commission (then known as the House Committee) of constructing a new Parliament building away from Westminster, the Restoration and Renewal (R&R) Programme was established by both House administrations in 2013, and options for the delivery of the R&R programme were commissioned through the IOA in 2014, with its findings taken forward by the Joint Committee in 2016 recommending a full decant of the building as the best option to deliver the works.
33. This approach was endorsed in resolutions by both Houses of Parliament in 2018 which endorsed the Joint Committee's report, as well as the establishment of a Sponsor Body (to act as Parliament's agent in overseeing the works) and the Delivery Authority (to deliver the works). Following Royal assent of the Parliamentary Buildings (Restoration and Renewal) Act 2019 ('the 2019 Act'), the Sponsor Body and Delivery Authority were officially established and came into substantive existence in 2020.
34. Since the agreement of the resolution by both Houses in early 2018, the Programme has proceeded in accordance with its terms and the Programme mandate which was subsequently agreed by both House Commissions in May 2018, as well as the decision taken by the House of Lords Commission regarding the use of the QEII Conference Centre as their preferred decant location in September 2018.
35. As alternative options for conducting the works, including partial decant and a rolling programme of works, had been explicitly rejected by the House of Commons when it agreed the resolution, which was subsequently endorsed by the House of Lords, the Programme thereafter conducted its work on the basis of a firm planning assumption that both Houses will be required to fully decant from the Palace of Westminster to allow the majority of the work to take place.
36. Therefore, the Programme's assumption is that any change to the core planning assumption of full decant would need to be explicitly agreed by both Houses, according to their decision-making procedures, before significant investment could be made in alternative strategic delivery options, not least because of the overall impact on the Programme schedule and costs, including the nugatory work which would result.

### **The Strategic Review process**

37. As with any major public programme it is important to ensure that the R&R Programme delivers value for money for the taxpayer and is set up for success. The Joint Committee on the Palace of Westminster anticipated that the new bodies (the Sponsor Body and Delivery Authority) would, once they had been established, seek to validate the conclusions in its report and test the feasibility of its recommendations.<sup>13</sup> As informed by the Infrastructure and Projects Authority (IPA) and National Audit Office (NAO), best practice also dictates that programme reviews are carried out at major decision points throughout the lifecycle of a programme to ensure continued delivery

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<sup>12</sup> With Westminster Abbey and St Margaret's Church.

<sup>13</sup> See page 5 of [Joint Committee on the Palace of Westminster report](#) (HL Paper 41, HC 659, 8 September 2016).



towards the ultimate objectives in accordance with programme timescales, cost control and benefits realisation.

38. Given the magnitude of the decisions regarding the scope of Palace works and the decant locations, the changes in the country's economic circumstances as a result of the COVID-19 pandemic, and the recommendations in the NAO and Public Accounts Committee reports,<sup>14</sup> it was considered to be the right time to reassess if the approach to deliver the Programme remained the correct one.
39. Specifically, the strategic review was asked to:
- confirm and/or amend if appropriate the strategy for restoring and renewing the Houses of Parliament in response to resolutions of the Houses in 2018 and the Parliamentary Buildings (Restoration and Renewal) Act 2019;
  - test the robustness of the foundations of the work and assumptions to date to consider whether the basis for the 2018 resolutions has changed significantly enough to warrant a change in strategy;
  - consider the extent to which the inputs to and hence conclusions from the IOA and Joint Committee report remain valid.
40. As part of this, the Review's Terms of Reference (full version at Annex C) also asked for a review of:
- The overall 'Themes and Goals' for the programme in light of changes in the external environment and the likely need for trade-offs between aspirational outcomes, value for money and affordability
  - The way in which the 'Themes and Goals' should be used as assessment criteria when considering business case options for the decant projects.
  - For House of Commons decant, House of Lords decant and Heritage Collections decant (separately or together as appropriate, and to the extent appropriate to the maturity of each project), consider:
    - Is the current proposed solution likely to provide value for money and be affordable;
    - What alternative solutions might exist;
    - What compromises would be needed to deliver a much lower cost solution;
    - How ways of working developed during COVID-19 affect the landscape for decant solutions;
    - the key risks to achieving timely decant and how can these be mitigated; and
    - what opportunities exist for a simpler, quicker, cheaper decant.
41. The review did not seek to undermine the basis of the current approach, including the resolutions of both Houses in 2018 and the 2019 Act, but instead assessed whether anything had changed significantly enough to warrant reconsidering the overall strategy for delivering the works, including the current decant strategies.
42. The Review was conducted within the statutory parameters of the 2019 Act and sought to respect the role of both Houses, including their respective Commissions, in taking key decisions regarding the temporary homes of each House. In exercising its functions, section 2(5) of the 2019 Act requires the Sponsor Body to have regard to the need to ensure that the works represent good value for money. While the 2019 Act does not specify the temporary locations of either House,

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<sup>14</sup> See NAO, [Palace of Westminster Restoration and Renewal Programme](#) (April 2020), and PAC, [Restoration and Renewal of the Palace of Westminster](#) (October 2020).



section 1(3) stipulates that *“If either House of Parliament is located somewhere other than the Palace of Westminster while the Parliamentary building works are carried out, the functions under this Act in relation to the works must be exercised with a view to facilitating the return of that House to the Palace of Westminster as soon as is reasonably practicable”*. The Review has therefore worked on this basis and taken the requirement outlined in section 1(3) of the 2019 Act as an important factor of consideration when carrying out the Review.

43. The review was led by the Chief Executives of the Sponsor Body and Delivery Authority with support by a team of infrastructure and programme management experts drawn from within the Programme and externally. Oversight was provided by a Steering Group, which met fortnightly. An informal Challenge Group was also established, with representatives from across both Houses and external independent experts, to consider the work and outputs of the review from a range of perspectives and to mitigate the risk of ‘groupthink’ which has occurred in other programmes. The Challenge Group did not have a decision-making role regarding the direction or output of the review. The members of the Steering Group, Challenge Group and Strategic Review team are provided in Annex D.

### **Stakeholder and public engagement**

44. In line with its obligations under the 2019 Act, the Review recognised the importance of seeking more general input from Members of both Houses, their staff, Parliamentary staff, and the public. On 1 July Members, their staff and Parliamentary staff were invited to make submissions to the strategic review, including responses to the questions of how developments since previous conclusions in the Joint Committee report (political, economic, commercial, social, technological, environmental or other) affect how the Houses of Parliament are restored and renewed, what compromises could be acceptable during the works, the balance that should be struck between spending the minimum required to prevent a catastrophic failure from flood or fire and taking the opportunity to renew Parliament for the future, as well as any other points of relevance the Review should consider. The public were also invited to make submissions regarding the first question, within the same timescales, alongside a number of ‘focus groups’ to help understand the general public’s views on the R&R programme. An overview of the approach to, and output of, this engagement, which helped to inform the outcome of the review, is provided in Annex E.
45. Beyond this wider engagement with both Houses and other stakeholders, the Commissions were invited to consider the scope of the strategic review in May, a progress update in July, and the interim findings of the review in September. Ongoing engagement has taken place throughout the review with officials from both Houses, coordinated by their respective R&R Directors, which was invaluable in terms of informing the review team’s work, as well as challenging their assumptions.
46. It is important to note that ongoing engagement with both Houses and a range of other stakeholders will be critical to the success of the Programme. Whilst the Review has engaged widely this is only the beginning of engagement - further engagement will take place on this report and as a key part of the preparation of the Outline Business Case.

### **The preparation of the Outline Business Case**

47. The strategic review is distinct from the ongoing work to prepare the Outline Business Case for the Palace restoration works. While the purpose of the review was to determine the most appropriate overall strategy for the Programme, the Business Case will determine the scope of the works, including specific options and their benefits, costs and delivery timescales. The outcome of the



# HOUSES OF PARLIAMENT

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## RESTORATION & RENEWAL

Outline Business Case process must be approved by a resolution of each House as required by section 7 of the 2019 Act.

48. The work on the Outline Business Case has proceeded apace as a core part of the Programme's mandate, alongside the strategic review. The outcome of the Strategic Review is nevertheless intended to inform the business case process as it proceeds going forward.



### **3.0 Programme Objectives**

This chapter proposes a set of clear programme objectives, consistent with the existing ‘Themes & Goals’, and describes how these will be used in development of the Outline Business Case. In doing so, it sets out that:

- **Clear programme objectives need to be agreed to inform development of up to four options for appraisal through the business case process;**
- **The Outline Business Case can then be developed and submitted to the Sponsor Body Board for subsequent consideration by both Houses;**
- **The Outline Business Case timetable should incorporate review points to assess progress and to enable down-selection of options and provide notice to Parliament on what decisions are required when.**

#### **Programme Objectives and the Business Case**

49. The current vision for the Restoration and Renewal programme 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”. This vision is a broad statement of intent that sets the ambition and aspirations of the programme. The vision is underpinned by a more detailed set of ‘Themes and Goals’ which were developed by the programme in consultation with both House administrations and agreed by the then shadow Sponsor Board in April 2019 and the House Commissions in May 2019. The Themes and Goals are provided in Annex F. To date, the ‘Themes and Goals’ have been adopted by the programme to inform the options being considered as part of the Business Case Strategy.
50. For a programme of this scale and complexity, it is essential that clarity in aims and measurable objectives are provided at an early stage to inform the programme brief and subsequent design as well as to track the progressive realisation of benefits. It is equally important that, in line with guidance on developing public sector business cases<sup>15</sup>, a wide range of viable options is considered as part of a comprehensive process to develop the Outline Business Case.
51. Whilst the current Themes and Goals have been helpful in guiding initial design work and consideration of potential interventions, the lack of prioritisation and weighting has meant that there is no clear guide for deciding on scope options and alternatives against which more aspirational outcomes can be assessed. Whilst the business case process will determine the best value level of outcomes, the design teams need to understand the relative importance of outcomes so as to enable them to focus on what is most important as well as to identify trade-offs where necessary.
52. A refined and more meaningful set of ‘Essential’ programme objectives are needed that are consistent with the Themes and Goals to give clarity to the programme and form the basis of a true ‘Do Minimum’ business case option.

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<sup>15</sup> BETTER BUSINESS CASES: for better outcomes; GUIDE TO DEVELOPING THE PROGRAMME BUSINESS CASE 2018, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749085/Programme\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749085/Programme_Business_Case_2018.pdf) and BETTER BUSINESS CASES: for better outcomes; GUIDE TO DEVELOPING THE PROJECT BUSINESS CASE 2018, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749086/Project\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf)



53. These 'Essential' objectives should be complemented by 'Stretch' objectives that are informed by both the 'Strategic Steers' as approved by the House Management Boards and the Themes and Goals. These may add to or extend the ambition of the Essential objectives to help develop the scope for options with more extensive works for consideration as part of the Outline Business Case whereby:

- Essential Objectives, plus any statutory consents not covered by them, will form a lower bound for a 'Do Minimum' business case option which delivers the core scope to meet essential business needs;
- Essential Objectives plus the Stretch Objectives will form the upper bound for a 'Do Maximum' business case option which delivers the full scope to meet a level associated with the maximum mandated requirements;
- Business case options between those two 'bookends' will be developed through a process-led approach to identify value for money solutions between the minimum and maximum schemes.

### **Development of Programme Objectives**

54. Currently the programme has six Strategic Themes:

- Health, Safety and Security
- Accessibility and Inclusion
- Functionality and Design
- Sense of History
- Sustainability
- Time and Value for Money

55. Within these Themes there are 37 Goals, identifying what should be achieved in each theme, either in relation to outcomes for the restored Palace (e.g. "exemplary standards of access for everyone") or during delivery of the programme itself (e.g. "procure in a manner that drives sustainable approaches to natural resources and economic opportunities throughout the supply chain").

56. In addition, the programme has been provided with a set of 'Strategic Steers'. These were produced between September 2019 and June 2020 by a Joint Working Group of both House Management Boards in response to a formal request by letter from the Chair of the then Shadow Sponsor Body in July 2019. The Strategic Steers provide greater detail in answer to a number of specific questions in order to help with some (but not all) aspects of the programme scope, and cover these areas:

- Functionality and Design: Accommodation
- Sustainability: Comfortable Temperatures and Climate Change
- Sustainability: Maintenance and Replacement
- Accessibility and Inclusion
- Accessibility: Visitor Numbers
- Accessibility: Education Centre
- Sense of History: Architectural Accretions
- Sense of History: Heritage Collections
- Health, Safety and Security: Fire Protection
- Additional Steer: Virtual Access and Participation





57. However, although useful, both the Themes and Goals and the Strategic Steers lack any form of prioritisation or weighting to help guide the Sponsor Body and Delivery Authority in their work to develop viable solutions. Nor do they provide any form of maximum or minimum acceptable guidance to work towards. The lack of boundaries means that developing a reasonable spread of business case options – nominally at least a Do Minimum option, one or more options derived from an analytical process to determine best value outcomes and a Do Maximum option – would be difficult to achieve. This would hamper the ability to subsequently effectively downselect a preferred option to inform the programme Outline Business Case. This could, if not addressed, make it extremely difficult to make informed decisions on the business case options. Therefore, the Strategic Review was asked to reconsider the ‘Themes and Goals’ and evaluate:
- The overall ‘Themes and Goals’ for the programme in light of changes in the external environment and the likely need for trade-offs between aspirational outcomes, value for money and affordability; and
  - The way in which the ‘Themes and Goals’ should be used as assessment criteria when considering business case options for the decant projects.
58. Recognising that the ‘Themes and Goals’ were developed through engagement with the House administrations and approved by the Commissions, and that the Strategic Steers took a period of extensive work over twelve months to be initiated, developed and endorsed by the House Management Boards, the intent of the strategic review was not to replace those two products - but rather to complement them by providing a set of Programme Strategic Objectives. The setting of the Programme Strategic Objectives will also fulfil a Sponsor Body obligation ‘to determine the strategic objectives of the Parliamentary building works’ as required by Section 2 of the 2019 Act.
59. A series of workshops were held with representatives from the Sponsor Body Business Case and Parliamentary Relations Teams and the Delivery Authority Design Team together with a not previously involved senior manager drawn from within the Sponsor Body to provide additional challenge and rigour. This culminated in the creation of a set of Essential Objectives that are:
- orientated around five of the Strategic Themes; and
  - drawn principally from the 2019 Act and the Resolutions agreed by both Houses in 2018, which were seen as the ‘primary source’ documents and thus the minimum intent of both Houses of Parliament.
60. Accordingly, these were viewed as the minimum acceptable objectives for the programme and thus would be used to derive the ‘Do Minimum’ option, plus any statutory requirements that were not covered by the Essential Objectives.
61. A further set of Stretch Objectives were derived from the Themes and Goals and the Strategic Steers which were used to determine the upper bound of the ‘Do Maximum’ option.
62. The proposed Essential and Stretch objectives are set out in the section below. In developing these, some additional objectives were identified that could be seen as highly desirable, but which have no mandate in terms of programme documentation endorsed by Parliament. These further objectives – also set out below – would, therefore, go beyond any aspirations expressed by Parliament and so will not form part of even a ‘Do Maximum’ Business Case option.

Agreement of the Sponsor Body to Essential and Stretch objectives will enable the Delivery Authority to define and develop the ‘Do Minimum’ and ‘Do Maximum’ options, together with one or



two ‘best value’ options likely to lie in between. These options will be developed by drawing on the analysis work already undertaken by the Delivery Authority as part of their current programme mandate<sup>16</sup> and which is in the process of being considered by the Sponsor Body. Any scheme options proposed in response to the objectives must meet legal and statutory requirements (such as in relation to health and safety, accessibility, and building regulations) and be viable in terms of supporting the operation of Parliament.

### Proposed Essential and Stretch Objectives

The table below sets out the proposed Essential and Stretch Objectives for the programme.

**Table 1 - Proposed Essential and Stretch Objectives**

Strategic Theme	Proposed Essential Objective	Proposed Stretch Objective
1. <b>Health, Safety &amp; Security</b>	Substantially reduce the fire risk to as low as reasonably practicable to preserve life, preserve the building and collections, and support business continuity	
2. <b>Health, Safety &amp; Security</b>	Where impacted by the Programme, remove asbestos (or where more appropriate make it safe) to provide the lowest practical risk for maintenance and operation of the building	Remove all known asbestos, where practicable
3. <b>Health, Safety &amp; Security</b>	Where impacted by the Programme, include measures that enable Parliament to manage the most significant known and emerging security threats at the time of key decisions, and where practical provide flexible solutions to facilitate the mitigation of future threats	Include measures in the Programme that provide Parliament the flexibility to manage known and future security threats in and around the Parliamentary Estate
4. <b>Accessibility &amp; Inclusion</b>	Provide a welcoming experience (with improved flow and separation, access, and facilities) for those visiting the Palace to participate in the democratic process and for formal learning purposes	Provide a welcoming and engaging experience for all visitors, better integrated with the business of parliament, showcasing its rich heritage including the collections and supported by digital and remote access to connect more people with their UK Parliament
5. <b>Accessibility &amp; Inclusion</b>	Provide non-discriminatory and inclusive access to a substantial area of the building for the public, members and staff	Provide non-discriminatory and inclusive access for all users to all areas of the building within heritage and planning constraints
6. <b>Functionality &amp; Design</b>	Deliver the accommodation, technology and facilities to support the effective, efficient, safe and secure operation of Parliament	Ensure the effective, efficient, safe and secure long-term operation of Parliament by providing the maximum level of flexibility to meet future requirements, promoting

<sup>16</sup> The Delivery Authority’s current mandate from the Sponsor Body relates to the development of options for Common Elements (Accessibility and Circulation, Accretions, Fire, Building Services, Asbestos, and Security) and Scheme Variables (Catering, Logistics, External Realm, Conservation and Building Fabric, Participation, and Space)



		occupant health and wellbeing, and providing enhanced support functions
7. <b>Functionality &amp; Design</b>	Make the building services sufficiently capable; available; resilient to support the operation of Parliament; and with minimum comfort criteria for the medium term (i.e. for ambient temperatures expected over circa thirty years), making future renewals possible without another full decant	Make the building services highly energy efficient, flexible and future proofed for the longer term, with enhanced levels of resilience, availability and maintainability, whilst allowing future renewals without another full decant. Installed systems will deliver best levels of comfort criteria to all areas of the building for ambient temperatures expected over circa sixty years
8. <b>Sense of History</b>	Carry out essential repairs and urgent conservation work, address fabric safety issues and move the building to a state where planned maintenance to protect the building fabric into the future can be carried out without undue impact on the operation of Parliament	Carry out all repairs and conserve, enhance and where necessary improve the functionality of the building fabric with a view to long term improvements to a state where future maintenance and conservation can be carried out without undue impact on the operation of Parliament
9. <b>Sustainability</b>	Use proven technology and solutions that meet environmental obligations and support Parliament's goal of becoming carbon-neutral by 2050	Deliver industry leading exemplar solutions, which may exceed the legislative, statutory and planning obligations for sustainability for the building, and generate social, economic and environmental benefits
10. <b>External Realm</b>	Implement works in the external public realm where required to satisfy planning requirements for the Programme	

63. Four further objectives could be seen as highly desirable but are currently without mandate:

- **Sense of History:** Deliver the essential facilities and features necessary for effective collections management and the collections' future use in the working life of Parliament both on and off site.
- **Sense of History:** Support Parliament's new vision 'to ensure the collections are inclusive and accessible to everyone for engagement and enjoyment, inspiring greater participation in UK parliamentary democracy.' (Draft vision of Parliament's Heritage Strategy Group).
- **External Realm:** Deliver improvements to the urban realm to enhance access, security and the heritage setting of the Palace and World Heritage Site.
- **Other:** Effectively integrating activities and needs across the Parliamentary Estate whilst recognising the Palace as the heart of the estate and in the context of the UNESCO World Heritage Site.

The addition of the above four objectives would further extend the ambition of the Stretch objectives and hence the 'Do Maximum' option in the Business Case. Parliament will therefore need to consider these and take a view on whether it wishes them to be incorporated in the Stretch objectives.



64. Delivering these Essential objectives, and moving towards the Stretch objectives to the extent determined as value for money through the business case process, will allow achievement of the following overall outcomes:

- preventing the risk of future catastrophic failure;
- returning both Houses to their historic Chambers as soon as possible;
- balancing the heritage significance of the Palace with its use as a working building;
- representing good value for money;
- generating social and economic benefit across the United Kingdom
- delivering a building which can be easily maintained without the need for a future wholesale decant; and
- being reasonably practicable and deliverable from a planning perspective.

### **Business Case development**

65. The proposed objectives support and supplement the existing ‘Themes and Goals’ and ‘Strategic Steers’ and will form the basis against which the Business Case appraisal is carried out.
66. This will include a timetable of review and decision points to assess progress and to provide notice to Parliament of what decisions are required when and allow the down selection of options prior to presentation of the Outline Business Case for approval by the Houses in accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019.
67. With a clear set of objectives adopted in a timely manner through this Strategic Review, and Business Case options developed in response through an agreed timetable of review and decision points, the Sponsor Body can proceed to develop a full Outline Business Case.

**Recommendation 1: The proposed Essential objectives are, once agreed, adopted as the core minimum measures for the programme, to inform a “Do Minimum” option in the Outline Business Case, supplemented with Stretch objectives that offer greater ambition and a “Do Maximum” option in line with the current Themes and Goals and Strategic Steers. These should ‘book end’ the development of up to two further options, the value for money of which can be assessed in the Outline Business Case. Following engagement with the House Administrations, the Sponsor Body should formally adopt the proposed objectives and develop a schedule of when decisions will be required and options reviewed during the Business Case development process.**



## **4.0 The Delivery Strategy**

68. The scale of the R&R Programme, even at the proposed “Do Minimum” level, will mean several years of work in the Palace. This includes the full replacement of the mechanical and electrical systems, fire safety improvements, removing or making safe asbestos, and a plethora of renovations to deal with any masonry issues and protect the building’s heritage – a matter that is particularly important according to the results of early public engagement. Delivering this programme will therefore mean significant impacts on the Palace and those working within it. Key to this will be the level of occupation of the Palace while works are underway. Combining previous evidence on the different levels of occupation with the recent independent expert advice from Buro Happold on the potential for delivery during partial occupation, the Strategic Review has considered the likely most effective means of delivering the works and what this means for the Palace’s occupants, including how any period of full vacation is minimised.

