

Government response to the Report of the Joint Committee on the Draft Parliamentary Buildings (Restoration and Renewal) Bill

May 2019

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Presented to House of Commons by the Leader of the House of
Commons

Presented to the House of Lords by the Leader of the House of
Lords

by Command of Her Majesty

May 2019



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Foreword

The Government is committed to working with Parliament to deliver the restoration and renewal of the Palace of Westminster. The Palace itself is a Grade I listed building forming part of the Westminster UNESCO World Heritage Site. The restoration and renewal of the Palace is required in order that it can continue to serve as the home of the UK Parliament for future generations. We recognise that this is a significant and urgent task given the current building's state of disrepair.

The recent incidents in the Palace of Westminster, including falling masonry, have further highlighted the urgency of the works to restore and renew the Palace of Westminster. The tragic fire at Notre Dame has also served as a reminder of the risks to this historic and iconic building.

Restoration and Renewal (R&R) is a Parliamentary programme, and Parliament has considered carefully how the programme can be delivered. The report published by the Joint Committee on the Palace of Westminster in September 2016 was a very significant piece of work on the need for restoration and renewal, and set out the approach to governance of the R&R programme.

The recommendations presented by the Joint Committee on the Palace of Westminster formed the cornerstone of the debates and motions agreed by both Houses in early 2018. As part of the motions it was agreed to establish the necessary governance arrangements in statute that would have the capacity and capability to deliver the programme.

The Government published the draft Parliamentary Buildings (Restoration and Renewal) Bill in October 2018 which would create the governance arrangements and put in place a number of financial safeguards to deliver good value for money for the taxpayer. The Government is clear that there can be no blank cheque for this work and it must represent good value for taxpayers' money, and that the Programme needs to be delivered on time and on budget.

The planned legislation will create a Sponsor Body which will be the ultimate client for Parliament and oversee the delivery of the works. The Sponsor Body will be empowered by the Bill to create a Delivery Authority that will complete the works. To ensure transparency for the funding of the R&R programme, the legislation will also create an Estimates Commission.

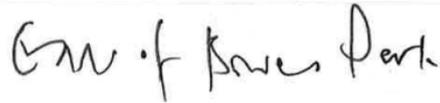
The Joint Committee report on the draft bill has made a significant contribution to this work. We would like to thank each member of the Committee, with particular thanks to Dame Caroline Spelman MP as Chair. We are grateful for their diligence and time in scrutinising this draft Bill, in order that we can provide for the right governance arrangements to

successfully deliver the R&R programme whilst also providing good value for money.

We will continue to work with Parliament in revising the draft Bill, in line with this response, and will bring forward this legislation as soon as parliamentary time allows given the importance of the R&R programme.



The Rt Hon Andrea Leadsom MP
Leader of the House of Commons
Lord President of the Council



The Rt Hon Baroness Evans of Bowes Park
Leader of the House of Lords
Lord Privy Seal

1. Introduction

- 1.1 The Joint Committee on the Draft Parliamentary Buildings (Restoration and Renewal) Bill was appointed by the House of Commons on 26 November 2018 and the House of Lords on 29 November 2018. It scrutinised the Bill by considering written and oral evidence from a range of contributors, including the Leader of the House of Commons, The Rt Hon Andrea Leadsom MP and the Leader of the House of Lords, The Rt Hon Baroness Evans of Bowes Park.
- 1.2 The Joint Committee published its report on the Bill on 21 March 2019. This report followed careful consideration by the Committee. The report set out a series of helpful recommendations on the content of the Bill and on wider issues relating to Restoration and Renewal (R&R), including matters for the Shadow Sponsor Body to consider.
- 1.3