**In summary, the key findings of this analysis are:**

- **Closer working between Programme and in-house Parliamentary teams should seek to optimise and coordinate the:**
  - **Works that can be progressed in advance of any period when the Palace is not occupied; and**
  - **Intrusive surveys and enabling works that should proceed as soon as possible making optimum use of when the Chambers are not sitting.**
- **A phased delivery strategy, which will require Parliament to accept compromises and inconveniences, is recommended to be taken forward in the development of the Outline Business Case. Such a phased approach has the potential to minimise the period when the Palace is not occupied, though will involve additional disruption for those in occupation compared to if they were located elsewhere for a longer period. There is a trade-off between the disruption of moving and the disruption of works happening whilst in situ.**
- **The independent experts who were asked about the technical feasibility of delivering the mechanical and electrical works without fully vacating the Palace found that, whilst such an approach is technically possible, doing so imports an “extraordinary level of risk”, with works estimated to take “decades” to deliver, at far higher costs, and would be very disruptive to the operation of Parliament.**
- **These findings echo those from the 2009 and 2012 Pre-Feasibility Study Group reviews, and the 2014 IOA as reflected in the 2018 resolutions of both Houses, all of which were consistent in finding that partial decant would be a less effective delivery method and that full decant was recommended.**
- **Because of the scale of the risks, and the value for money implications of the extra time and cost required by continued occupation, this review concludes that the requirement for a period when the Palace is not occupied remains – therefore, the Sponsor Body and Delivery Authority do not recommend an approach that involves continued occupation throughout the entirety of the works.**
- **Recognising the desire to minimise any period when the Palace is not occupied, the Delivery Authority has developed a proposed phased approach to deliver the works, potentially**



including an approach using river access. This remains an iterative process that will continue to be developed and combined with further extensive surveys to help identify the opportunities for improvements in delivery. This method does however extend the overall timeline of the delivery work compared to a fully unoccupied Palace, but could include a potential early return of both chambers once main works are complete while work continues in other areas.

## **The need for Restoration and Renewal**

### **Risk to the Palace of Westminster<sup>17</sup>**

69. The Joint Committee report concluded the Palace of Westminster “faces an impending crisis which cannot be responsibly ignored. It is impossible to say when this will happen, but there is a substantial and growing risk of either a single, catastrophic event, such as a major fire, or a succession of incremental failures in essential systems which would lead to Parliament no longer being able to occupy the Palace”.
70. “The issue is not structural: although extensive erosion and water damage to the stonework are visible throughout the Palace, there is no significant risk of foundations failing, or of wells or roofs collapsing. The main problem lies in the building’s mechanical and electrical services: the vast network of pipes, cables and machinery that carry heat, ventilation, air-conditioning, power, water, data, and dozens of other essential services around the building. Many of these systems were last replaced in the late 1940s and reached the end of their projected life in the 1970s and 1980s. Ongoing maintenance and individual improvement works which have seen the building through the decades is no longer sustainable. Intervention on a much larger scale is now required. Unless an intensive programme of major remedial work is undertaken soon, it is likely that the building will become uninhabitable.”
71. The Joint Committee report also considered the cost of the Programme in the light of the ongoing maintenance costs of the Palace of Westminster. The estimated annual expenditure for repair, renovation and restoration of the Palace of Westminster at 2014-15 (subject to audit) amounted to £48.7m, having risen from £27.6m in 2007-08<sup>18</sup>. In the years since preparation of the IOA, these costs have risen further to<sup>19</sup> £62 million in 2015–16 and to £127 million in 2018–19, totalling £369 million across that four-year period.
72. The Joint Committee found universal agreement among all the experts whom Parliament had consulted that the risk of a major failure is now unacceptably high, and it is growing. Repairing and replacing the mechanical and electrical services is further complicated by the significant amount of asbestos present throughout the Palace. Asbestos is believed to be in almost every vertical riser, as well as in many plant rooms, corridors and under-floor voids. This adds greatly to the complexity, cost and timetable of much of the necessary work.
73. The ongoing programme of works in place up to and since the Joint Committee report (see more in Section 4.2) has ensured that ‘the lights remain on’ and that catastrophic failure of the building systems has, to date, been avoided. However, this comes at increasing cost and without addressing the underlying issues and risks.

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<sup>17</sup> Joint Committee report, Summary, page 5

<sup>18</sup> Joint Committee report, paragraph 85

<sup>19</sup> NAO report, 17 April 2020, paragraph 1.8



**The Current Strategy**

**The Independent Options Appraisal delivery options**

74. The Joint Committee reported the IOA as having assessed three possible delivery options for conducting the Programme, including a rolling programme of works, partial decant, and a full decant of the Palace of Westminster. For each of these delivery options the IOA estimated the likely duration of the Programme according to a number of different probability, or confidence levels.

75. The three IOA delivery options were as follows<sup>20 21</sup>:

**Table 2 – IOA Delivery Options**

<b>Delivery Option</b>	<b>Definition</b>	<b>Likely schedule (based on a P10–P90 confidence level)</b>
<b>E1 (enabled)</b>	A rolling programme of phased works over a significantly prolonged period of years but still working around the continued use of the Palace of Westminster. This could include the adoption of longer Parliamentary recesses, over many years.	Construction schedule would be in the range of 25–40 years (P10-P90), with 32 years being the most likely (P50).
<b>2</b>	A programme incorporating a partial decant of the Palace of Westminster with each House moving in turn to temporary accommodation, and closure to Members and the public of broadly half the Palace of Westminster in turn for a prolonged period.	Construction schedule would be in the range of 9–14 years (P10-P90), with 11 years being the most likely (P50).
<b>3</b>	A programme incorporating a full decant of the Palace of Westminster and an associated programme of works necessary to deliver the restoration and renewal of the Palace.	Construction schedule would be in the range of 5–8 years (P10-P90), with 6 years being the most likely (P50).

76. In order to keep open an option which involved a rolling programme of works, an ‘enabled’ Option 1 (E1A) was developed by the IOA which would include the acceptance, by both Houses, of many years of significant disruption, noise and longer Parliamentary recesses. This option would involve different parts of the building, including both Chambers, being vacated and then re-occupied as the works progressed, with the building of temporary structures in the courtyards and other open spaces within the footprint of the Palace. Option E1A also assumes that alternative Chambers would have to be available off-site in the event of a recall during a recess.

<sup>20</sup> Joint Committee report, paragraph 77, Table 3

<sup>21</sup> There was an original Option 1 that assumed a rolling programme of works under current Parliamentary constraints (such as the usual lengths of recesses and working to currently agreed levels of disruption to the work of both Houses). This was ruled out at an early stage of the analysis because it would not be able to meet the programme objectives.



**The cost of the delivery options**

77. The IOA estimated the possible costs of the Programme under a range of scenarios, each combining an outcome level with a delivery option. The table below<sup>22</sup> provides a summary of the likely capital expenditure of each scenario, broken down into various sub-categories (the differing outcomes against each delivery option are described in the table).

**Table 3 : The Joint Committee report’s Table 4 – Total capital expenditure of shortlisted scenarios in the IOA (£bn, based on a P50 confidence level, at Q2 2014 prices as reported in September 2014)**

Joint Committee Report 2016 - Table 4					
Most Likely Period (Years)	32	11	11	6	6
Category	Scenario E1A	Scenario 2A	Scenario 2B	Scenario 3B	Scenario 3C
	A rolling programme of works and local decant, with minimal outcome level (meeting all legislation and building policy)	A partial decant, with minimal outcome level (meeting all legislation and building policy)	A partial decant, with enhanced amenities and functions over and above meeting legislation and building policy	A full decant, with enhanced amenities and functions over and above meeting legislation and building policy	A full decant, with significantly enhanced amenities and functions over and above meeting legislation and building policy
Construction Works	0.83	0.73	0.84	0.72	0.81
Construction delivery	0.42	0.32	0.37	0.24	0.27
Programme management	0.34	0.30	0.33	0.27	0.29
Inflation	1.60	0.84	0.95	0.67	0.74
Risk	1.46	0.91	1.02	0.72	0.80
Sub-Total (excluding decant)	4.65	3.10	3.51	2.62	2.91
VAT	0.93	0.62	0.70	0.52	0.58
Sub-total (including VAT)	5.58	3.72	4.21	3.14	3.49
Decant / reoccupation	0.09	0.22	0.22	0.38	0.38
<b>Total (£bn) (including decant)</b>	<b>5.67</b>	<b>3.94</b>	<b>4.43</b>	<b>3.52</b>	<b>3.87</b>

78. The IOA made the following clarifications in respect of the above costs:

- That the figures quoted in the IOA are not budgets for the Programme. They are high-level estimates of the broad orders of magnitude which each scenario might cost. Each scenario was modelled using several different confidence, or probability, levels which therefore led to a range of possible costs and programme durations for each scenario.<sup>23</sup>

It acknowledged that Table 4 contained several sub-categories of cost which many people would not necessarily include in the true cost of renovating the Palace of Westminster. While it is correct (from an accounting perspective) to include these costs, they do not necessarily represent the real cost to the taxpayer. For example, VAT is returned to the Treasury, so does not represent a net cost to the Exchequer. Nor does inflation represent a genuine outgoing, except insofar as construction cost inflation generally exceeds the Retail Price Index<sup>24</sup>.

79. The Strategic Review created the graph below to illustrate the IOA figures of the three delivery options, plotted against a typical ‘S-curve’ of expenditure to show the estimated year by year spend profile.

<sup>22</sup> Joint Committee report, paragraph 79, Table 4

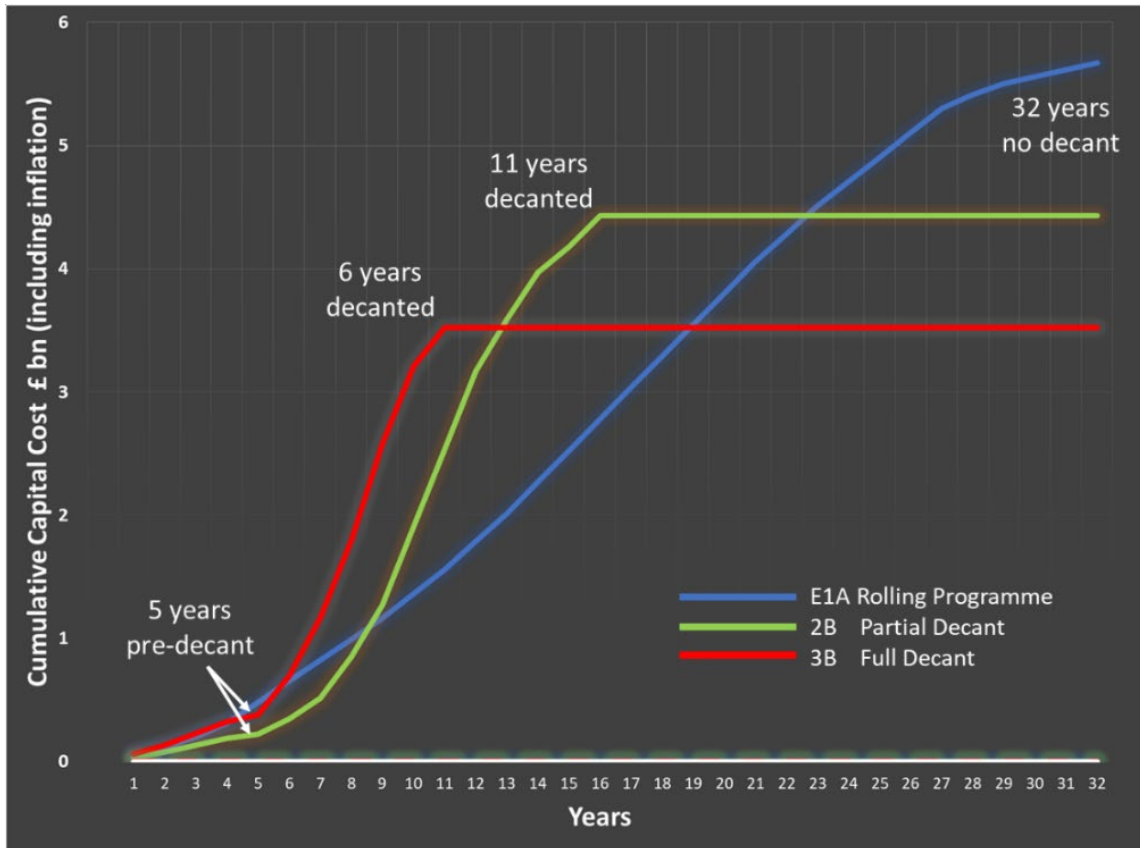
<sup>23</sup> Joint Committee report, paragraph 81

<sup>24</sup> Joint Committee report, paragraph 82





**Figure 1: Comparison of the three key delivery options as outlined in the IOA**



80. According to the IOA figures and analysis, option 3b (full decant of the Palace) would be 5 years shorter in total and £910m less costly when compared to the next best option (2b - partial decant).

### Cost benefit analysis

81. The Joint Committee report recognised that the data as presented in the IOA did not represent the real cost to the taxpayer. Indeed the three cashflows are cost only and with very different timescales. Inevitably any Social Cost Benefit Analysis (CBA) in accordance with HM Treasury’s Green Book Guidance would favour the longer cashflow against the shorter by virtue of the discounted cashflows being costs only and no monetised benefits to counter them. The IOA did undertake a discounted cashflow appraisal of the three scenarios by adding lifecycle replacement, facilities management, risk and inflation to the capital costs in order to derive a whole life cost. Indeed the 50% probability level (P50) risk case for delivery option E1A had the lowest net present cost after discounting over a 60 year period.<sup>25</sup>

82. The review team consulted HM Treasury (HMT) regarding this approach which was primarily in the context of the review’s objective of appraising the decant facility options. It was concluded that a CBA appraisal of the decant facilities (as described in chapter 5.0) was valid on the basis that all options are over the same decant period. This despite a variety of long term monetisable benefits and some differing outputs that would require balancing with some qualitative evaluation. In the case of the IOA appraisal, the issue lies in the unusual project dynamic that the restoration of the Palace of Westminster, whilst essential, does not generate monetisable economic benefit in the

<sup>25</sup> Independent Options Appraisal, section 1.6  
Strategic Review of the Restoration and Renewal Programme



same sense as many other examples of economic or social infrastructure investment. HMT's opinion was that the only possible quantitative approach for the IOA to have taken may have been to create a Business as Usual (BAU) case that included the ongoing cost of maintenance and repair plus a probabilistic and reasonable estimation of a catastrophic event that would incur both the cost of rebuild and emergency decant facilities. HMT's view was that from a purely economic perspective, each of the three delivery options could then be appraised in terms of the differing probability of incurring the cost of such a catastrophic event along with the differing whole life costs arising from reduced periods of unplanned maintenance. The conclusion however was that while this would provide an actuarial approach to appraising economic options, the approach is one of gaming against the probability of a catastrophic loss which would be wholly inappropriate. Therefore, following further advice from the Treasury, the focus should be on speed of delivery, whole life cost and value for money, even at the expense of higher up-front cost, should that be the case.

### **Advantages and disadvantages of each of the delivery options**

83. The Joint Committee report concluded the following in respect of each delivery Option:<sup>26</sup>

#### ***Delivery Option 1 – Rolling Programme***

84. It would be a mistake to attempt to carry out the Programme while Parliament remains in full occupation of the building:

- It would involve taking considerable risks with public money, with the continuity of the work of Parliament, and with the future of the Palace itself.
- The overwhelming risk is that the level of disruption caused to Parliamentary business by the Programme, or vice versa, would become intolerable, and another solution would have to be sought mid-Programme, with all the concomitant expense and upheaval that would entail.
- It is also likely to require the greatest capital expenditure, and present the least scope for delivering improvements to the building.

#### ***Delivery Option 2 – Partial Decant***

85. The Joint Committee concluded that Option 2, decanting the two Houses one at a time, could turn out to combine the worst of all options. This is because:

- it would be necessary, first of all, to construct a new network of mechanical and electrical plant above ground to deliver services to the occupied half of the building, before stripping out the old systems.
- It would involve a lot of the disruption and inconvenience of Option 1, with each House, in turn, having to operate around a busy and noisy building site in the other half of the building. The practical difficulties, as well as the security and health and safety challenges, of even one House operating on the same site as a heavy works zone for several years can scarcely be overstated.
- Parliament would still have to acquire and fit-out temporary accommodation for one House first, and then adapt it again for the other House afterwards. This would not just include the Chamber for each House, but also everything else in the part of the Palace occupied by that House, including offices for Members and staff, the library, procedural offices and other facilities. This option therefore carries high risks to the business of Parliament and is likely to be impractical.

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<sup>26</sup> Joint Committee report, paragraphs 122 to 124  
Strategic Review of the Restoration and Renewal Programme



- With the Palace split in two, site logistics (for both the operational House and the Programme) would be a challenge. There would be significant risks which would be difficult to manage, including security, fire and health and safety risks.
- Delivering the mechanical and electrical (M&E) work would be more difficult and expensive, as the M&E plant serves the whole building, and temporary services would have to be installed to serve the operational part of the building.
- Although the degree of noise and nuisance might not be as great as under Option 1, the Joint Committee could not be confident that Parliament would be able to tolerate the level of disruption entailed with Option 2.

### ***Delivery Option 3 – Full Decant***

86. By contrast, on the basis of the expert opinions provided to the Joint Committee, it appeared that Option 3, involving a full decant of the Palace of Westminster, would deliver:
- the Programme in the shortest possible timeframe, is the most feasible from an engineering and security point of view,
  - likely involves the lowest capital cost, and
  - presents the fewest risks to the Programme and to the work of Parliament

### **The conclusion of the Joint Committee on the Palace of Westminster<sup>27</sup>**

87. Whilst recognising that further work was needed to validate its conclusions, the Joint Committee identified the most important stage which will need to follow is the completion of a full and thorough business case, which should assess the value of each option, as well as the potential cost.
88. The analysis in the IOA, and all the independent, expert evidence received by the Joint Committee pointed to one clear conclusion: that a full decant of the Palace of Westminster is the best delivery option in principle. It allows the works to be completed in the shortest possible timeframe, minimises the risk of disruption to the day-to-day operation of Parliament, is likely to involve the lowest capital cost, minimises the risk to safety of construction operatives and occupants, minimises the risk to the Programme itself, and provides the greatest scope for meeting the needs of a 21st century parliament building.
89. Subject to that option being determined to be feasible, achievable and cost effective, and eventual validation by the Delivery Authority, the Joint Committee recommended that the Restoration and Renewal of the Palace of Westminster should be conducted in a single phase, with both Houses moving out to temporary accommodation for the duration of the works – an approach that was endorsed in the 2018 Resolutions of both Houses

### **Assessment of new evidence**

90. In assessing whether the current approved strategy of full decant remains the most appropriate approach, the Strategic Review considered several new elements of evidence, including recent works in the Palace, lessons from other heritage building renovation projects, international Parliamentary building renewal projects, and the potential to undertake key mechanical and electrical works with the Palace still occupied.

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<sup>27</sup> Joint Committee report, paragraphs 125 to 128



### Recent Palace Works

91. An extensive programme of maintenance and repair works is in place to ensure the Palace remains operational in advance of restoration and renewal of the building and its systems. Delivery of these works provides an insight into the effects of working in and around an operational Parliament in the Palace of Westminster. Following consultation with estates and maintenance staff in Parliament and a review of project close-out reports, it is clear that delivery with people in situ has created a number of challenges and delays to works. While the R&R programme would work to resolve these problems going forward, they are nonetheless useful and relevant lessons. The information on the challenges of previous projects as provided by in-house Parliamentary teams can be grouped into the following recurring themes:

- **Growing use of the Palace:** To avoid disturbing Members and staff, major works programmes try to operate outside of 'normal working hours'. However, the growth in the 24/7 culture means many onsite business activities now operate beyond normal working hours. Saturdays are busy with commercial tours, weddings and other events. Hansard production plus coverage of political TV programmes (followed by production of digital newsprint) also occurs during weekend hours. Requests to film on site are also regular. Catering are now just as busy during some recess periods as at many other times. August is the busiest month for Tours which operate every weekday during the month.

All of the above activity has gradually squeezed down the time for major building works. In addition, shutdowns of some services can only now take place in extremely limited timeslots.

- **Authorisation to start and stop work:** A significant feature of projects has been the number of times works were stopped at the last minute by internal stakeholders. Although the impact of these decisions was not always quantified, their cumulative effect on cost and timescales is significant (in one example it was several months before the work could be rescheduled). Decisions are not always made according to a set of consistent and transparent 'rules'. Consequently, it is not always clear (even to Parliamentary staff) who holds 'start/stop' authority. In practice this is often only discovered at the point of implementation.

The reality is that all large works programmes in the Palace have to deal with a myriad (40+) of internal stakeholders, many of whom possess some but not total authority and are therefore able to stop or delay works without having the responsibility to account for the delay. This is not to imply that past decisions have been irresponsible, but that currently end users may not always be aware of the wider consequences of their 'stop/delay' decisions and there is no system in place to decide at the time (i.e. on the day) whether the full consequences of a delay or of proceeding are properly understood and which might be corporately more of a priority.

- **Complicated Shutdowns:** System shutdowns are complicated by as-built documentation issues, which often means it is not always possible to anticipate which systems will be affected. Various technicians/engineers also need to be on site to ensure systems affected by the shutdown are working properly again (for example power shutdowns affect - amongst many other systems - fridges and computers). This rebooting and testing process eats into extremely limited time slots available for shutdowns of power/water/gas each week, as do enabling works which may be needed before main works can begin.
- **Logistical Bottlenecks:** The volume of works exacerbates major bottlenecks that already exist including access, storage and contractors' onsite accommodation (of which there is currently a chronic shortage). Constant competition between projects/programmes currently exists with



each left to try and find ‘creative solutions’, sometimes even passing the problem over to their contractors and putting Construction Design and Management Regulations 2015 (CDM) requirements at risk.

- **Heritage and Asbestos:** Complexity is significantly increased by the challenge of delivering in an occupied heritage building containing asbestos. The learning from projects is that Heritage and Asbestos are ubiquitous and more often than not occur together.
- **Clarity over the full extent of disruption:** In the past there has been a lack of openness and clarity about the number of stages where disruption will occur beyond the main works (e.g. surveys, enabling works, main works, snagging, checking) which has damaged trust.
- **The need for surveys:** Full access is required at the outset to complete surveys before main works are tendered. Whilst this should reduce the overall level of disruption in the long run, the survey works themselves are frequently very disruptive and invasive to Parliamentary business.
- **Procurement:** Fixed price procurement only works when the scope is fixed. The amount of unknowns and discoveries in most programmes delivered in the Palace are for a variety of reasons but multiple scope changes that drive in additional cost would be mitigated if full surveys could be undertaken at the outset, even if this usually requires asbestos removal and/or some enabling works.

92. More detail on these findings can be found at Annex G.

**Examples from notable refurbishment projects**

93. Interviews with the project directors of other notable refurbishment projects of a comparable heritage nature provided useful (albeit anecdotal) insight into some of the issues faced and how challenges were managed to deliver the projects. Whilst these do not provide hard facts, it is possible to identify and draw parallels with the R&R Programme and therefore identify where similar challenges may arise.

**Table 4: Summary of anecdotal evidence from notable refurbishment projects**

Project	Approach	Anecdotal Evidence
Royal Albert Hall (1996 to 2003)	Rolling Programme	<p>Remaining in occupation was a necessity as decant would have caused cessation of business. There was a total of seven years’ work in occupation, but this covered separate works in separate parts of building, so no part suffered seven years of works.</p> <p>A point to note was that it was surprising what caused biggest issues - e.g. it can be a simple power drill rather than piling activity that causes disruption.</p> <p>The key to success was flexibility and close working with operational management. This involved an on-site team with programme management, architect/designers and construction management all co-located, and the programme being broken into multiple small projects, all allowing flexibility in delivery. A 'Level crossing' concept was introduced – both train and car need use of the crossing but need to know, at any time, which is the train and which is the car (sometimes operational use, sometimes project work).</p>



<p><b>Royal Festival Hall</b> (2005 to 2007)</p>	<p>Full / Partial Decant</p>	<p>Partial decant was implemented for river-facing retail redevelopment. The concrete structure transmits noise very rapidly, and even light works e.g. screed removal and stripping finishes became intolerable to front-of-house operations and office-based staff. Works had to be re-scheduled to nights. Responses varied depending on whether those affected saw themselves as being in control or as 'victims' of the work.</p> <p>Full decant for main works was driven by the extent of asbestos removal from roof voids (highly integrated into the main auditorium). Planned decant facility (a permanent new, value-adding office building nearby) was not ready on time, hence decant was to temporary leased space.</p> <p>1.5 to 2 years decant was seen as more tolerable than 3-4 years disruption whilst in occupation.</p>
<p><b>Buckingham Palace reservicing</b> (ongoing)</p>	<p>Rolling Programme of Partial Decants</p>	<p>Each wing decanted in turn (East wing 2020, South wing 2021, North wing to follow, West wing in sections). There were hard cut lines between areas e.g. hoardings with 2-hour fire barrier.</p> <p>Temporary plant rooms and boilers were installed to maintain operation of occupied wings.</p> <p>Works continue with only very rare exceptions. In general, the approach is to move operational functions away from the work as necessary.</p>

94. **Barts & Royal London Hospitals redevelopment PFI:** Information was also gathered regarding the construction approach employed for the new Royal London Hospital adjacent to the existing hospital building. While it did not prove directly relevant in terms of restoration of historic buildings, it did include useful techniques employed in disruption mitigation to adjacent occupied buildings, including foam and aluminium acoustic screens and dust and vibration monitoring.

**Contemporary parliamentary refurbishment projects**

95. Evidence from four contemporary parliamentary refurbishment projects (summarised in the table below), shows the approach taken to deliver the works. This shows full decant for several years being the preferred approach of each of the countries listed – except for Finland where a suitable location for full decant could not be found, however the works were conducted on a full decant basis, but one building at a time.

**Table 5: Summary of approach to international contemporary Parliamentary renovation projects**

Project	Decant	Summary
<p><b>Austria</b> (2017 to 2021)</p>	<p>Full Decant</p>	<p>The Parliament (two Houses) is being fully decanted for three years into the Imperial Palace and temporary wooden buildings in a city park. Partial decant was discounted because the expense and duration of the project would be increased.</p> <p>Construction began in 2017 and is expected to finish in 2021</p>



		Budget: €400 million, of which €350 million is for the building renovation itself and €50m for the interim location.
<b>Canada</b> (2001 to 2032)	Full Decant	<p>Both chambers have moved to temporary accommodation for around ten years. Senate and House of Commons Chambers and their staff moved from the Centre Block to interim accommodation constructed especially for them in the newly restored Government Conference Centre and West Block, respectively. Partial decant was discounted because the expense and duration of the project would be increased.</p> <p>The programme started in 2001 and construction is due to be completed in 2032.</p> <p>Budget: Approval to invest \$4.7 billion, since 2001.</p>
<b>Netherlands</b> (2020 to 2025)	Full Decant	<p>Both chambers will move to temporary accommodation for around five and a half years. This will be provided by the Ministry of Foreign Affairs, Ministry of General Affairs and the Supreme Court. A partial decant would more than double the duration of the project.</p> <p>Work has started on the temporary accommodation this year. Building work on the Parliament is likely to begin in 2020 and is expected to finish in 2025.</p> <p>Budget: The total budget for the project is €475 million</p>
<b>Finland</b> (2009 to 2020)	Sequential Decant of each building	<p>The main assembly moved to temporary accommodation in a music academy next to Parliament for two and a half years. It moved back to the main building to coincide with Finland's centenary of independence in 2017. No suitable buildings were found for a full decant, so it was decided to advance the project one building at a time even though this would take longer.</p> <p>Building work started in 2009 and the main phases of work have been completed. Supplementary works were expected to be completed in early 2020.</p> <p>Budget: The budget is around €300 million.</p>

### Implications of continued occupation of the Palace

96. To provide technical input to the review, a piece of independent expert advice was commissioned from a specialist mechanical and electrical (M&E) engineering company, Buro Happold, to provide additional analysis on whether it is technically possible to renew the building services in the Palace without a full decant. Buro Happold were selected to conduct this work as they had recent and comprehensive experience of the Palace's M&E services, having been involved with the replacement of services and plant rooms between 2010 and 2016. They were not otherwise engaged on the Programme. The scope of the work conducted by Buro Happold is provided in Annex H.



97. This work included consideration of whether a fully vacant Palace of Westminster was still required to enable the replacement and renewal of all M&E services. If full vacancy was not required, Buro Happold were asked to indicate what level of function could be reasonably accommodated during the works. This work, which was completed in October 2020, was based on existing evidence produced for the Joint Committee on the Palace of Westminster, recent works records, latest survey information, on-site familiarisation visits, and engagement with Parliamentary officials.
98. Buro Happold concluded that whilst it is technically possible to deliver the essential mechanical and electrical systems renewal without fully vacating the Palace, doing so would import an “extraordinary level of risk”, with works estimated to cost far more compared to full vacation of the Palace, take decades to deliver, and cause very significant disruption to the operation of Parliament.
99. Assessment of the Programme duration suggests it would take between 30 and 45 years to deliver the works under a scenario where the Palace is decanted in two phases (each House in sequence), and between 23 and 32 years in a scenario where a single chamber is retained in the Palace (with the remainder of the Palace’s occupants decanted). Whilst no specific cost assessments were carried out, Buro Happold’s order of magnitude assessment suggested that the cost might be anticipated to double. In addition, the impacts on those who work in the Palace will be significant and long lasting. In addition to the usual impacts of noise, dust and vibration, “there will need to be an expectation that for the entire construction period life within the Palace of Westminster will not be normal even if normal business is carried out”.<sup>28</sup>
100. Whilst these findings are stark and warn of very significant impacts on time, cost and disruption, they must be tempered with the necessary rapidity of the assessment. As such, further independent experts should continue to be used to challenge assumptions about the maximum level of work that can be carried out while the building remains occupied. This will allow consideration at a Business Case review point at which options are down-selected or continued to a full Business Case appraisal.
101. From the evidence above, combined with the data from the IOA, and the scale of even the minimum works required for the R&R programme in the Palace, it is clear that regardless of the scenario, delivery of the works will require at least some time when the Palace is unoccupied.

### **A Phased Approach to the Works**

102. To date, the debate about the best way to deliver the works has been dominated by the concepts of full versus partial decant, with the former option having been endorsed by both Houses in 2018. While the Strategic Review’s findings suggest that a period of full decant remains the optimum approach from a delivery perspective, there has also been a focus on how to minimise the full decant period in so far as possible to respect the wish expressed in the resolution and 2019 Act that both Houses should return to the Palace as soon as possible after the completion of the works. While the IOA suggested that the period of full decant could be 6-8 years, this indicative range has not yet been tested through development of a full schedule estimate. In this respect it is considered important for the delivery strategy to be developed to the next level of maturity, including exploring the potential of a phased approach to the works, which is typically how such projects are delivered in practice.
103. Subject to further work, a phased delivery concept could involve an approach along the following lines:

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<sup>28</sup> Burro Happold report, 2020, Page 23





- Some low disturbance early 'essential' works while the preparation of decant facilities takes place with both Houses in situ;
- Potentially decanting some functions and offices from defined areas of the Palace to facilitate increasing levels of intrusive work without disrupting the core work of Parliament in the Chambers;
- Decanting both Houses completely for the minimum reasonable period to allow the most invasive/disruptive works to take place, including for example removing/replacing the main systems (sewer, heating/cooling, power); removal/remediation of asbestos, and re-wiring for modern IT and digital systems;
- Gradually reoccupying the Palace with functions and facilities, including each Chamber when feasible, while remaining works are completed in the remainder of the Palace.

104. Such a strategy may therefore present a more progressively phased approach to conducting the works than a wholesale full or partial decant approach. A phased approach has the potential to minimise the period when the Palace is not occupied, though will involve additional disruption for those in occupation compared to if they were located elsewhere for a longer period. There is a trade-off between the disruption of moving and the disruption of works happening whilst in situ. Further work is required to assess the feasibility of such an approach, which is being supported by the Delivery Authority. This will include the potential impact of a phased delivery strategy on Parliamentary business and operation, as well as the duration of any necessary period in which the Palace is fully vacated.

105. The Palace site by its very nature is a very tight and constrained site to deliver work of any magnitude but especially so when the programme requires careful sequencing of work packages. A full decant allows the delivery team a secure, unconstrained construction site fully under their accountability and control around which they can optimise and maximise the construction logistics and the associated schedule. This has clear advantages in creating synergies, generating efficiencies and allowing flexibility in the overall delivery plan. The Delivery Authority has conducted a significant amount of analysis to look at options that keep the full decant period to the minimum feasible period of time, recognising that this is an important aspect of the programme for Members of both Houses.

106. As a result, the Delivery Authority's construction planning is evolving (as would be expected for any programme at this stage). The Delivery Authority now has a much greater understanding of how some early packages of work could be managed with the Palace still substantially occupied as a working building. They have revised the overall approach so instead of a North-South approach of working inwards from both Speaker's Court and Royal Court, they now favour an East-West approach with works carried out along the river frontage – both as works access and for relevant aspects of the main R&R scope –before tackling the Westminster Hall side of the Palace. This revised approach allows for early phases of work to take place with the Chambers and core functions of both Houses continuing to operate in situ and to maximise use of non-sitting times for progressing the works. It also has the potential to reduce the full decant period (compared to the previous approach) by allowing installation of some new mechanical and electrical equipment in parallel with removal of asbestos from the basements. It should be noted that this is an evolving process, and the optimum construction plan will not be determined until later in the Programme, continuing to be refined predominantly through development of the Outline Business Case, and finalised when contractors bring forward specific delivery methods.

107. Managing even these early phases of the work with the Palace occupied will also take careful co-ordination with in-house teams and management and execution by the construction team, together with greater acceptance and subsequent tolerance of disruption by all the Palace occupants.



**Figure 2: Illustration of decant timeframes under a phased approach concept**

Delivery Strategy - A Phased approach concept

Potential schedule saving from a phased approach and evolving delivery strategy

Extent of Works  
Ability of Parliament to operate in Palace

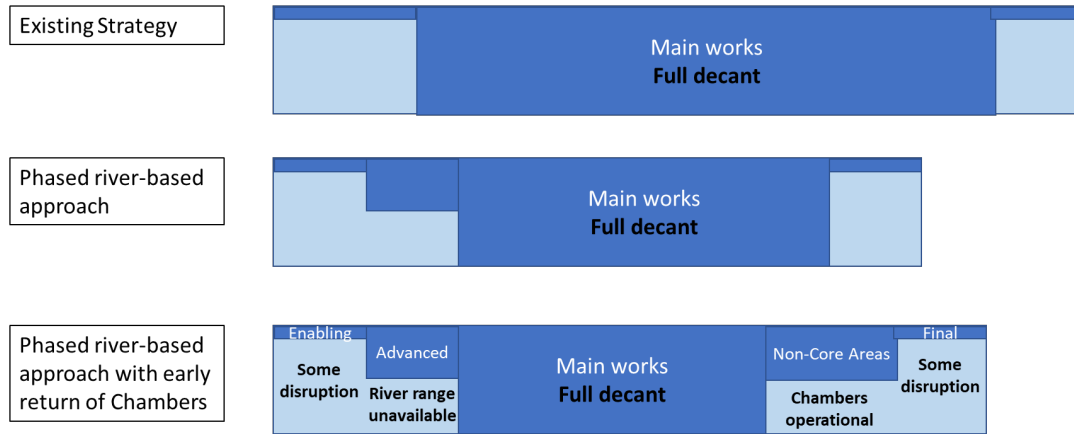


Figure 2a: Phased approach concept

**Delivery Strategy Phased approach**

Phased river-based approach with early return of Chambers

Extent of Works  
Ability of Parliament to operate in Palace

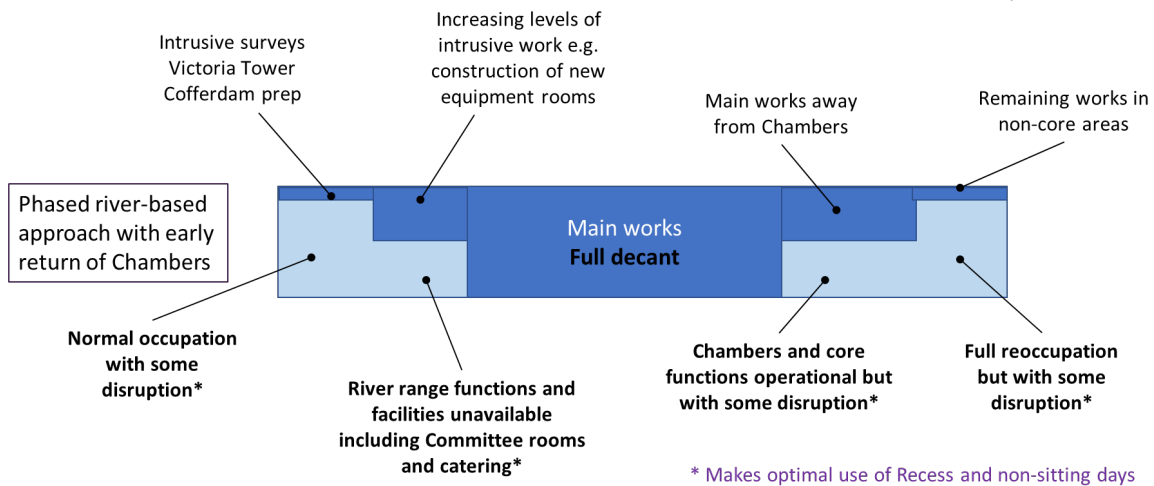


Figure 2b: Phased approach concept with potential early return of both Chambers

108. As noted above, the approach described here shows one concept for a phased delivery approach which will continue to evolve through the development of the Business Case. However, if proven deliverable, such an approach could save years of full decant and ensure that the asset that is the Palace is utilised as much as possible during the R&R programme without significant hinderance to the works.

109. Under a phased or any other delivery approach, understanding the state of the Palace and therefore the true scale of the works involved will be imperative to well planned delivery. Whilst there are



several areas with good records held by the in-house Estates team, there are areas where information is limited. An old and vast building such as the Palace of Westminster with significant heritage will undoubtedly have a number of hidden aspects that may reveal further necessary work (as was shown through the uncovering of an unknown Tudor window in 2019). As such, surveys into the building and its condition, to help develop the business case and in preparation for actual works, will be needed. The volume and type of surveys, as well as the timing of them, will require close coordination between the R&R Programme and in-House teams, but must commence as soon as possible (in line with the sense of urgency highlighted in responses from Parliamentary, public and focus group engagement). Delay in this area will simply push the programme back.

**Recommendation 2: Even a 'Do Minimum' scope of R&R will require a period when the Palace is not occupied. The Programme should fully explore a phased approach with, at its heart, a focus on minimising the period of fully vacating the Palace and noting the primary importance of the use of the Chambers themselves, and this should form the basis of the Outline Business Case. In doing so:**

- **In relation to a phased approach, close working is needed between the Programme and the House administrations, to co-ordinate works that can be carried out while Parliament continues to occupy the Palace and to assess now, and plan to manage and mitigate, the risks associated with those works.**
- **Recognising the rapidity of the independent technical assessment carried out as part of this review, further expert work is needed on the risks associated with parts of the Palace remaining occupied whilst portions of the phased works are taking place. This should inform the business case review points at which options are down selected.**

**Recommendation 3: All necessary surveys to understand the condition of the Palace should take place as soon as possible (optimising the use of recesses and non-sitting hours where possible) to ensure that the right decisions can be taken quickly and enable an immediate start to works when final decisions on the scope of works are taken. This should include a review of the current rules allowing work to be stopped if deemed too disruptive to ensure they balance the operation of core Parliamentary activity, particularly the Chambers, with the need for intrusive building surveys to inform the Outline Business Case.**



## **5.0 The Decant Locations**

110. The Palace of Westminster has a net internal area<sup>29</sup> of around 55,552m<sup>2</sup> and contains a range of rooms including the chambers, committee rooms, lobbies, accommodation for Members of both Houses, and the staff who support them and the running of Parliament and the Palace. Providing an alternative location for such a significant and large scale operation is therefore in itself a large scale task. As outlined in the previous chapter, the likely length of time required to deliver the works in the Palace means a single basic temporary structure for decant of the whole Palace is unlikely to suffice. Any decant facility for either House must have reliable and robust systems for essential services such as heating and electricity, meet the security requirements to protect Parliamentarians,<sup>30</sup> provide the wider services (such as catering) that are required in a functional workplace of this size, and enable the smooth continued operation of Parliament throughout. As such, the decant solutions for each House – regardless of what solutions are taken forward – will be significant investments.
111. This chapter considers the changes that have occurred since the Independent Options Appraisal (IOA) and Joint Committee reports, and outlines the analysis undertaken to assess the value for money of different decant locations and the compromises required if they were to be used, in order to conclude whether or not the previously approved solutions remain the right approach.

**In summary, the key conclusions of the analysis are:**

- **The phased approach to delivery may require shorter term facilities to enable temporary moves to facilitate works, which need to be considered as part of the Business Case analysis, as well as the main decant locations.**
- **For the main decant, an assessment of 41 different decant options across 20 different locations – including the potential for co-location of both Houses on a single site - has shown that Richmond House and the QEII Conference Centre remain, on the basis of the evidence available, the best value locations.**
- **The previously approved<sup>31</sup> Richmond House scheme is better value for money than widely perceived due to the long-term legacy value for Parliament provided through post-restoration and renewal consolidation of essential office accommodation behind the secure perimeter. While the value of long-term use by Parliament is reflected in the net present value in the cost benefit analysis, this is not credited against the capital cost of the programme.**
- **As the QEII building offers limited residual value, a ‘minimum intervention’ scheme that does only essential mechanical and electrical work and minimises other works has been identified, that may offer the better value for money. The business case should be based on this ‘Do Minimum’ approach and should test alternatives from this base to identify the optimal value for money scheme. As the value for money of greater levels of intervention depends heavily on the intended long-term use of the building, discussions should continue with the building**

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<sup>29</sup> A measure of the useable space within a building

<sup>31</sup> The scope and budget for redevelopment of Richmond House were approved as part of the Northern Estate Programme (NEP) outline business case in 2019 by the House of Commons Commission. NEP was reintegrated within Parliament’s In-House Services and Estates team in November 2020 so that works to individual buildings form a more agile portfolio of projects.



owner the Ministry for Housing, Communities and Local Government (MHCLG), to inform the value for money appraisal and funding approach for different business case options.

- The decision by the House of Commons Commission in September 2020 to use Richmond House for three years as the decant facility for Norman Shaw North works could delay the R&R Programme. As acknowledged by the House of Commons Commission, this would need further engagement to agree and align outcomes.

### **The current proposed decant solutions**

112. Based on the analysis in the Independent Options Appraisal (IOA) along with additional independent expert evidence, the Joint Committee report concluded that a full decant of the Palace of Westminster is the best delivery option in principle. According to that analysis (as well as previous analysis undertaken before the IOA) such an approach allows the works to be completed in the shortest possible timeframe, minimises the risk of disruption to the day-to-day operation of Parliament, is likely to be delivered at the lowest capital cost, and provides the greatest scope for meeting the needs of a 21st century parliament building.<sup>32</sup> Subject to that option being achievable and cost effective, and eventual validation by the Delivery Authority, the Joint Committee report further recommended that the works be conducted in a single phase, with both Houses moving out to temporary accommodation for the duration of the works.<sup>33</sup>

113. That report also stipulated a number of recommendations and requirements for the decant facilities including:

- The two Houses of Parliament being located close to each other and close to government<sup>34</sup>;
- That as far as possible, the temporary accommodation should enable the continued effective use of existing Parliamentary buildings (including the sharing of buildings between both Houses if required) in order to minimise cost and disruption<sup>35</sup>;
- Where possible, Members' offices be located as close to the temporary Chambers as possible, either within the same building, or very close by (which included a recommendation for the then R&R Programme Team, Sponsor Body and Delivery Authority to work with the Government Property Unit to identify space within the Government estate)<sup>36</sup>;
- For both Houses, ensure that necessary provisions are made for the essential staff and offices which need to be located close to the Chambers, and in contrast, during the period of the works, what services could be scaled back or provided differently in order to reduce the amount of temporary accommodation required<sup>37</sup>; and
- That temporary decant solutions be designed and constructed with legacy value in mind to ensure best value for money for the taxpayer.<sup>38</sup>

114. The Joint Committee report stressed the need for Members and staff to be involved and consulted throughout the continuing process of design of decant facilities in order to ensure that the temporary accommodation adequately meets the needs and requirements of the users of those buildings, as well as being cost-effective. In order to guide the development of temporary accommodation options as part of the next phase of the Programme, the report also outlined a

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<sup>32</sup> Joint Committee report, paragraph 127

<sup>33</sup> Joint Committee report, paragraph 128

<sup>34</sup> Joint Committee report, paragraph 127

<sup>35</sup> Joint Committee report, paragraph 188

<sup>36</sup> Joint Committee report, paragraph 191

<sup>37</sup> Joint Committee report, paragraph 192

<sup>38</sup> Joint Committee report, paragraph 193



number of criteria for temporary accommodation<sup>39</sup> which have since been observed in the development of a Statement of Accommodation Requirements for the House of Commons and the current brief for the House of Lords.<sup>40</sup>

115. Considering the fact that the buildings are owned by Parliament and that many MPs and staff offices are already there, the Joint Committee concluded that, subject to validation and value for money assessment by the Sponsor Body and Delivery Authority, the best decant solution for the House of Commons appears to be based around Richmond House and the Northern Estate.<sup>41</sup> For the House of Lords, they concluded the best decant solution appears to be the establishment of a temporary Chamber and supporting offices in the Queen Elizabeth II Conference Centre.<sup>42</sup> Based on this assessment and the conclusions of the IOA, these two locations were endorsed through the resolution of both Houses in 2018.

### **Richmond House**

116. The previously approved proposal to accommodate the House of Commons within the secure perimeter of the Parliamentary estate has continued to be developed. The design of this option has been focussed on delivering the key functions of Parliament (such as a chamber and committee rooms) and the Statement of Accommodation Requirements – essentially a list of additional facilities and functionality (including accommodation) required in the decant building – which was agreed by the House of Commons Commission in May 2018. The previously approved scheme involves the demolition of most of the Grade II\* listed Richmond House building to accommodate the Commons chamber and division lobbies, sixteen committee rooms, catering facilities, the 197 MPs (and their staff) displaced from the Palace, and space for several other key functions including services such as Hansard – delivering a total a 18,485m<sup>2</sup> of net usable space (6,752m<sup>2</sup> larger than existing) in a remodelled Richmond House which forms part of the 31,177m<sup>2</sup> of new and refurbished accommodation on the Northern Estate (excluding Portcullis House). In May 2019, the Outline Business Case for the Northern Estate Programme (NEP) was approved by the House of Commons Commission including a capital cost for the Richmond House element of [REDACTED]

117. This scheme also includes wider benefits to the Parliamentary estate through the development of an energy centre in the basement of the new building that would provide energy to the Northern Estate. In addition, the redevelopment creates an enlarged grade A office space following decant – which provides significant opportunities for longer-term consolidation of the Parliamentary Estate behind the secure perimeter, and a reduction on the reliance on commercial leases.

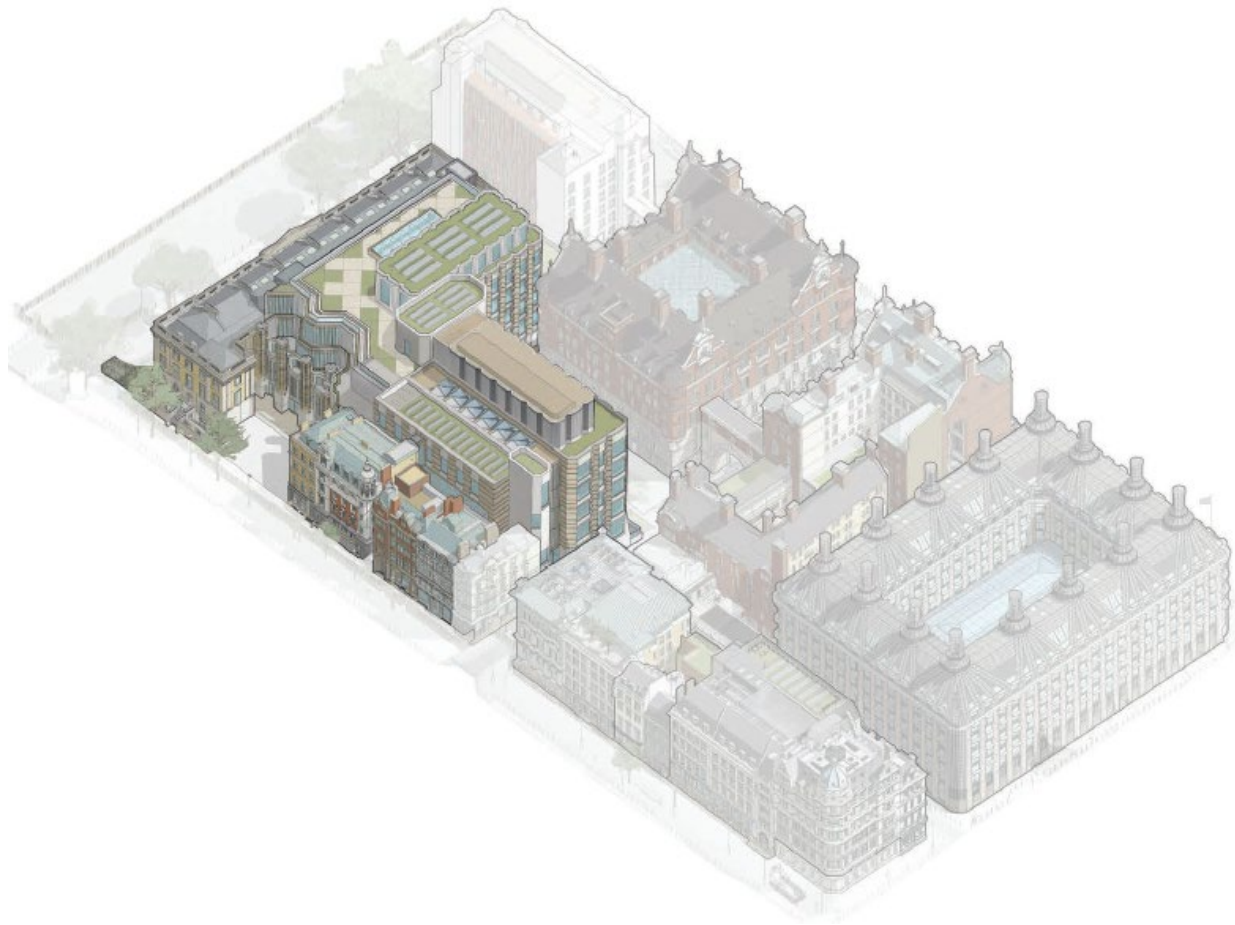
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<sup>39</sup> Set out in Box 2 of the Joint Committee report following para 196

<sup>40</sup> Joint Committee report, paragraph 195

<sup>41</sup> Joint Committee report, paragraph 189

<sup>42</sup> Joint Committee report, paragraph 190



**Figure 3: Illustration of the redeveloped Richmond House**

118. This scheme (hereafter referred to as RH SR 1) does contain planning risks due to the demolition of a listed building, and therefore (as with any planning application) cannot be guaranteed to receive approval. However, challenges on the need for the demolition have been defended on the balance of harm versus public benefit (including demonstrating alternative solutions that ultimately created greater harm to significant heritage assets across the Northern Estate compared to the scheme for planning), all of which are perceived to help mitigate this planning risk. In addition, the recent decision to use Richmond House as the decant location for the residents of Norman Shaw North whilst it is being refurbished creates an interdependency with when delivery of the R&R Programme can commence, which will require careful coordination and further discussion.

119. The proposal for the redevelopment of Richmond House was approved as part of the wider NEP Outline Business Case in May 2019 and was submitted for planning approval to Westminster City Council in October the same year. Whilst consideration of this application was placed on hold pending the outcome of the strategic review, work on developing the proposal in more detail including the delivery approach, continued. In November 2020, the House of Commons Commission agreed to reintegrate NEP within the In-House Services and Estates team as part of a more agile portfolio of projects.

### **Queen Elizabeth II Conference Centre**

120. Whilst the QEII Conference Centre has been approved as the current location for the House of Lords decant facility as part of the preferred location business case, and although there is not yet an



agreed Statement of Accommodation Requirements setting out what the House of Lords Administration would require in terms of facilities and space, a number of requirements have been outlined to guide what would be required in a decant location.

121. The current QEII Conference Centre brief-led proposal (i.e. to meet the requirements as currently understood – hereafter referred to as the QEII SR2) developed by the Delivery Authority includes the redesign of the Conference Centre to fully upgrade the building’s mechanical and electrical equipment and redevelop the building to include the Chamber, nine committee rooms, catering, and accommodation for 651 Peers [REDACTED]. The proposal includes extensive accommodation at Level 6, a large atrium with central staircase and new lifts (as well as other facilities) [REDACTED].



*Birds-eye View - Decant Proposal Public Realm*

**Figure 4: Illustration of the redeveloped QEII Conference Centre**

122. [REDACTED]

### **Developments since the Independent Options Appraisal and Joint Committee report**

123. The 2014 IOA report (which the 2016 Joint Committee report considered and supported) adopted a scenario-based approach using hypothetical sites – ‘X and Y’<sup>45</sup> – to assess alternative Palace scopes

<sup>45</sup> While the IOA attributes Building ‘X’ to the House of Lords and Building ‘Y’ to the House of Commons on an approximate 60/40 apportionment of cost, the CBA has assumed the reverse, on the basis that Option ‘X’ was proposed in the IOA for Partial decant





against differing levels of decant to understand the best approach to deliver the works. This analysis assumed the acquisition of two hypothetical decant buildings [redacted] along with fit-out, move and reinstatement costs of some £380m [redacted]

**Table 6: IOA decant cost assumptions<sup>47 48</sup>**

Building X		Building Y	
Purchase costs	[redacted]	Purchase costs	[redacted]
Fit out costs	£210m	Fit out costs	£121m
Sales receipt	Equal to purchase cost	Sales receipt	Equal to purchase cost

124. The approach taken above assumed the decant buildings would be disposed of at the purchase price. A suitable allowance for dilapidations (as a discount on the sales receipt) was added by the IOA team to address the more bespoke fit out that both buildings X and Y would undergo. The IOA model is not available to the review team so no such discount has been applied to the Cost Benefit Analysis (CBA).

125. Inflation was added in the IOA to arrive at nominal figures based on completion of decant facilities by 2020. Accordingly, the review’s CBA has utilised the costs included in Table 4 of the Joint Committee report (P50 risk) assuming these to be effectively real figures (excluding inflation and VAT) at a base date of 2020.

**Table 7: Adjusted IOA decant cost assumptions:**

Building X		Building Y	
Purchase costs	[redacted]	Purchase costs	[redacted]
Fit out costs	£220m	Fit out costs	£160m
Total	[redacted]	Total	[redacted]
Sales receipt	Equal to purchase cost (the (The Economic Case ignores dilapidation costs)	Sales receipt	Equal to purchase cost (the (The Economic Case ignores dilapidation costs)

126. The IOA and JC presented the cost of decant in their summary tables as £380m, whereas this was only the net cost of both decant facilities. This has led to some confusion when comparison has been drawn with current decant costs when the actual hypothetical cost was [redacted].

127. The development of actual schemes at actual sites (namely RH SR1 and the QEII SR2) for the purposes of decant – which when combined provide a total capital cost [redacted] compared to the equivalent adjusted IOA capital cost figures. It is assumed that this cost change stems mainly from the fact that current costs are in response to detailed briefs and designs on actual sites as opposed

(i.e. for use by both Houses by decant in series); and a full decant utilising both Buildings ‘X’ and ‘Y’ would be the summation of these costs. The protocol of cost apportionment within Parliament is 60% to House of Commons and 40% to House of Lords.

<sup>46</sup> Costs for the acquisition of the two decant facilities, fit out, decant and reoccupation were provided by the then Parliamentary Estates Department and amended by the Independent Options Appraisal team.

<sup>47</sup> Data included in Independent Options Appraisal Vol 2 Master Assumptions No. A53.





to the hypothetical assumptions in the IOA. In addition, the current solutions are providing long term legacy value to both buildings (albeit limited for the QEII) that the IOA hypothetical solutions did not.

128. Whilst it is unsurprising that the actual estimated costs of the Richmond House and QEII proposals are higher than that outlined in the IOA the quantum of increase is significant, and therefore a reassessment of value for money against alternatives is essential.
129. Since the COVID-19 national lockdown in April 2020, several temporary changes to the operation of Parliament have been introduced, which if made permanent would have the potential to change the scope of requirements in decant buildings:
- MPs and their staff minimising their time on the estate wherever possible;
  - Remote electronic voting in the House of Lords utilising a bespoke mobile phone app; and
  - Committee hearings taking place through video conferencing facilities with a blend of people attending remotely and in person observing social distancing.
130. However, these short-term temporary measures are not seen as effective or sustainable for any extended period of time.
131. While both Houses have demonstrated that it is possible for their core proceedings (chamber and committees) to be undertaken remotely, in general terms the feedback received as part of the review and in other engagement suggested that there is a low appetite among Members of both Houses to consider continuing with these arrangements post-COVID-19. Thus, planning for decant should not rely on remote working, or virtual or hybrid arrangements, which cannot fully replicate the value of face-to-face working, including voting in person. Therefore the provision of a debating chamber, committee rooms and associated facilities for Members to undertake their parliamentary duties in person continues to be the default assumption, even if it is now apparent that it will be easier for these functions to be discharged remotely during any subsequent emergency situations.

### **Assessment of decant scope and locations**

132. Prior to the Strategic Review, in developing the Richmond House and QEII options a qualitative assessment of 100 locations was undertaken in support of the Joint Committee to assess the viability of different sites to accommodate either or both Houses of Parliament. This long list considered the total requirements of the Statement of Accommodation Requirements for the House of Commons and the developed requirements for the House of Lords, and discounted options based a variety of factors including aspects like size and security challenges. This approach highlighted a shortlist of options of which the current preferred locations, as recommended in the Joint Committee report, were confirmed as the best available options to meet the needs of Parliament.
133. The NAO recommended in their April 2020 report that the Programme should “reduce the likelihood of previous decisions being reopened, by ensuring they are transparent, based on the best available evidence and making clear the cost and timing implications of any alternatives”.<sup>50</sup> To this end, the strategic review assessed a number of alternative decant locations which have been proposed (including by submissions received from external stakeholders), and undertook additional analysis in compliance with HM Treasury Green Book guidance on options appraisal and evaluation. This consisted of:

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<sup>50</sup> See page 8, National Audit Office, [Palace of Westminster Restoration and Renewal Programme](#) (24 April 2020).  
Strategic Review of the Restoration and Renewal Programme



- a model to qualitatively assess a long list of 41 different decant options across 20 locations within London that specifically looked at the changes to sites and operating practices necessary to enable a site to be viable;
- taking the best scoring options from qualitative analysis forward for Social Cost Benefit Analysis (CBA), discounting real costs and benefits at the Social Time Preference Rate (STPR)<sup>51</sup> over a 60 year period (as is the norm for appraisal of a building).<sup>52 53</sup> This was then supplemented with the scoring for the category 'Impact on Parliamentary operations and business' from the qualitative model to provide a 'quality' score that could be used in comparison against the net present cost<sup>54</sup> for each proposal as most solutions had a different outcome. The combination of these two Stages enabled the deduction of the value of each decant option; and
- A review of the options quantitatively assessed against the deliverability of the schemes to assess whether there are any significant qualitative issues which have a wider and more significant impacts – and therefore may reduce the appeal of a good value option.

134. Data in support of the qualitative analytical model and the quantitative Social Cost Benefit Analysis (CBA) used in this report are sourced from:

- Previously published figures in the IOA Report 2014 and JC Report 2016
- A 100 long list of potential decant locations, as considered by the Joint Committee
- Previous decant options developed by the Northern Estates Programme team
- Decant location reports prepared for the Joint Committee in 2016
- Strategic Review team appraisals of less defined schemes on an area basis
- Supporting studies prepared by the Delivery Authority during the course of the Strategic Review
- Specialist analysis on decant location options from the Delivery Authority, including use of BDP<sup>55</sup>.
- Further analysis of alternative schemes by the Northern Estate Programme team.
- Information provided by third parties on novel decant location ideas or floor plans and internal area figures
- The NEP Outline Business Case dated May 2019 as supplemented by the April 2020 assurance review by the Sponsor Body
- Average figures from the September 2020 QEII order of magnitude cost plans for each QEII RIBA Stage 2 design option
- Estimates provided by third party proposed decant facilities

The outputs from the CBA are derived in accordance with HMT guidance and assumptions. Input figures have been derived from a wide variety of decant schemes at differing levels of cost certainty and design development, but in all cases based upon the best available data at the time of the review. Some data is therefore necessarily uncertain at this stage and subject to change.

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<sup>51</sup> The Social Time Preference Rate is set by the Green Book guidance and represents the economic phenomenon of the public valuing short term costs and benefits more than in the long term.

<sup>52</sup> The Green Book 2018, paras 2.9 to 2.14.

<sup>53</sup> All figures based on 2020 prices.

<sup>54</sup> Net Present Cost factors the cashflows of capital expenditure of a scheme against the monetised benefits received through long term use of an asset, discounted using the STPR.

<sup>55</sup> A professional services company supporting the Delivery Authority on architectural, design and engineering.



### **Short and long term decant solutions**

135. Prior to this review, analysis has focussed solely on assessing options for longer-term decant solutions. However, delivery of the R&R works through a phased approach that seeks to minimise the period when the Palace is unoccupied is likely to mean that there will need to be a range of shorter-term decant facilities for a variety of functions at different times in the programme outside any period of full vacation. For example, should the approach to the works from the river prove to be the most effective, construction works on the river frontage may mean the Committee rooms along that section are uninhabitable due to noise, vibration or other disturbance.
136. Unlike the longer-term decant facilities which must provide a holistic solution for each House, these shorter-term decants may cover very specific circumstances and facilities. Addressing these may involve a range of strategies – from short-term temporary facilities or compromises, to re-phasing of the longer-term decant facility works to deliver aspects in a sequence that links with when short-term decant facilities are required. Planning this work and the solutions will be a complex task requiring coordination with existing Parliamentary estates and maintenance teams.

**Recommendation 4: The phased approach to delivery may require shorter term facilities to enable temporary moves to facilitate works. Scheme development needs to consider locations for both short term moves and the period of main decant, and be closely aligned to emerging master planning for the whole Parliamentary Estate.**

### **The qualitative analytical model**

137. The approach to analyse decant locations involved the development of fourteen different assessment criteria across three key categories looking at:
- The deliverability of schemes – including constructability, the impacts of achieving security requirements, town planning and heritage considerations, and displacement of people or activities;
  - The whole life cost – looking at capital costs, operating costs, and residual value to the public purse from a qualitative perspective; and
  - The impact on Parliament operations and business – drawing on the Joint Committee requirements of the distance between chambers and to Whitehall, office accommodation for Members and their staff, the impact on other facilities such as catering, public accessibility, press facilities, and the opportunities any location creates to support further consolidation of the Parliamentary Estate away from commercial leases elsewhere.
138. Each criterion was weighted according to its importance relative to the others within that category, and then scored against a qualitative scoring system that gave a total qualitative rating for each decant location. This provided a ranking of schemes that could be subjected to sensitivity testing that changes the relative importance of any category to assess how it would alter the ranking (if at all), and therefore which options would be taken forward for CBA (stage 2 of the analytical approach). In reality, this was an iterative process, updated and re-run as new and better information was received on existing or novel proposals. Full details of the methodology, including the scoring system and criteria weightings are at Annex I.
139. Table 8 below shows which locations were assessed for each or both Houses, totalling 41 variants across 20 locations. These were selected by considering a wide range of potential options, including those forming the current strategy and variants thereof, those previously assessed and where



reassessment may be appropriate, as well as some new showing promise in terms of size of building and/or location, new ideas submitted via the public consultation, and those for which there was particular interest from Members of one or both Houses.

**Table 8: List of schemes assessed in qualitative analysis**

House of Commons	House of Lords	Co-location
Richmond House (Full redevelopment) Richmond House (Partial demolition) Richmond House (No demolition ) Richmond House (Chamber only) Foreign, Commonwealth and Development Office (2 variants) HM Treasury (2 variants) Horse Guards Parade (2 variants) Old Admiralty Building + Horse Guards Parade Westminster Hall Portcullis House City Hall	QEII 2 QEII 2A QEII 2B Minimal intervention Foreign, Commonwealth and Development Office (2 variants) HM Treasury (2 variants) King Charles Street Horse Guards Parade St Margaret’s Church Old Admiralty Building Victoria Tower Gardens Abingdon Green Nobel House St John’s Smith Square City Hall Church House	Richmond House & Norman Shaw (2 variants) QEII Co-location (do minimum) QEII Co-location (full) Horse Guards Parade (3 variants) Old Admiralty Building + Horse Guards Parade River based option Whitehall Gardens

140. On 15 July, the Prime Minister wrote to the Chief Executives of the Sponsor Body and Delivery Authority to suggest that the strategic review should consider locations outside London, and suggested that York should be considered as a potential decant location. As this is a matter for Parliament, the Sponsor Body consulted the Speakers of both Houses on the possibility of considering the Prime Minister’s suggestion before proceeding further. Both Speakers made it clear in their letters of 27 July that this option should not be considered as part of the review as it fell outside the Programme’s scope to do so. As a result, the response to the Prime Minister on 18 August confirmed that this option would not be considered as part of the review.<sup>56</sup>

**Key findings and outcomes of qualitative assessment**

141. From the analysis conducted it is clear that sites beyond the Westminster area fare poorly compared to those in the nearby vicinity of the current Palace. In addition to suffering from similar size, security, cost and constructability constraints that all sites have, the additional distance from the existing accommodation – particular in the case of MPs and the Northern Estate – means existing buildings have to have very large capacities to accommodate all 650 MPs, as well as many more staff who are essential to the operation of Parliament. In addition, the distance and therefore travel time to Whitehall (especially for Government ministers) would likely mean significant changes to the ways of working, further reducing the effectiveness of options beyond Westminster. Whilst such proposals may work better for Peers (where office space could remain mostly on the Southern Estate<sup>57</sup>), the issues with ways of working remain, and in reality any building would be likely to require significant office and touchdown space to accommodate working.

<sup>56</sup> The letters from the Prime Minister, both Speakers and the Sponsor Body’s response are all available as deposited papers (DEP2020-0426, DEP2020-0505 & DEP2020-0504, respectively) here: <https://www.parliament.uk/depositedpapers#toggle-505>.


<sup>57</sup> The Southern Estate comprises of a variety of buildings that currently provide the majority of office space for Peers.



142. Within the Westminster area, finding a suitable location that can accommodate the volume of office space required along with the bespoke elements of the build such as the main debating Chamber and committee rooms, and ancillary facilities such as catering and public spaces, for either the Lords or the Commons, means the actual choice of locations is limited. Much of the area is already built up providing almost no greenfield opportunities, and there are relatively few existing offices that are large enough to support either House fully.
143. The tables below summarise the top scoring schemes from the qualitative analysis and provides a short summary of the key benefits and challenges associated with the decant facility. A summary of the full assessment of every location and variant is at Annex I.
144. In order to challenge the analysis and reduce unconscious bias in the weightings as far as possible, the results were then subjected to sensitivity testing whereby each category's weight relative to the other two categories was changed to see how different priorities would affect the outcome.
145. Using the Statement of Accommodation Requirements, and the current measurements in the Palace as a guide of other key facilities required for the functioning of the Commons (such as a chamber and committee rooms), the previously approved Richmond House proposal (RH SR 1) delivers 18,485m<sup>2</sup><sup>58</sup> of space for the House of Commons Decant (with the balance of decant facilities and MPs offices provided in other buildings on the Northern Estate totalling 31,177 m<sup>2</sup>). This is used as a general baseline against which to compare other schemes and identify the shortfall in space and therefore functions or accommodation. A similar approach is applied for the House of Lords.

**House of Commons**

**Table 9: Qualitative analysis top scoring options – House of Commons**

Scheme	Deliverability & planning	Whole life costs	Impact on Parliamentary operation & business	Total
<p><b>Richmond House full (RH SR 1)</b></p> <p>Demolition and redevelopment of Richmond House combined with other buildings on the Northern Estate to accommodate the SOAR – including 16 Committee rooms (including 4 in Portcullis House), 66 press desks, unescorted public access, catering, other functions, and all MPs and staff on site.</p>	<p>2.3</p> <p>The demolition of a Grade II* listed building adds significant risk to delivery. However, being inside the secure perimeter is a large benefit.</p>	<p>2.7</p> <p> This scheme has significant revenues over the long term through the Grade A office space created behind the secure perimeter.</p>	<p>3.6</p> <p>Designed to deliver against the SOAR, this scheme delivers significant facilities and in several areas improvements when compared to the existing Palace.</p>	<p><b>8.6</b></p>
<p><b>Richmond House - semi demolition (RH SR 1A)</b></p> <p>Partial demolition and redevelopment of Richmond House – resulting in a shortfall of</p>	<p>2.85</p> <p>Lesser demolition of Grade II* listed building reduces planning and</p>	<p>2.7</p> <p>Slightly cheaper capital costs compared to RH1) – but lower design</p>	<p>2.4</p> <p>Not SOAR compliant as reduced space means 47% of MPs</p>	<p><b>7.95</b></p>

<sup>58</sup> Net Internal Area (NIA)



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space of 4,539m2 (compared to RH) – delivering the same as RH but with 606 (47%) fewer staff on site, no retail, escorted public access only, and no gym.	delivery risk. Still within the secure perimeter.	confidence due to less development work balances scores out.	staff located elsewhere. Equally less office space for residual use.	
<p><b>Richmond House – no demolition (RH SR 1B)</b></p> <p>No demolition of Richmond House (chamber in existing courtyard footprint) – resulting in a shortfall in space of 8,515m2 (compared to RH SR1) - chamber with very restricted division lobbies, no committee rooms, 1,135 (87%) fewer staff on site, no public access, 50% fewer press desks, no gym, reduced catering and no energy centre.</p>	<p>2.35</p> <p>A simpler to deliver scheme in terms of planning consent. However, loss of key facilities (such as committee rooms [REDACTED])</p>	<p>3.1</p> <p>Much lower capital expenditure as essentially refitting the current building. However residual values are lower due to smaller volume of office space compared to RH.</p>	<p>1.3</p> <p>The very significant reduction in facilities and space means this scheme pushes the limits of being able to operate core functions of Parliament.</p>	<b>6.75</b>
<p><b>Horse Guards Parade (HGP SR 8)</b></p> <p>6-storey bespoke modular building on the Grade I listed parade ground, providing full accommodation for the House of Commons</p>	<p>2.25</p> <p>A modular off-site build could be easy to deliver. However, ground conditions, services for Whitehall underneath, and several unknowns around the site mean significant risk to delivery.</p>	<p>1.7</p> <p>Very expensive scheme (almost double RH1) with no residual value to the public purse. Low level of design maturity.</p>	<p>3</p> <p>Designed to deliver decant for entire Northern Estate, with improved facilities in some areas. But must be dismantled once used - residual use for Parliament.</p>	<b>6.95</b>

146. The highest scoring option for the House of Commons remains the previously approved proposal for a full Richmond House redevelopment (RH SR 1). As a scheme designed to meet the requirements which includes delivering an almost like for like Chamber with division lobbies (with improved accessibility for Equalities Act compliance), combined with the Northern Estate continuing to provide accommodation for MPs and their staff, this scheme delivers high quality facilities and accommodation all behind the existing (but extended) secure perimeter. Importantly, this option also provides significant long-term value to the taxpayer and the Parliamentary Estate through its ongoing use as office space post decant, enabling further consolidation of the Parliamentary Estate and potential reductions of commercial leases.

147. RH SR 1A scores better on deliverability and planning due to the lesser demolition of Richmond House (retaining more of the southern end of the building). This option would see similar levels of facilities to RH SR 1 but would involve around 47% of MPs’ staff being located elsewhere due to the building’s smaller footprint and require only restricted (escorted) visitor access.

148. When sensitivity analysis was applied, it showed that, in order to equal the RH SR 1 scheme in total score, ‘deliverability and planning’ would need to be 3.65 times more important relative to the ‘whole life cost’ and ‘operation of Parliament’. From an economic and value for money perspective, not redeveloping around 50% of Richmond House would have to be more than twice as important as whole life costs of the decant facility and the functioning of Parliament to make this option more attractive than the previously approved scheme.



149. The RH SR 1B scheme was designed to consider how to deliver a Commons decant facility without any permanent damage to the Grade II\* listed Richmond House. Retaining the building’s structure as is (with a reduced standard Chamber in the existing courtyard of Richmond House) means significant reductions in the space available for accommodation and facilities, which is reflected through the low score against ‘Impact on Parliamentary operation and business’. This option would entail restricted division lobbies, no Committee Rooms, 1,135 (87%) fewer staff on site, no public access, no education centre, 50% fewer press desks, no gym, reduced catering and no energy centre. As the cheapest of the shortlisted schemes by some way, it’s qualitative ‘whole life cost’ score exceeds all the others – however, using sensitivity analysis showed that the priority of ‘whole life cost’ would need to be 6 times more important relative to ‘deliverability and planning’ and ‘impact on Parliamentary operation and business’ for it to equal the option RH SR 1.

**House of Lords**

**Table 10: Summary of qualitative analysis top scoring options – House of Lords**

Scheme	Deliverability & planning	Whole life costs	Impact on Parliamentary operation & business	Total
<p><b>Queen Elizabeth Conference Centre – Brief led (QEII SR 2)</b></p> <p>Full replacement of the mechanical and electrical equipment and full internal redesign – including nine committee rooms, 651 Peers [REDACTED] catering space for 515 pax, extensive accommodation at level 6 and atrium redesign.</p>	<p>2.8</p> <p>Relatively straightforward build. [REDACTED] No heritage impacts.</p>	<p>2.6</p> <p>High capital costs. Assumed (for scoring) that M&amp;E replacement would be a benefit to the public purse.</p>	<p>2.8</p> <p>Designed to meet Lords requirements and includes improvements to some facilities (compared to Palace). However, no residual use for Parliament.</p>	<p><b>8.2</b></p>
<p><b>Queen Elizabeth Conference Centre – Reduced brief (QEII SR 2A)</b></p> <p>85% replacement of the mechanical and electrical equipment and minimal internal redesign – including nine committee rooms, 651 Peers [REDACTED] catering space for 360 pax, and no atrium.</p>	<p>2.8</p> <p>Relatively straightforward build. [REDACTED] No heritage impacts.</p>	<p>2.3</p> <p>Slightly lower capex than QEII 2. However, lower benefits from M&amp;E and fabric improvements, and lower design confidence.</p>	<p>2.3</p> <p>Reduction in space (due to lesser fabric changes) means reductions in office space for back bench benchers and possibly other facilities.</p>	<p><b>7.4</b></p>
<p><b>Queen Elizabeth Conference Centre - minimum intervention (QEII SR 2B)</b></p> <p>Essential mechanical and electrical equipment upgrade only and minimise internal redesign – including nine committee rooms, 488 Peers [REDACTED] catering space for 360 pax, no atrium, and reduced accessibility.</p>	<p>2.8</p> <p>Relatively straightforward build made easier through lesser internal restructuring and minimal essential works to M&amp;E only. [REDACTED]</p>	<p>1.7</p> <p>Significantly lower capital costs compared to QEII 2, but a lower design maturity. However, assumed no residual value due to essential only M&amp;E replacement (and</p>	<p>2.1</p> <p>Reduction in space means reductions in offices - [REDACTED] as well as touchdown workspace [REDACTED]</p>	<p><b>6.6</b></p>





	[REDACTED] No heritage impacts.	increased maintenance costs as a result).	[REDACTED] Better accessibility due to renovations. No Parliamentary residual use.	
<b>Horse Guards Parade (HGP SR 7C)</b>  6-storey bespoke modular building on the Grade I listed parade ground, providing Peers facilities including some accommodation (11,732m2)	2.65  Pre-fabrication offsite would mean simple build. May be limitations on ground loading due to services underneath Significant but temporary impacts on Grade I listed park. Displacement of a number of ceremonial events.	1.1  Lower capital cost compared to QEII 2 (when adjusted with risk, OB, etc) but low design maturity. No residual value	2.3  Assumed good level of facilities in space and accommodation. Other Peers remain in Southern Estate. Good accessibility. No residual use for Parliament.	<b>6.05</b>

150. For the House of Lords, the first-listed QEII scheme in Table 10 (QEII SR 2) scores highest in each of the categories. It should however be noted that for qualitative scoring purposes this scheme assumes significant value from the upgrade of the mechanical and electrical systems (one of the most expensive elements of this scheme) as this would otherwise be a significant cost the public purse. However, as a conference centre that achieves only a small profit, the benefits achieved from this investment may be limited. A fuller assessment of the residual value is considered in the quantitative appraisal.

**Table 11: Summary of qualitative analysis top scoring options – Co-location of both Houses**

Scheme	Deliverability & planning	Whole life costs	Impact on Parliamentary operation & business	Total
<b>Richmond House full &amp; QEII Brief led (RH SR 1 + QEII SR 2)</b>  For comparison purposes, this is the combined score of the relevant Richmond House and QEII proposals	5.1	5.3	6.4	<b>16.8</b>
<b>Northern Estate co-location (NE SR 3A)</b>  The full Richmond House scheme (RH1) combined with a dedicated Lords chamber and accommodation in the Norman Shaw North building [REDACTED]	4.5  Requires redevelopment of Richmond House (including demolition of the Grade II* listed building). Large Lords chamber increases capacity by	5.4  Very significantly lower capital costs compared to existing RH & QEII proposals combined (although some unknown costs not accounted for). Significant residual	4  [REDACTED] Scheme provides 16 committee rooms, reduced by 9 compared to existing RH & QEII proposals	<b>13.9</b>



	13 Peers but requires ingress into main Grade I listed building for lobbies (temporary). [REDACTED]	value through the redevelopment of Richmond House and its long-term use as 18,000+m2 of Grade A office space which allows relinquishing of commercial leases. Low/medium design maturity.	combined, as well as other facilities which would now be shared.  An in depth review the Administrations of both Houses revealed the compound effect of all compromises is considered untenable for the operation of Parliament.	
<b>Queen Elizabeth Conference Centre co-location (QEII SR 2D)</b>  Full replacement of the mechanical and electrical systems and redesign of the building to include both Commons and Lords chambers, along with 16 Committee rooms and 159 Member offices [REDACTED]	4.8  Redesign of internal fabric of the building to deliver new atrium and M&E replacement. [REDACTED]	4.6  Significantly lower capital costs compared to combined costs of existing RH & QEII schemes. Medium level of design maturity. As building would return to conference centre, actual residual value also very low.	3.4  Provision of two chambers and 16 committee rooms. Loss of Princes Chamber and Post Office, and reduced catering facilities (space for 485-545 people). Loss of external Media and visitor areas, retail for Commons, as well as central Lobby and Reason Room. Does contain partial 'education centre'	<b>12.8</b>

151. Co-location involves both Houses' chambers and facilities being located on the same site (and as such would also require office space for at least the 650 MPs that must be inside the secure perimeter). Co-location at the QEII Conference Centre would come at the expense of on-site Lords accommodation and reductions in space of other functions such as catering facilities. The additional committee rooms (increasing from nine in option QEII SR 2 to sixteen in the co-location option) as well as the additional Chamber and requirements for Commons frontbenchers means all backbenchers would have to be accommodated on the existing Parliamentary Estate. For the Lords this would mean continued use of the Southern Estate along with additional space elsewhere. For the Commons, accommodation would continue to be on the Northern Estate – which [REDACTED] cost of delivery would be significant.

152. The co-location option with the highest potential capital cost savings is intensified use of the Northern Estate (NE SR 3A). This pivots around the full redevelopment of Richmond House which provides many of the facilities for both Houses (such as the 16 committee rooms plus the existing 4 in Portcullis House, press desks, media facilities and library, education centre) and is complemented with the addition of a dedicated House of Lords Chamber in the courtyard of Norman Shaw North, with that building providing accommodation for the Lords including frontbench offices and 360 backbench desks (of which 70 would be shared). This option assumes that the remaining accommodation for Peers would continue to be provided on parts of the Southern Estate as it is today.



153. One further concept - of both Houses sharing a single main debating chamber – was also examined. However, based on recent years' data for the sitting hours for both Houses, a shared chamber would be in operation for over 15 hours per day on current sitting days and lacks the ability for each House to manage its own agenda. It would require nearby facilities and office space for both Houses and would not provide a significant cost saving compared to the Northern Estate co-location option with dedicated chambers described above.

#### **Quantitative appraisal of high scoring options**

154. In line with Green Book guidance, the top scoring options from the qualitative analysis described above were then taken forward for CBA over a 60-year appraisal period and applying the relevant Social Time Preference Rate (STPR) to the cashflow of costs and benefits, as is the requirement when undertaking an economic assessment.

155. In undertaking this analysis, the appraisal recognised two key variables between options.<sup>59</sup> Firstly, unlike many such appraisals which compare the costs of alternative ways of producing the same or similar outputs, each decant option had a different output. To counter this, the analysis provides alongside each CBA a third limb of the qualitative analysis derived from the 'impact on Parliamentary operation and business' category from the qualitative analysis. Secondly, each option had differing legacy value ranging from a long-life asset to the Parliamentary Estate, to no legacy value for the Parliamentary Estate but enhancing value to another public asset (such as the QEII conference centre), to options that are purely temporary for the purposes of decant only and which are assumed to be removed post decant and therefore have no long term legacy value (such as Horse Guards Parade). The approach adopted was to take a conservative view on monetising benefits, and accordingly this was limited to purely financial values. For example, while the enhancement of the QEII building might increase its profitability as a conference centre, it is assumed the current function remains its purpose and there is no increased profitability (lowering the benefit in the calculations). In order to inform public benefit, the CBA has however calibrated this by assuming conversion to an office and produced revenues against the lettable space. This does not mean conversion to an office is a prerequisite, but rather an objective means to calibrate what would otherwise be the monetised benefits to society of conference centre use [REDACTED].

156. Clearly there would be other monetisable benefits – such as efficiencies of long-term consolidation of operations behind the secure perimeter on the Northern Estate in the case of Richmond House. However, to avoid subjectivity these have not been considered. Equally, monetised benefits have not been applied until after the decant is complete – meaning that for the purposes of the analysis the earliest benefits do not materialise until [REDACTED] the STPR effect has already significantly discounted [REDACTED] their value compared to today. In addition, all NEP options suffer monetised disbenefits when compared to other options through the lost benefit of 12,133m<sup>2</sup> of usable space in the existing Richmond House once the building is vacated at commencement of construction through to completion of R&R. This equates to a cost of [REDACTED] per annum [REDACTED] during the less discounted periods before any benefits materialise [REDACTED]. No such penalty has been applied to Horse Guards Parade options, albeit the loss of utility would realistically have a value.

157. Notwithstanding the application of conservative benefits and penalties to the current schemes, the CBA has demonstrated in favour of these solutions. Importantly, this means that further appraisal would only serve to enhance that outcome to the detriment of alternative options.

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<sup>59</sup> The Green Book 2018, paras 2.9 to 2.14.



158. A full list of assumptions underpinning the quantitative analysis are at Annex J.

**Key findings and outputs of quantitative outputs**

**House of Commons**

159. The chart overleaf provides a summary of the model outputs and indicates the capital cost, along with an adjusted capital cost to reflect equalisation of the options (e.g. to reflect scope adjustments, or inclusion of optimism bias, etc), followed by the compromises involved in each scheme in terms of facilities and space. The capital costs are shown as positive numbers to pictorially reflect the effective quantum of investment in the assets, with the Net Present Values shown as negative. This is because the options are effectively carrying a negative rate of return – following the Green Book CBA rules, along with application of conservative benefits means no scheme considered covers its own costs.

**Explanation of the Cost Benefit Analysis (CBA) results (using scheme RH SR 1 as an example)**

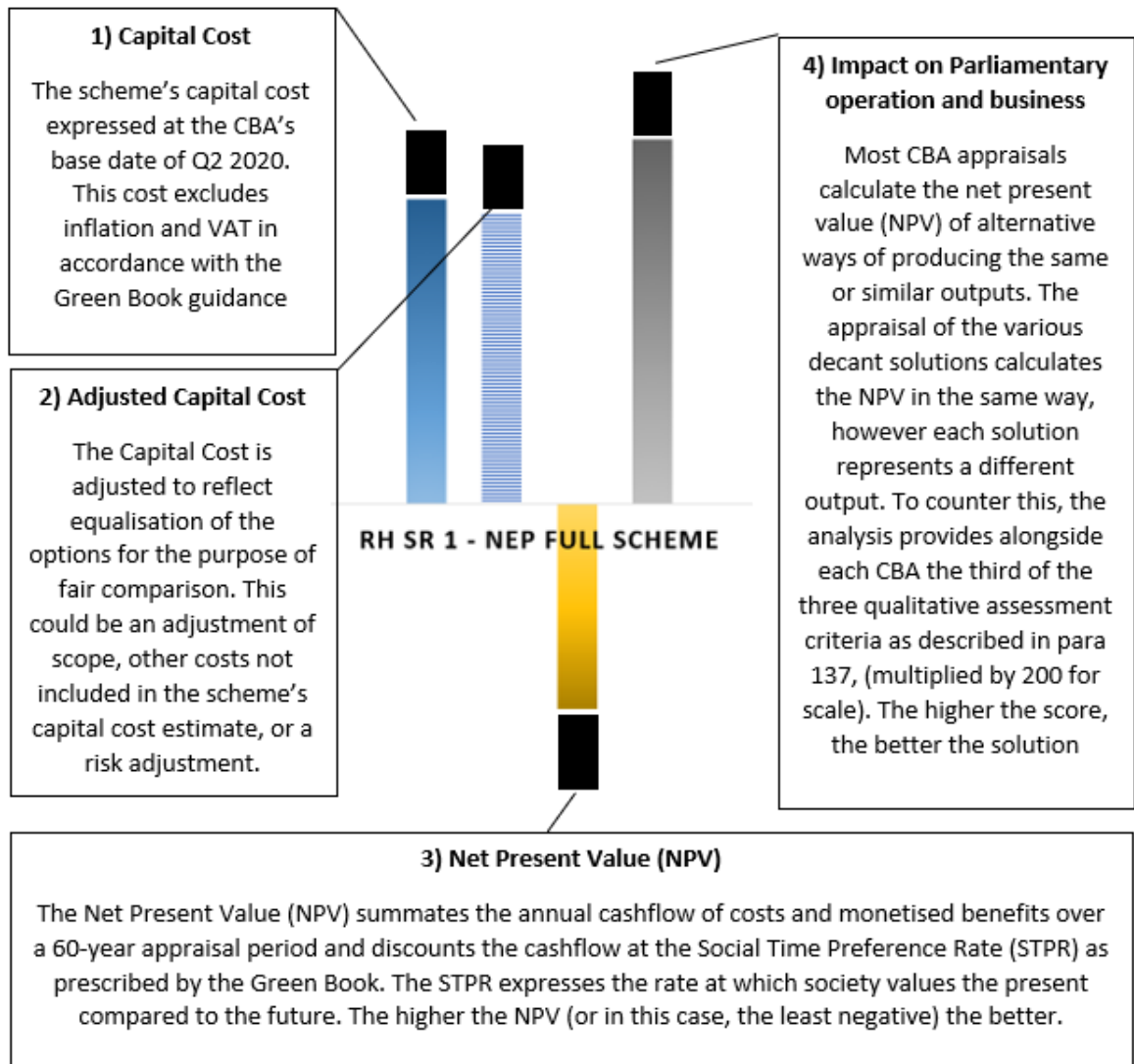
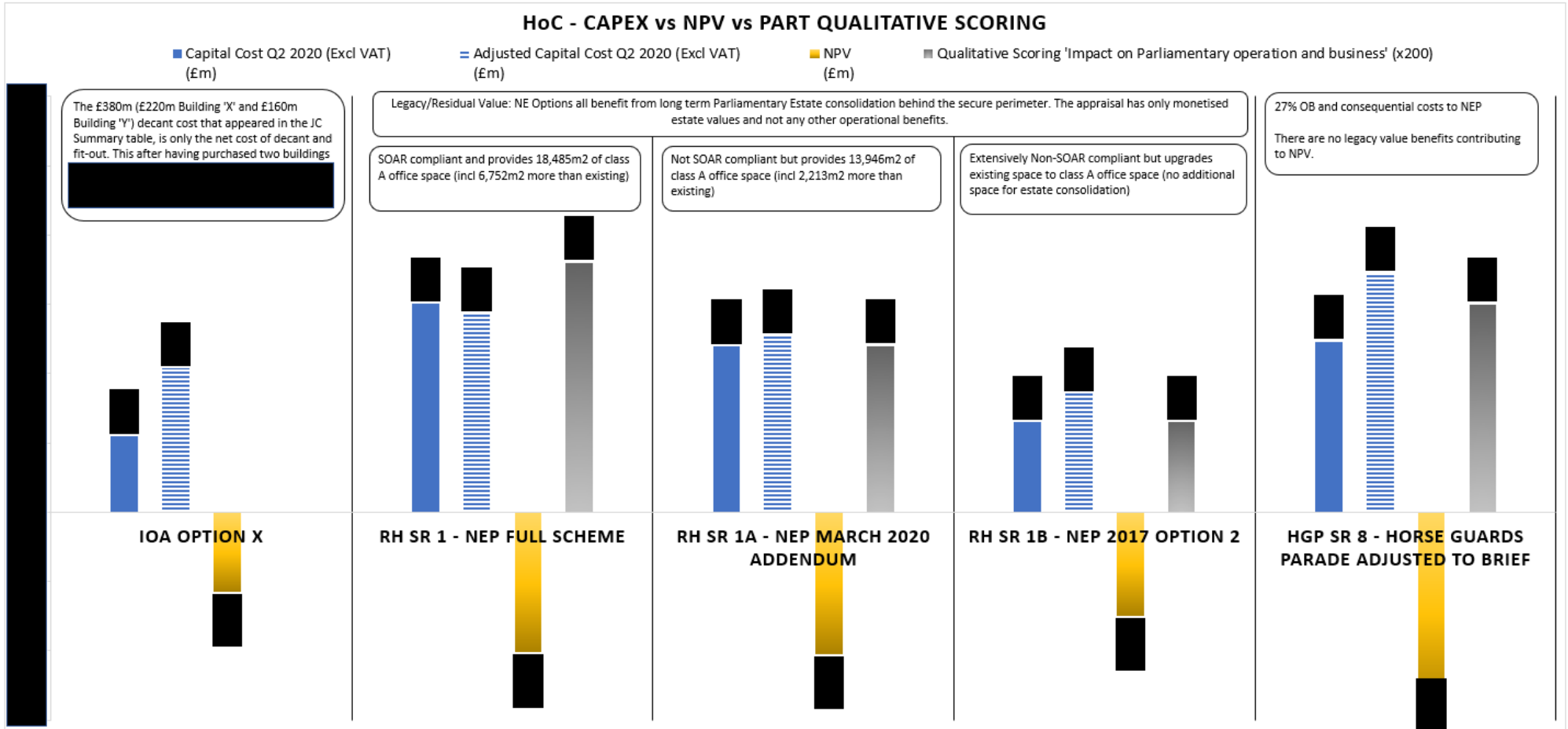


Figure 5 – Quantitative (CBA) assessment for House of Commons decant options<sup>60</sup>



<sup>60</sup> All figures based on calculations in accordance with HMT guidance for economic appraisal, noting some input data is necessarily uncertain at this stage and subject to change  
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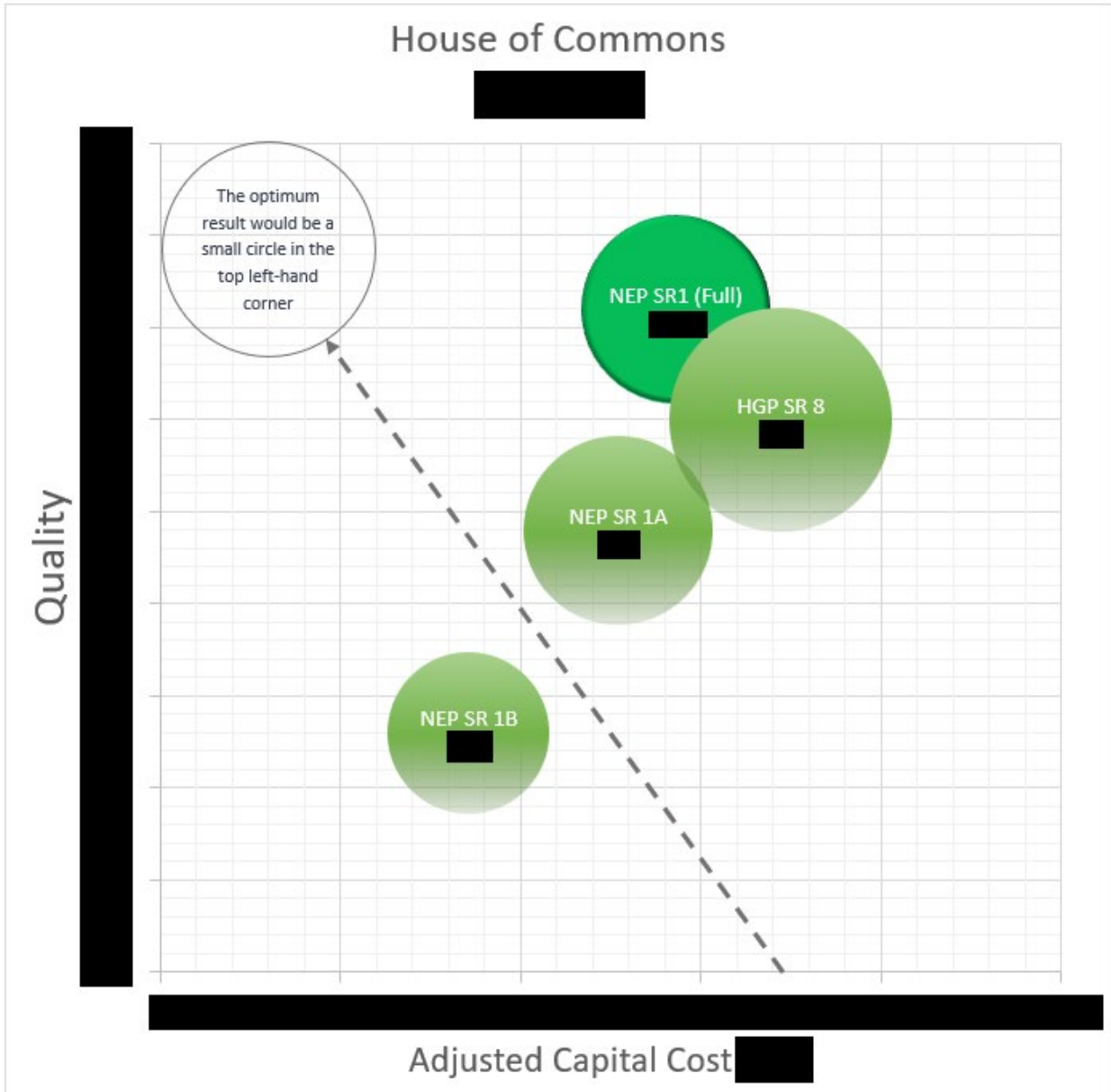
**Table 12: Summary of costs, value and compromises for House of Commons decant options**

	IOA OPTION X	RH SR 1 Currently in Planning	RH SR 1A Richmond House only part demolished - (March 2020 Addendum)	RH SR 1B Richmond House retained and Chamber inserted into Courtyard - (2017 Option 2)	HGP SR 8 HORSE GUARDS PARADE ADJUSTED TO BRIEF
					
NIA	Unknown	18,485 m2	13,946 m2	9,970 m2	[69,570 m2]
NIA Shortfall	Unknown	0 m2	4,539 m2	8,515 m2	0 m2
SOAR Compliant	Unknown	YES	NO	NO	YES
Commons Chamber		YES	YES	YES	YES
Division Lobbies		YES	YES	Closure of adjacent offices during division for one of the two lobbies, or electronic voting	YES
Grand Committee Room (1 No.)		YES	YES	NO	YES
Committee Rooms (11 No.)		YES	YES	NO	YES
Members & Staff (1 Memb + 2 Staff)		YES	YES	Either 58 MPs not accommodated or:	YES
All Staff Accommodated		YES	606 No. shortfall of Staff (incl some MPs' Staff)	1,135 No. shortfall of Staff (incl. some MP's Staff)	YES
Hansard		YES	YES	as Chamber Support Staff	YES
Press Desks (66 No.)		YES	YES	NO (32No.)	YES
Education Centre		YES	YES	NO	YES
Member facing aspects of procedural and library services		YES	only partially included	only partially included	YES
Visitors		YES	new access points and escorting to chamber	NO - other than via temporary pavillion	YES
Retail service (incl online ordering & delivery service)		YES	NO	NO	YES
Catering		YES	YES	Partially Reduced	YES
Gym		YES	NO	NO	YES
PSD Operational Hub		YES	NO dispersed across other NE buildings	NO dispersed across other NE buildings	YES
Energy Centre for Whole NE & EWEIR Resilience for PoW		YES	YES	NO	YES



160. An alternative representation of the results is demonstrated in the tri-variable chart below where the 'quality' score is mapped against the 'adjusted capital cost', with the area of the circles representing the negative Net Present Value (NPV). This means the least negative NPV is the most beneficial and accordingly, a smaller circle represents better value.

**Figure 6 Tri-Variable Chart – House of Commons**



161. As shown in Figure 6, the most expensive and worst financial value option of the ones considered in quantitative analysis is a new modular development on Horse Guards Parade (HGP SR 8). In addition to being a costly scheme such a solution has a significant (albeit temporary) impact on a Grade I listed park and national landmark, displacing a number of prominent events including several Royal events as well as commercial ones such as the annual Ride London cycling event. Importantly, given the grade listing of the location (and within the Whitehall conservation area), such a building must be removed following decant and the site returned to its original state – resulting in zero residual value or long-term use by Parliament. Whilst this option suggests little deviation from the requirements outlined in the SOAR, the high costs and lack of long-term usefulness of the facility means there is little benefit in pursuing it.



162. The lowest cost option and best financial option is RH SR 1B. This scheme avoids the demolition of Richmond House by placing a Commons chamber in the existing courtyard space and converts the existing spaces within the building to higher quality Grade A office space (albeit around 8,515m<sup>2</sup> less than in option RH SR1). Whilst this looks promising on the surface, the compromises involved are very significant. A compromised chamber with a sub-standard solution on division lobbies, no committee rooms within the secure perimeter (except the existing four committee rooms in Portcullis House), and almost no room for MP's staff, to name a few, all lead to a very low quality solution that would require a radical change to the SOAR and prevailing accommodation policies upon which RH SR 1 was conditional. Given the level to which facilities are compromised, it is unlikely that that this scheme is actually viable in terms of ensuring Parliament can continue to carry out its core functions.
163. The previously approved option of RH SR 1 offers the best balance of net present cost and facilities in comparison to the other shortlisted options. Whilst option RH SR 1A can be delivered at [REDACTED] lower capital cost than RH SR 1 its net present cost is [REDACTED] greater – mainly due to the reduction in office space available for estate consolidation in the long term. It also has a lower quality score and ultimately still requires a significant demolition of Richmond House (focussed on the northern end where the chamber would be). RH SR 1 delivers a significant long-term benefit through the maximum amount (of any option) of high-quality office space behind the existing secure perimeter of the Parliamentary estate. This allows better opportunities for consolidation of the wider Parliamentary estate through providing the opportunity to reduce the number of commercial leases required. As such, RH SR 1 should remain the preferred decant option for the House of Commons. Furthermore, while the economic appraisal can only look forward from 2020, in reality, reverting to Options RH SR 1A or RH SR 1B would mean [REDACTED] already invested in RH SR 1 by Parliament following approval of the Outline Business Case would become abortive.
164. The decision to use Richmond House as the decant facility during the renovation of the Norman Shaw North building will impact the R&R programme, delaying when work can commence to convert it to a decant facility. Whilst the need to renovate and repair Norman Shaw North is recognised, it is important that planning for the use of Richmond House is conducted on an estate-wide basis, with a long-term view of the masterplan for the Parliamentary estate. The House of Commons Commission recognise the need for engagement with the R&R programme in using Richmond House as a decant facility. It is imperative that this engagement and cooperation begin as soon as possible as the availability of this facility is on the R&R Programme's critical path.

### **The House of Lords**

165. As per the House of Commons section above, the chart below provides a summary of the model outputs and indicates the capital cost, along with an adjusted capital cost to reflect equalisation of the options (e.g. to reflect scope adjustments, or inclusion of optimism bias, etc), followed by the compromises involved in each scheme in terms of facilities and space. The capital costs are shown as positive numbers to pictorially reflect the effective quantum of investment in the assets, with the Net Present Values shown as negative. This is because the options are effectively carrying a negative rate of return – following the Green Book CBA rules, along with application of conservative benefits means no scheme considered covers its own costs.
166. The QEII building [REDACTED]  
[REDACTED] In line with Green Book guidance, the appraisal seeks to be pessimistic about benefits so as not to inflate numbers and options unfairly. As such, the





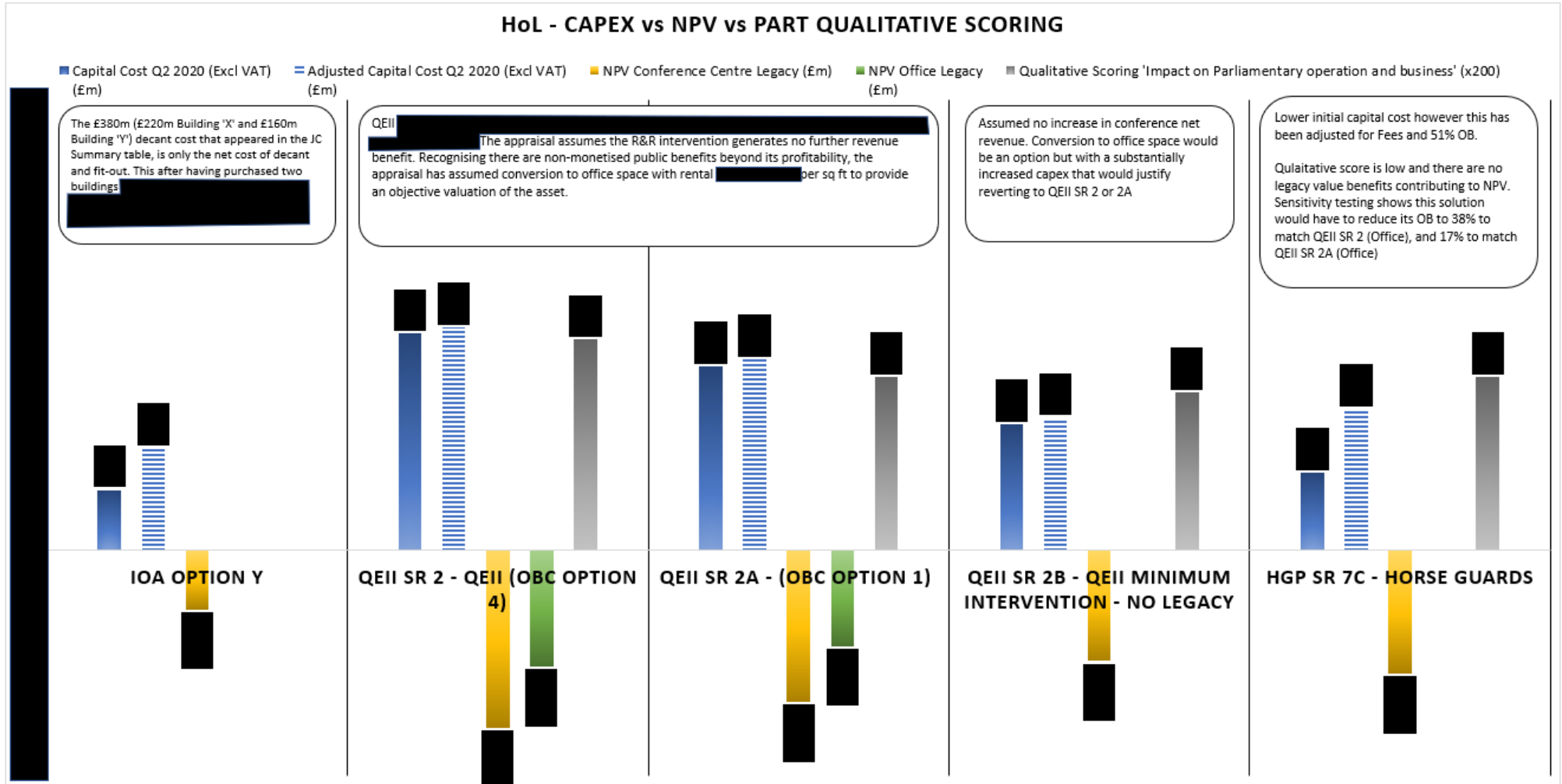
calculations assume the R&R intervention into the building for the purposes of decant generate no further revenue benefit as a conference centre. However, it should be recognised that there are non-monetised public benefits beyond its profitability alone (such as its usefulness as a securable location for international Heads of State meetings such as the Commonwealth Heads of Government Meeting). However, calibrating these benefits has not been possible. As an alternative, the appraisal also calculated the impacts of a hypothetical conversion of the conference centre to office space [REDACTED]

[REDACTED] This alternative helps to provide a comparator to consider the impact alternate uses could have in terms of the long-term value of investment by Parliament, and importantly, an objective means to calibrate what would otherwise be the monetised benefits to society of conference centre use [REDACTED]

167. It should be noted that all the options considered assume the continued use of existing Southern Estate buildings for Peers' accommodation.



Figure 7 – Quantitative (CBA) assessment for House of Lords decant options<sup>62</sup>



<sup>62</sup> All figures based on calculations in accordance with HMT guidance for economic appraisal, noting some input data is necessarily uncertain at this stage and subject to change  
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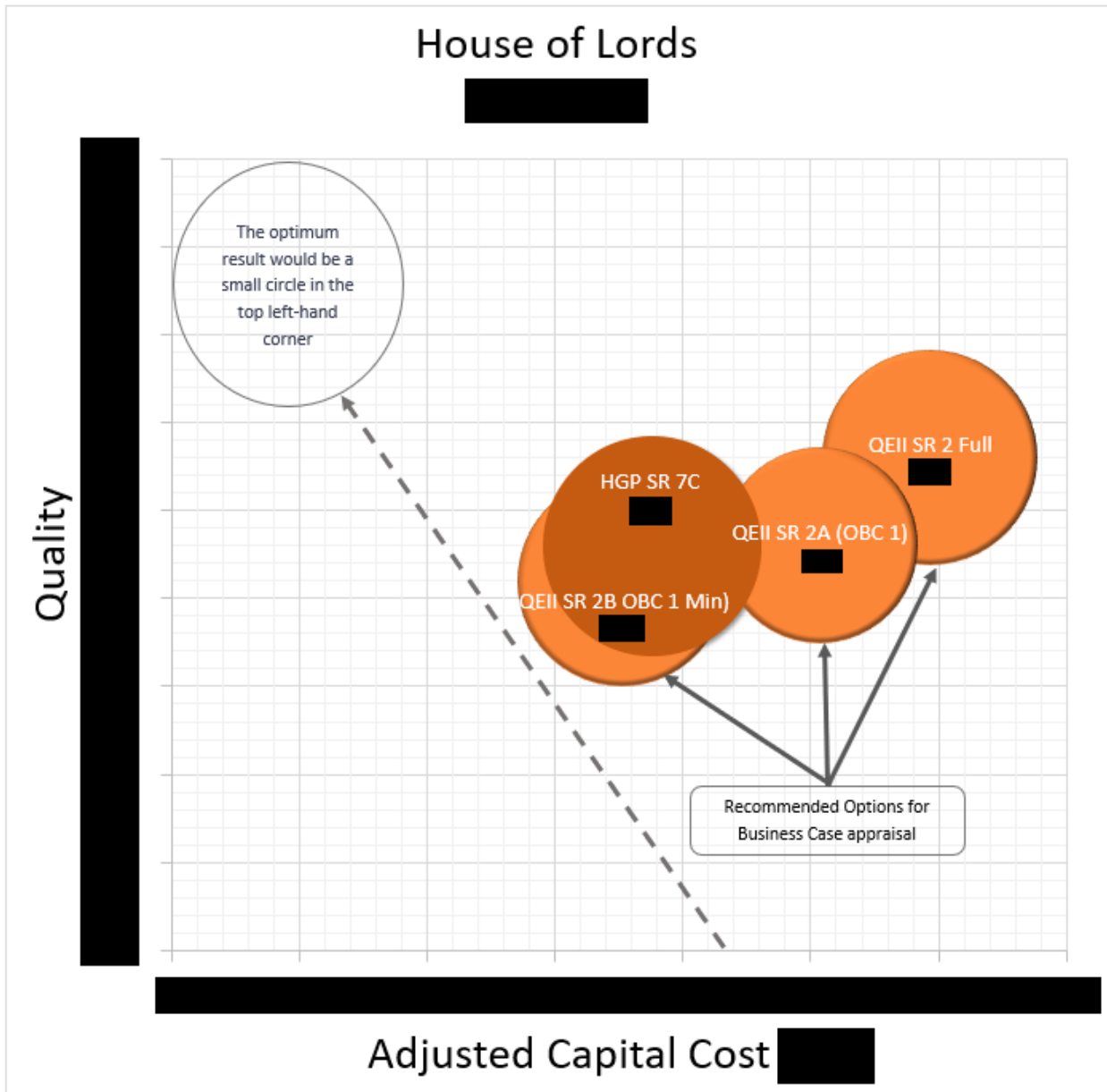
**Table 13: Summary of costs, value and compromises for House of Lords decant options**

	IOA OPTION Y	QEII SR 2 (OBC Option 4)	QEII SR 2A (OBC Option 1)	QEII SR 2B MINIMUM INTERVENTION (Based on OBC Option 1)	HGP SR 7C HORSE GUARDS PARADE (Private Sector Proposal)
NIA	Unknown	16,703 m2	15,706m2	15,706m2	11,732 m2
NIA Shortfall	Unknown	0 m2	997 m2	997 m2	4,971 m2
SOAR Compliant	Unknown	YES	No	Yes / No	No
Lords Chamber		At Lev 0	At Lev 0	At Lev 0	
Facility Compromises		- No Prince's Chamber, - No Post Office, - Reduced catering facilities relative to Palace	- No Prince's Chamber, - No Post Office, - Reduced catering facilities relative to Palace	- No Prince's Chamber, - No Post Office, - Reduced catering facilities relative to Palace - Reduced Height Committee Rooms	
Desks		651 Desks - 207 assigned desks elsewhere	651 Desks - 345 assigned desks elsewhere	- 488 to 568 Desks - 400 assigned desks elsewhere	Assigned Desks for 800 Peers
Catering Space		485 to 545 on Level 6	345 to 380 on Lev 2	345 to 380 on Lev 2	
Circulation Space:		- Large Atrium & Central Staircase - Level 3 Mezzanine - Extensive accommodation at Lev 6 - Lifts to Lev 6	- Retained Courtyard at Lev 4 & Exstg Stairs - No Level 3 Mezzanine - Limited accommodation at Lev 6 - Existing Lifts only	- Retained Courtyard at Lev 4 & Exstg Stairs - No Level 3 Mezzanine - Limited accommodation at Lev 6 - Existing Lifts only - Accessibility compromises	
Security:		- New Curtain Wall - 2 screening lanes	- Minimum facade intervention - 2 screening lanes	- Minimum facade intervention - 2 screening lanes	
MEP:		Full Replacement	85% replacement	- Replace only Vent Controls; Chillers & Cooling - Towers and primary distribution; Security (IT, UPS, CCTV)	
Committee Rooms		8 No.	8 No.	8 No.	8 No.



168. An alternative representation of the results is demonstrated in the tri-variable chart below where the 'quality' score is mapped against the 'adjusted capital cost', with the area of the circles representing the NPV. This means the least negative NPV is the most beneficial and accordingly, a smaller circle represents better value.

**Figure 8 Tri-Variable Chart – House of Lords**



169. Like with the House of Commons, the option of creating a temporary decant facility on Horse Guards Parade has certain appeals, but from a financial perspective fares poorly. Whilst having a lesser NPV, this solution has a poor qualitative score and holds significant delivery risks. In terms of NPVs, sensitivity testing shows this solution would have to reduce the 51% Optimism Bias (OB) as applied in the CBA base case to 42% to match QEII SR 2, and 20% to match QEII SR2A when assuming office legacy values.



170. With the highest capital cost of the options assessed above, the current baseline scheme (QEII SR 2) also shows the worst net present cost of all the options. Even under a scenario where the residual use was office space and therefore a much higher value, it still produces a worse net present cost than any of the other QEII schemes. The high capital costs as a result of the 100% replacement of the mechanical and electrical equipment are therefore driving down the value of the scheme, and therefore any QEII option with a lower initial outlay will yield a better return over the appraisal period.

171. The best value for money option under this analysis therefore is QEII SR 2B which involves essential only upgrades to the building's mechanical and electrical (M&E) systems and minimises interference with the structural fabric of the building and its current layout. This has the potential to offer a capital cost saving [REDACTED] compared to QEII SR 2, and [REDACTED] improvement in net present cost. This comes with compromises such as a reduction in desk space by almost half, and further work will be required on:

- the level of functionality that can be achieved from the existing M&E systems;
- the extent to which statutory approvals will allow these M&E systems to be retained; and
- the extent of maintenance required to support operation of the building.

Overall, the level of facilities available in this option remain good, with no compromise on certain key areas such as committee rooms.

172. The decision on which option is taken forward will be made at Outline Business case stage.



### **Co-Location Options**

173. The terms of reference for the Strategic Review required not only a review of alternative potential decant options in comparison to the current strategy, but also an assessment of options that may offer better value subject to compromises to functionality. A review of options on co-location of both Houses on a single site or area has also therefore been considered as part of the review.

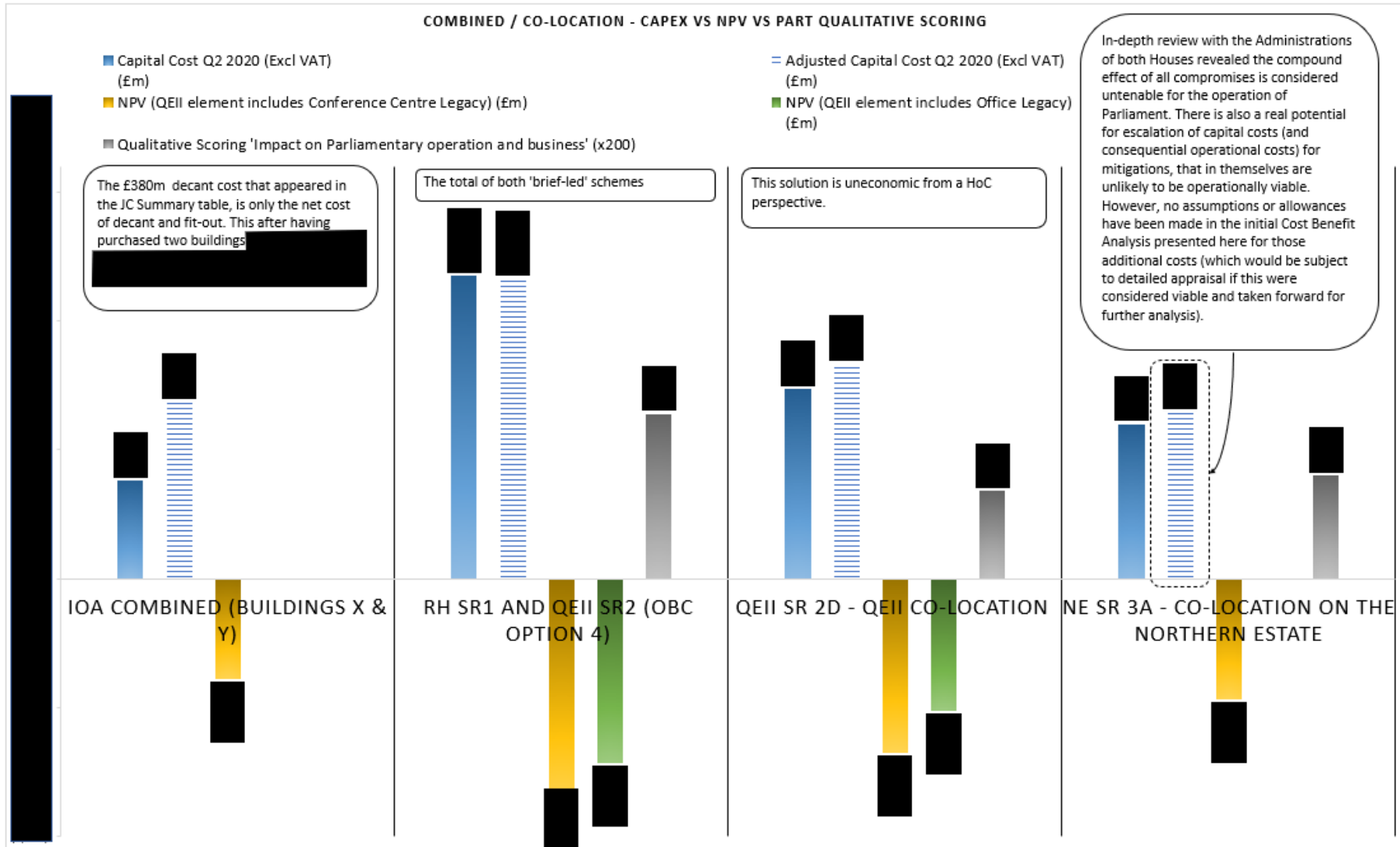
174. The chart overleaf provides a summary of the model outputs for co-location options compared against the combined pairing of Richmond House and QEII.<sup>63</sup> The capital costs are shown as positive numbers to pictorially reflect the effective quantum of investment in the assets, with the Net Present Values shown as negative. This because the options are effectively carrying a negative rate of return – following the Green Book CBA rules, along with application of conservative benefits means no scheme considered covers its own costs.

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<sup>63</sup> Whilst the IOA attributes Building 'X' to the House of Lords and Building 'Y' to the House of Commons on an approximate 60/40 apportionment of cost, the CBA at section [6.6] has assumed the reverse, on the basis that: Option 'X' was proposed in the IOA for Partial decant (i.e. for use by both Houses by decant in series); and a full decant utilising both Buildings 'X' and 'Y' would be the summation of these costs. The [protocol] of cost apportionment within Parliament is 60% to House of Commons and 40% to House of Lords.



Figure 9 – Quantitative (CBA) assessment for Combined and Co-location decant options<sup>64</sup>



<sup>64</sup> All figures based on calculations in accordance with HMT guidance for economic appraisal, noting some input data is necessarily uncertain at this stage and subject to change  
 Strategic Review of the Restoration and Renewal Programme



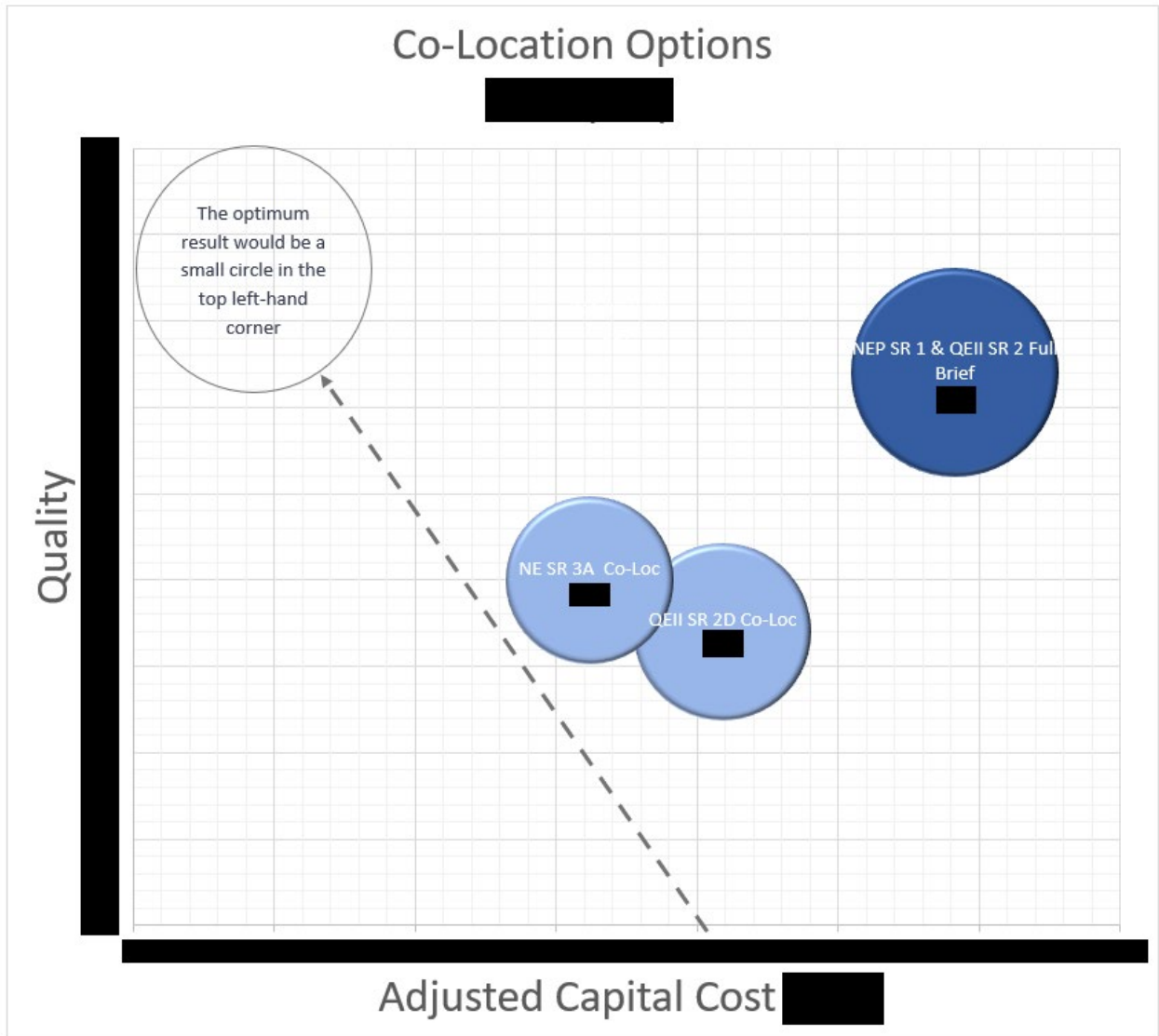
**Table 14: Summary of costs and values for co-location decant options**

	IOA OPTION X & Y	COMBINED		COMBINED		HoC & HoL NE SR 3A CO-LOCATION ON THE NORTHERN ESTATE
		HoC RH SR 1 Currently in Planning	HoL QEII SR 2 (OBC Option 4)	HoC QEII SR 2D CO-LOCATION (Not Min Intervention) (HoC 60% Share)	HoL QEII SR 2D CO-LOCATION (Not Min Intervention) (HoL 40% Share)	
NIA	Unknown	35,188 m2		17,250 m2		18,485 m2
NIA Shortfall	Unknown	0 m2		17,938 m2		3,419 m2
SOAR / Brief Compliant	Unknown	YES		NO		NO
Chambers		YES	YES at Lev 0	YES at Lev 0	YES at Level 3	YES HoC in RH HoL in NSN
Division Lobbies		YES	YES	YES	YES	YES
Secondary Debating Chamber		1	1	1	1	Shared Grand Committee Room
Committee Rooms		11 (+ 4 PCH)	8	NO (8 No)	8	15 Shared
Members & Staff		YES (650 Members + 1,300 Staff)	651 Desks - 207 assigned desks elsewhere	111 Members and 222 Staff on Site No Member Accommodation for 539 Members and 1,078 Staff	48 Desks	HoC: 650 Members and 880 staff. approx 420 Members' Staff to temp accomm HoL: 408 Desks
Catering		YES	485 to 545 on Level 6	485 to 545 Shared on Lev 6		886 Shared
Education, Press, Media & Library		YES	YES	NO	NO	Shared: (Noting NEP provision is c50% less than existing)



175. An alternative representation of the results is demonstrated in the tri-variable chart below where the 'quality' score is mapped against the 'adjusted capital cost', with the area of the circles representing the negative NPV. This means the least negative NPV is the most beneficial and accordingly, a smaller circle represents better value.

**Figure 10 Tri-Variable Chart – Co-location**



176. The co-location option results include, for comparative purposes, a combined value of hypothetical decant facility 'X' and 'Y' as hypothesised in the 2014 IOA, along with a combined total of 'brief-led' schemes RH SR 1 & QEII SR 2. Similarly, the option to co-locate in QEII is also shown, albeit this option was dismissed individually from a Lords and Commons perspective.

177. Both the QEII and Northern Estate co-location options appear to offer lower capital costs than the combined cost of separate Richmond House and QEII proposals. However, these savings are achieved through very significant compromises in functionality and operability.





178. Co-location in the QEII would mean both Houses operating across split sites (Southern Estate and QEII for the Lords, and Northern Estate and QEII for the Commons). This would bring additional logistical challenges for both Houses and introduce significant security issues for the Commons. This, combined with the reduced space and facilities available to each House, and the lack of residual value in redeveloping QEII, means that this option appears neither viable nor good value.
179. Co-location on the Northern Estate also appears untenable. Compromises such as significantly fewer committee rooms, shared secondary chambers, shared catering, potential restrictions or limitations on press and public access, combined with limited circulation space around the Lords chamber would all require significant changes to the operation and business of both Houses. This would range from more shared offices for Members, to a requirement for remote working of many MP's staff. In addition, for both the Northern Estate and QEII co-location, the addition of a chamber will likely mean congestion of space and facilities as more and more Members and Peers would not have accommodation near the chambers and limited space in which to congregate. This would likely lead to issues requiring additional space for fire safety and security mitigations, and the need for additional space for other facilities. None of these spaces have been assessed in the already tight and compromised space initially looked at.
180. Having tested the Northern Estate option in some depth with the Administrations of both Houses, it is clear that the compound effect of many different issues and the necessary additional compromises to ways of working and the ability of Parliament to conduct its business (on already compromised specifications) mean that co-location on the Northern Estate would not be operationally viable. Ultimately, the compromises and mitigations would result in constraints on or alterations to the operation of Parliament which are not practically feasible, and could significantly impact the ability of Parliament to react in an expedient and agile way as is often required, and therefore impact its ability to conduct its business. Further, there is a real potential for escalation of costs as the true scope of mitigations for the issues arising is fully understood, which could erode the initially attractive cost savings of both Houses decanting to the Northern Estate. Therefore, this option should not be pursued further.

#### **Summary of decant scope and location analysis**

181. Redevelopment of Richmond House provides the optimum solution for temporary accommodation for the House of Commons while the Palace cannot be occupied. However, the decision by the House of Commons Commission in September 2020 to use Richmond House for three years as the decant facility during works to Norman Shaw North could delay the R&R Programme. With Richmond House occupied by MPs and staff displaced from Norman Shaw North, any work to Richmond House for the purposes of R&R could not commence until Norman Shaw North is complete. To help mitigate this delay, and as acknowledged by the House of Commons Commission, this requires further engagement between the Programme and the House of Commons Service to agree and align outcomes.

**Recommendation 5: Richmond House should continue to be pursued as the decant solution for the House of Commons. The Programme and House of Commons Service need to explore the optimum use of Richmond House as a temporary location for the House of Commons, taking into account the wider works planned on the Northern Estate and the work on estate-wide master planning.**

182. The QEII Conference Centre remains the optimum decant location for the House of Lords.

**Recommendation 6: Work on the (separate) Outline Business Case for use of the QEII Conference Centre as a decant solution for the House of Lords should continue. The business case options**



should be re-baselined to a 'Do Minimum' starting point, enabling options to be developed upwards to identify the optimal blend of value for money and functionality.

**Sensitivity Testing for Decant Scope and Locations**

183. The results in the graphs and tables above result from the base case assumptions of the cost benefit analysis (CBA) as set out in Annex K. The tables below explore a number of changed assumptions in demonstration of the sensitivity of the CBA against a number of varied inputs. This for the purpose of testing the sensitivity of the CBA and the resultant recommendations.

**Table 15 Sensitivity Testing - House of Commons**

[REDACTED]		[REDACTED]								[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	



[REDACTED]	[REDACTED]									[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



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**Table 16 Sensitivity Testing – House of Lords**

[REDACTED]		[REDACTED]							[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	

[REDACTED]




**Cost Benefit Analysis Model Assurance**

184. The Cost Benefit Analysis has been subjected to assurance as follows:

- Initial methodology and approach reviewed with the Sponsor Body’s Business Case Team.
- Capital Cost inputs provided via assured costs from the R&R Delivery Authority and NEP teams.
- Rental value assumptions reviewed with Parliament’s In-House Services and Estates team.



- Model operation and formulae reviewed by the Sponsor Body 's Programme and Assurance Team.
- An assurance review has been undertaken by the Infrastructure and Projects Authority (IPA). IPA confirmed "IPA have undertaken to provide a light touch read through of the strategic review's Cost Benefit Analysis in relation to the short-listed decant options and have made general comments. The read through covered compliance with Green Book assumptions and methodology, and the model's operation in translation of costs and benefits into outputs".



## **6.0 Governance and Accountabilities**

185. Strong and clear governance will be essential in delivering this complex and large-scale Programme. As outlined in the 2020 National Audit Office (NAO) and Public Accounts Committee (PAC) reports, the relationship between the parties (the Sponsor Body, Delivery Authority and both House administrations) must be a close one to deliver successful outcomes for the Programme and ultimately Parliament.<sup>67</sup>
186. While progress has already been made, including the agreement of a Parliamentary Relationship Agreement (PRA) between the Sponsor Body and the House administrations, and a Programme Delivery Agreement (PDA) between the Sponsor Body and Delivery Authority, which will be living documents providing a framework for the relationship between these bodies, changes to the current approach are required to make governance arrangements more streamlined and agile, while recognising the ongoing strategic importance of engagement with a diverse stakeholder audience.
187. In governance terms, it will be important to take into account the different stages of the Programme's lifecycle. The arrangements that are in place for Phase 1 (up to the development of the Outline Business Case) will need to be reviewed prior to the start of Phase 2 (the delivery of the works) to ensure they are appropriate for the range of issues and risks that will exist during the delivery stage. As well as work to ensure that that arrangements for Phase 1 are as efficient and effective as possible, it will also be important to commence planning work for the arrangements to be applied for Phase 2 during 2021.
188. The key areas that require greater clarity during Phase 1 are:
- (1) Agreement of clear user requirements;
  - (2) The approval process for the Outline Business Case in both Houses;
  - (3) Roles and responsibilities, including management of interfaces, between the Programme and Parliament in relation to:
    - (a) The relationship with works on the Northern Estate;
    - (b) Ongoing works and services provided by the House administrations, including any early works as part of a phased approach; and
    - (c) Master planning for the Parliamentary Estate.
189. Getting these arrangements right will be key to the success of the Programme. As can be seen from other major programmes, clarity of requirements, accountabilities and governance are fundamental in determining the success or failure of a programme.

### **Governance and Accountabilities for the Restoration and Renewal Programme**

#### **Parliamentary Buildings (Restoration and Renewal) Act 2019**

190. On 8 April 2020, the Sponsor Body was established as an independent body by section 2 of the Parliamentary Buildings (Restoration and Renewal) Act 2019 ('the 2019 Act') to oversee the Programme on behalf of Parliament.
191. Section 2(2)(a) and (b) of the 2019 Act place a duty on the Sponsor Body to determine the strategic objectives of the building works, as well as making strategic decisions relating to the carrying out of

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<sup>67</sup> See NAO, [Palace of Westminster Restoration and Renewal Programme](#) (April 2020), and PAC, [Restoration and Renewal of the Palace of Westminster](#) (October 2020).



those works. In performing these duties, section 2(3) also requires the Sponsor Body to consult members of each House in accordance with its Member Consultation Strategy.

192. The Sponsor Body continues to be accountable to both Houses for the Programme as a whole, including the progress of the works and its funding. The Delivery Authority, which was established as a company by limited guarantee in May 2020, is accountable to the Sponsor Body for the delivery of the Programme. Before April 2020, the Sponsor Body and Delivery Authority existed in shadow form as part of both Houses' governance structures but are now subject to oversight by their respective boards, which co-exist within an overall Programme governance structure.
193. When the Parliamentary Buildings (Restoration and Renewal) Bill was considered by both Houses in 2019 the policy intention was to establish an arms-length governance structure to oversee and deliver the works, on behalf of Parliament but retaining accountability to it, recognising that Parliamentary governance structures were not set-up for delivering a major programme. Recognising that Members of both Houses were the primary stakeholders for the Programme, a policy decision was also made that parliamentarians should form the majority of the Sponsor Board members over external members, which was enshrined in the 2019 Act. As a result, four members of each House were appointed as members of the Board by a resolution of each House in March 2020, along with five external members including the Chair.
194. Recognising its more technical, delivery role, the Delivery Authority Board has 10 members with backgrounds in programme, infrastructure, and corporate services. Two of its members are drawn from the Sponsor Body Board, to ensure close coordination and alignment between the work of both bodies.

### **Retained accountabilities for Parliament regarding the Programme**

195. Under the 2019 Act and the terms of the PRA, the House Commissions retain responsibility for the following specific roles regarding the Programme:
- (1) Agreeing designations to change the scope of the Programme (section 1(1)(b) of the 2019 Act).
  - (2) Agreeing the Phase 1 and 2 Expenditure Limits (paragraph 4(1), Schedule 4 to the 2019 Act).
  - (3) Appointing the Sponsor Body Chair, on the basis of merit following fair and open competition, including any interim chairs and suspensions thereof, where appropriate (paragraph 2(1), Schedule 1 to the 2019 Act).<sup>68</sup>
  - (4) Consenting to the appointment of the Delivery Authority Chair (paragraph 1(2), Schedule 2 to the 2019 Act).<sup>69</sup>
  - (5) Settling any differences between the Sponsor Body and Delivery Authority regarding the agreement of the Programme Delivery Agreement (PDA), which either body may refer to the House Commissions (section 4(4) of the 2019 Act).<sup>70</sup>
  - (6) Being consulted on the dissolution of the Sponsor Body and Estimates Commission and consenting to the dissolution of the Delivery Authority by the Sponsor Body, but only after completion of Parliamentary building works (section 11 of the 2019 Act).
  - (7) As supported by the Programme, responsibility for determining the Master Planning principles regarding the longer-term approach to occupancy across the Parliamentary Estate, including decisions on how and where certain parliamentary functions might be conducted (clause 24 of the PRA).

<sup>68</sup> Both House Commissions agreed to the appointment of Liz Peace as Chair of the shadow Sponsor Body in July 2018, following a fair and open recruitment exercise.

<sup>69</sup> Both House Commissions consented to the appointment of Mike Brown MVO as Chair Designate of the Delivery Authority in October 2019.

<sup>70</sup> The PDA was agreed by the Sponsor Body and Delivery Authority in May 2020 and no reference was made to the House Commissions to settle any differences.





- (8) Accountability for the process of moving Members, Members' staff and Parliamentary staff from the Palace to the decant locations and back again where applicable (clause 35 of the PRA).
- (9) Acquisition of property for the decant locations (clause 48 of the PRA).
- (10) It is anticipated that both House Commissions will be consulted on the draft Outline Business Case before both Houses are invited to endorse this (not stipulated by the 2019 Act or PRA).

196. Under section 8 of the 2019 Act, the Estimates Commission is responsible for considering the annual estimates for the Programme before they are laid before the House of Commons for approval.

### **Sponsor Body's Accountability to Parliament**

197. To support its accountability to Parliament the PRA also obliges the Sponsor Body to:

- (1) Provide 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.
- (2) Appoint spokespeople in each House, who will respond to any questions and make written statements on its behalf.

198. 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.

### **The Scope of the Programme**

199. At present the scope of the Programme, which is set out in Schedule 1 to the PRA, includes the restoration works to the Palace, the preparation of the QEII building as a decant location for the House of Lords and the decant of some of the heritage collections. The scope of the Programme does not include the decant location for the House of Commons, currently Richmond House, which resides with the House of Commons Commission.

### **Northern Estate Programme**

200. The House of Commons Commission continues to be responsible for the works to the Northern Estate, including the proposed redevelopment of Richmond House as a temporary home for the Commons. The previously approved approach, including the proposed substantial redevelopment of Richmond House as part of the planning application which was submitted to Westminster City Council in October 2019, is in line with the Statement Of Accommodation Requirements and the NEP Outline Business Case, including the scope and budget, which were agreed by the House of Commons Service in May 2019.

201. In April 2020, the then shadow Sponsor Board expressed concerns about the viability of the Palace restoration works commencing on schedule due to its critical dependency on the enabling NEP works being completed in advance and on schedule. The Board considered the outcome of an assurance review and noted the significant risks to cost and time that had become clear since the NEP OBC was agreed in summer 2019. The most significant risks, which the Board appreciated were not wholly within the gift of NEP to manage and were not accommodated as part of the OBC, included planning risks, interface risks, and the risk of continued changes to NEP's scope. The impact of the COVID-19 pandemic, including the closure of construction sites on the Parliamentary Estate for a number of months, also built in more delay to the already strained NEP schedule.



202. On 14 September 2020, the House of Commons Commission agreed that Richmond House would be used as accommodation for MPs and House staff in 2021, in order to facilitate the decant of Norman Shaw North to allow restoration works to that building to commence as soon as possible.
203. On 9 November, the House of Commons Commission considered the future of NEP and agreed to reintegrate it within the In-House Services and Estates team from the beginning of December 2020 as part of a more agile portfolio of business-as-usual projects. The timing and extent of works to individual buildings on the Northern Estate would thereafter be considered individually and in the light of changing circumstances and Members' requirements, and according to a vision provided by the Parliamentary Master Plan and asset management considerations.
204. The House of Commons Service made it clear that this decision was intended to keep options open regarding the future of the R&R Programme, while enabling the House of Commons Service to move forward with renovation projects on the Northern Estate which did not carry any dependencies on the R&R Programme in the meantime. Furthermore, allowing progress to be made on the refurbishment and maintenance of these buildings would build capacity for any early stage moves required for the R&R works, while also allowing the House of Commons Service to adjust to the recommendations of this review accordingly.

#### **Designation of the Northern Estate Programme**

205. While both House Commissions agreed in 2019 to 'designate' NEP as being part of the R&R Programme's scope, in principle, under section 1(1)(b) of the 2019 Act,<sup>71</sup> the precise arrangements for this designation were deferred until after the Act entered into force and following the outcome of this review.
206. In its October 2020 report, the Public Accounts Committee also recommended that the Sponsor Body should provide details of its interdependencies with NEP, as well as identifying projects which it believed were critical to the Programme and which should therefore be brought within its scope. However, as part of the decision taken by the House of Commons Commission on 9 November, the House of Commons Service determined that managing the dependencies between the new portfolio of projects and the R&R Programme did not, at that stage, require the designation of any of these projects to the Sponsor Body and Delivery Authority. Accordingly, the House of Commons Commission confirmed that it did not intend to pursue designation as the current scope of the portfolio did not include any decant arrangements for the Palace of Westminster.

#### **Management of Dependencies**

207. Close working between the Programme and the House of Commons Service will be required in order to manage the dependencies effectively, and the parties have agreed to capture the arrangements for this as part of a future iteration of the PRA.
208. In the meantime, Programme officials and members of Parliament's In-House Services and Estates team work closely together through the Dependencies Board, which looks across the estate portfolio and identifies both dependencies to manage and existing and upcoming projects and whether they will impact on, or potentially form part of the Programme scope going forward.
209. The review's analysis suggests that the redevelopment of Richmond House as a Commons decant venue during the R&R works provided the best value for money option. However, in the light of the decisions taken by the House of Commons Commission in September and November 2020 it is

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<sup>71</sup> Which requires any designation to be agreed by both House Commissions in the first instance, and then endorsed by the Sponsor Body and Delivery Authority.



recommended that the Programme and the House of Commons Service should work together, in parallel with the development of a phased approach to the works, to determine what the decant arrangements will be, including timelines and the optimum way of delivering this in line with the Master Plan (which is considered below).

210. If the redevelopment of Richmond House remains a key enabler of the Programme, as a decant venue for the House of Commons, agreement needs to be reached between the Programme and the House of Commons Service in the short-term regarding the management of the dependencies between the two Programmes, as well as the optimum division in accountabilities.

## **Programme Governance**

### **Working together**

211. Reports on the Programme which were published by the NAO and PAC in 2020 both focussed on the importance of the relationship between the Programme and both Houses, and this will no doubt be the subject of further public scrutiny. The relationship between the parties must be a close one to deliver successful outcomes for the Programme and ultimately for both Houses, particularly in the run up to the agreement of the Outline Business Case (OBC) by both Houses.
212. Significant progress has already been made to articulate the respective roles and obligations of each party, as set out in the PRA.<sup>72</sup> However, further changes to the current approach are considered necessary to render the governance arrangements more streamlined and agile, while recognising the ongoing strategic importance of engagement with a diverse stakeholder audience. Whilst achieving such an approach is not without its challenges, it will be imperative in ensuring that the Programme is successful and able to make the clear and timely decisions necessary to deliver a programme of this scale and complexity.

### **Parliamentary Relationship Agreement**

213. A Parliamentary Relationship Group (PRG) was established by the PRA as a high-level forum between the Sponsor Body and both Houses, including the Clerks of both Houses and the Chief Executive of the Sponsor Body as members. At the PRG's first meeting on 30 September 2020, the parties noted that the existing arrangements were not yet fully optimal, with the underlying themes concerning governance, engagement, and information exchange. As a result, the PRG endorsed a re-set of the relationship and resolved to collaborate on the planning and development of following items of joint work, some of which will feed in to the 12-month review of the PRA, which will take place in Easter 2021:
- (1) RACI<sup>73</sup> matrices for each project work-strand (including the Palace and the Heritage Collections) and the Master Planning Process (to be appended to the PRA).
  - (2) Handover and soft landings arrangements regarding the transfer of any works from Parliament to the Programme (to be appended to the PRA).
  - (3) Requirements management process (to be incorporated in the PRA).
  - (4) Data and information exchange process (to be developed as a supporting process under the PRA).

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<sup>72</sup> Following its consideration by the Sponsor Body Board and both House Commissions, the first iteration of the PRA was signed by the Corporate Officers and the Chief Executive of the Sponsor Body on 8 April 2020. A revised version of the PRA was signed by the parties in November 2020, with a further review scheduled to take place in April 2021, and annually thereafter. The current version is available [here](#).

<sup>73</sup> A project management tool used to help identify involvement in projects and decisions (Responsible, Accountable, Consult, Inform = RACI)



- (5) Change control process with respect to the preparation of the business case (required by the end of Phase 1 of the works, which is likely to be incorporated in the PRA as part of a future annual review).

214. The following documents will also be produced by the Sponsor Body in the short-term with input from both Houses (but will not form part of the PRA):

- (6) Strategy for the approval of the Outline Business Case.
- (7) Strategy for Parliamentary Engagement.

### **Requirements**

215. Proposals regarding the Programme's objectives, themes and goals have been considered in chapter 3 of this report, which also notes the role of the Joint Working Group of both House Boards in providing strategic steers to the Programme regarding design and Master Planning requirements.

216. Recognising that clear requirements will be critical for the Programme to develop the Outline Business Case, the NAO recommended that the Sponsor Body and Parliament put in place clear structures to work together to establish a single set of objectives and requirements.

217. While some high-level requirements have already been set by Parliament as part of the agreed Themes and Goals, which have been developed further in the Strategic Steers, a significant number of more detailed requirements still need to be considered and agreed.

218. The development of a Requirements Management Strategy is underway across the Sponsor Body and Delivery Authority, which will include engagement with both House administrations. 28% of business requirements were considered by the Joint Working Group in November 2020. The remaining 72% will be considered in two tranches, with the intention of finalising these working assumptions by the end of the 2020-21 financial year.

219. The NAO also observed that in order for the Programme to work effectively with Parliament to develop these requirements, an effective engagement strategy was required. To this end the Sponsor Body is developing a Parliamentary Engagement Strategy, with input from both Houses, which it intends to finalise in early 2021. This Strategy and the continuing role of the Joint Working Group will play a key role in producing the requirements which will inform the development of the Outline Business Case.

### **Decision making**

220. The NAO report also recommended that Parliament should allow the Sponsor Body to make decisions and fulfil its statutory role, using clear and agreed measures to monitor its progress. A significant example of this will be the process for revisiting decisions if Programme requirements change following the agreement of the OBC, with approval for significant changes required from both Houses under section 7 of the 2019 Act. Therefore, the NAO recommended that the Sponsor Body and Parliament "introduce clear and agreed change processes that establish which changes are significant enough to reopen requirements after the business case has been approved, and how the time and cost implications of any changes are weighed against potential benefits." This is therefore one of the governance matters which will need to be agreed before both Houses are invited to endorse the OBC.



### **Master Planning**

221. The Programme objectives also need to be clearly linked to the intended future use of the Parliamentary Estate, which will in part be determined by the Master Planning requirements for which both Houses remain accountable under the terms of the PRA, with support from the Programme.
222. The Joint Working Group of both House Management Boards, with support from the Programme, has begun to consider a number of outline Master Plan strategies against 5, 15 and 30 year time frames to ensure the short term requirements of Parliament are met, whilst considering the evolution of the Estate in the long term.
223. This work has been designed to provide initial input into the development of the OBC by the beginning of 2021, with further, more detailed, input to follow later in the same year when more developed strategies have been considered. The endorsement of both House Commissions will be sought regarding the outcome of this work in due course.

### **Conclusions**

224. The areas considered above underscore the importance of determining clear user requirements, securing timely decision-making, and having clear accountabilities; all supporting clarified Programme objectives, strategic themes and goals, and project-specific objectives. Clarity of governance and decision-making is equally important with respect to Phase 1 of the works, including defining the scope and agreeing the Outline Business Case, as it is regarding Phase 2, when the delivery of the works will commence. These project and programme management building blocks will be critical in ensuring the successful delivery of the Programme.
225. While much of this work is already underway the next chapter, suggests a more structured timetable for the completion of these activities, including identifying the priority areas and those which should be determined by the end of Phase 1 of the works, when both Houses will be invited to agree the Outline Business Case. This timetable also responds to the recommendation by the Public Accounts Committee that the Sponsor Body should confirm the key milestones which need to be completed before building work can commence on restoring the Palace.

**Recommendation 7: To ensure the successful delivery of the Programme, governance arrangements are required that balance the need for streamlined and agile decision making whilst respecting the legitimate interests of Parliamentary stakeholders in making such decisions. Any governance structure will only be as strong as the working relationships and cultures which underpin it, and while the key relationships are still finding their feet a renewed sense of achieving the Programme’s objectives as a “shared endeavour” is critical to fully realising the benefits for all of the parties.**



## 7.0 Next Steps

226. This chapter sets out the next steps which are required to enable the preparation of the Outline Business Case for consideration by both Houses and the milestones which must be met prior to the building work commencing.

**Table 18**

Stage 1 (Early 2021*)	Stage 2 (c.Easter 2021)**	Stage 3**	Stage 4**	Stage 5**
Endorsement of Programme Objectives	Agreement of a requirements management process***	Finalisation of Outline Business Case for Lords Decant	Agreement of change management process regarding the OBC***	Public consultation for planning application
Endorsement of the way forward regarding the preferred delivery strategy and decant locations	Agreement of clear accountabilities and management of interfaces between the Programme and Parliament in relation to NEP, including designation***	Master Planning Principles agreed for the Parliamentary Estate	Preparation of Outline Business Case by Sponsor Body	Planning application submission and achieving planning consent
Consider implications of decision to use Richmond House for Norman Shaw North decant	Approval of the revised Phase 1 Expenditure Limit by the House Commissions + 2021-22 Estimate by the Estimates Commission	All necessary surveys to understand the condition of the Palace completed	Approval of the Outline Business Case by both Houses	Approval of Full Business Case by the Sponsor Body



# HOUSES OF PARLIAMENT

## RESTORATION & RENEWAL

Consider what works could be carried out while Parliament continues to occupy the Palace as part of a phased approach to the works	Review of rules allowing work to be stopped if deemed too disruptive to ensure they balance the operation of core Parliamentary activity with the need for intrusive building surveys to inform the business case	Agreement of clear user requirements	Clarity regarding delegations to Sponsor Body, and reservations to Parliament, regarding Programme decision-making from the beginning of Phase 2***	Contract awards
			Approval of the Phase 2 Expenditure Limit by both House Commissions	Decant facilities construction/fit out
			Agreement of noise toleration protocol?	Enabling works/setting up the site
				Decant of people and heritage assets

\* As part of the outcome of the strategic review

\*\* Subject to development of the Business Case strategy and plan

\*\*\* As part of the 12-month review of the PRA or subsequent annual reviews



## Glossary

<b>Term</b>	<b>Definition</b>
Business Case Strategy	The strategy which was agreed by the Sponsor Body Board to produce the Outline Business Case for the Programme.
Cost benefit analysis	A systematic approach to estimating the strengths and weaknesses of alternative options, which is used to determine the options which provide the best approach to achieving benefits while preserving savings.
Delivery Authority	A company limited by guarantee established by the Sponsor Body under the 2019 Act to deliver the works for the restoration and renewal of the Palace of Westminster.
Discounted cash flow	A valuation method used to estimate the value of an investment based on its expected future cash flows.
Estimates Commission	A body established by the 2019 Act, including two Members of each House, which is responsible for reviewing and laying before the House of Commons the Sponsor Body's annual and supplementary estimates of expenditure. In so doing, it must seek the views of HM Treasury and have regard to its advice. It is through approval of these annual estimates that the Programme will be funded by Parliament.
Green Book	The Green Book is guidance issued by HM Treasury on how to appraise policies, programmes and projects. It also provides guidance on the design and use of monitoring and evaluation before, during and after implementation.
House of Commons Service	The House of Commons corporate body, which is led by the House of Commons Executive Board to deliver the strategy set by the House of Commons Commission.
House of Lords Administration	The House of Lords corporate body, which is led by the House of Lords Management Board to deliver the strategy set by the House of Lords Commission.
House administrations	A collective reference to the House of Commons Service and the House of Lords Administration.
House Commissions	The Commissions of each House are chaired by the relevant Speaker and are responsible for providing strategic direction regarding the administration and services of their respective House administrations, including the maintenance of the Palace of Westminster and the rest of the Parliamentary Estate.





# HOUSES OF PARLIAMENT

## RESTORATION & RENEWAL

House Management Boards	The House of Commons Executive Board and House of Lords Management Boards are chaired by the Clerk of the House of Commons and Clerk of the Parliaments, respectively, and are the most senior body of officials in each House. They provide corporate leadership to their respective administrations, and support and advise their respective House Commissions within the strategic framework which they have agreed.
Independent Options Appraisal	An independent appraisal of a range of options for the delivery of the Programme, which was conducted by a Deloitte-led consortium in 2014.
Infrastructure and Projects Authority	The Government's centre of expertise for infrastructure and major projects.
In-House Services and Estates	A bicameral Parliamentary team, which forms part of the House of Commons Service, which is responsible for business as usual estates projects, including different projects on the Northern Estate, and the provision of in-house services such as catering and maintenance.
Joint Committee of the Palace of Westminster	A joint committee of both Houses of Parliament established in 2015 to consider the Independent Options Appraisal and make recommendations to Parliament.
Joint Working Group	A joint body established by the House Management Boards in November 2019 to determine a set of strategic design steers for the Palace, whose remit was extended in April 2020 to also provide steers for the Master Planning Process, as well as wider design assumptions being made by the Programme.
Lords Decant Accommodation Outline Business Case	The OBC for the House of Lords Decant accommodation, which is distinct from the OBC for the restoration of the Palace and is being developed by the Programme regarding the scope, funding envelope and schedule for the Lords decant accommodation works.
Master Planning Process	The process to articulate and capture a longer-term view on occupancy across the Parliamentary Estate, including decisions on how and where certain parliamentary functions might be conducted. Under the Parliamentary Relationship Agreement, the House Commissions are accountable for this work, which will be supported by the Programme.
Mechanical and electrical services	A number of different services which are essential to the effective running of the Palace of Westminster, including gas, heating, electricity, water and telecommunication services, which are located in the basement and an extensive labyrinth of vertical and horizontal air shafts and tunnels throughout the fabric of the building.
National Audit Office	The NAO is the UK's independent public spending watchdog, which supports Parliament in holding the Government to account and helping improve public services by conducting high-quality audits.



# HOUSES OF PARLIAMENT

## RESTORATION & RENEWAL

Net present cost	The net present cost (or life-cycle cost) of an asset is the present value of all the costs of installing and operating the asset over the lifetime of a project, minus the present value of all the revenues that the asset earns over the project lifetime.
Net present value	Net present value is the difference between the present value of cash inflows and the present value of cash outflows over a period of time.
Northern Estate	The northern part of the Parliamentary Estate, which includes Richmond House, Norman Shaw North and South, Derby Gate, Canon Row and 1 Parliament Street, as well as Portcullis House.
Northern Estate Programme	A programme of works to refurbish and redevelop the buildings on the Northern Estate (except Portcullis House), which was established by the House of Commons Service in 2014 and closed in November 2020.
Northern Estate Programme Outline Business Case	The OBC for the Northern Estate Programme, which is distinct from the OBC for the restoration of the Palace and was agreed by the House of Commons Service in 2019. It includes the scope, funding envelope and schedule for the NEP works.
Outline Business Case	The proposals for the design, cost and timing of the works for the restoration of the Palace which will be formulated by the Delivery Authority under section 3(4)(a) of the 2019 Act, as required by the Sponsor Body under section 2(2)(e) of the 2019 Act.
Palace of Westminster	A Palace designed in the Gothic Revival style by Charles Barry and Augustin Pugin and built in the mid-nineteenth century to accommodate both Houses of Parliament, following the destruction of most of the medieval Palace by fire in 1834. The other parts of the Palace include the Elizabeth Tower ('Big Ben'), the Victoria Tower, and Westminster Hall which survived the 1834 fire. The Palace has been a Grade I listed building since 1970 and part of a UNESCO World Heritage Site since 1987.
Parliamentary Buildings (Restoration and Renewal) Act 2019	An Act of Parliament which sets out the governance arrangements for the Programme, including establishing the Sponsor Body and Estimates Commission, and empowering the Sponsor Body to establish the Delivery Authority. It also makes provision regarding the relationship between both Houses and the Sponsor Body; the relationship between the Sponsor Body and Delivery Authority; the engagement of Members of both Houses, among other stakeholders, by the Sponsor Body, and the funding arrangements for the Programme.
Parliamentary Estate	The Parliamentary Estate is the land and buildings used by the UK Parliament, including the Palace of Westminster and the Northern and Southern Estates.



# HOUSES OF PARLIAMENT

## RESTORATION & RENEWAL

Parliamentary Relationship Agreement	As required by section 6 of the 2019 Act the Corporate Officers of both Houses and the Sponsor Body agreed a parliamentary relationship agreement, which sets out the arrangements for how both Houses and the Sponsor Body will work together during the works, including their respective roles and responsibilities, and what they should expect of each other across a wide range of areas.
Parliamentary Relationship Group	The Parliamentary Relationship Group (PRG) was established by the PRA to provide a forum for discussions, resolution of disputes and other matters which require agreement between the parties to the PRA. The members of the PRG are the Clerks of both Houses and the Chief Executive of the Sponsor Body.
Phase 1	The first Phase of the Programme covers the period until the agreement of the Outline Business Case by both Houses.
Phase 2	The second Phase of the Programme covers the period from the agreement of the Outline Business Case by both Houses until the completion of the Programme.
Programme Delivery Agreement	As required by section 4 of the 2019 Act, the Sponsor Body and Delivery Authority entered into a programme delivery agreement regarding the arrangements for the definition, development and delivery of the works.
Public Accounts Committee	The Public Accounts Committee examines the value for money of Government projects, programmes and service delivery. Drawing on the work of the NAO the Committee holds government officials to account for the economy, efficiency and effectiveness of public spending.
Queen Elizabeth II Conference Centre	A building opposite Westminster Abbey which was designed by Powell Moya & Partners and completed in 1986. Since that date it has been used as a conference centre. It is currently owned by the Ministry of Housing, Communities and Local Government but is due to be transferred to the Government Property Agency.
Restoration and Renewal Programme	The programme of works to restore the Palace of Westminster.
Richmond House	A building on the Northern Estate, designed by Sir William Whitfield and completed in 1987, incorporating the Georgian Richmond Terrace. The building previously formed part of the Government estate as the Department for Health. The House of Commons Service acquired the building in 2018.
Southern Estate	The southern part of the Parliamentary Estate, including buildings along Millbank.
Sponsor Body	The body corporate established under the 2019 Act to oversee the restoration and renewal of the Palace of Westminster.
Strategic Steers	A set of strategic design steers which were agreed by the House Management Boards in June 2020, in response to a request from the Chair of the Sponsor Body



# HOUSES OF PARLIAMENT

## RESTORATION & RENEWAL

	in July 2019, as advice to the Programme regarding some aspects of the future requirements of both Houses for the purposes of determining the Programme's scope.
Themes and Goals	A set of strategic themes and goals, which were agreed by the then shadow Sponsor Board and House Commissions in May 2019, to inform the options being considered as part of the Business Case Strategy.
UNESCO	The United Nations Educational, Scientific and Cultural Organization, a UN agency which maintains a list of World Heritage Sites. The Palace of Westminster and Westminster Abbey, including St Margaret's Church, are classified as such a Site.
Value for money	Good value for money is the optimal use of resources to achieve the intended outcomes. 'Optimal' means 'the most desirable possible given expressed or implied restrictions or constraints'. Value for money is not about achieving the lowest initial price.
Whole life cost	Whole life cost is the total expense of owning an asset over its entire life, from purchase to disposal.



**For more information  
visit the website:**

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**[www.restorationandrenewal.uk](http://www.restorationandrenewal.uk)**

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*Cover photo shows a view into Central Lobby ©UK Parliament/Catherine Bebbington*



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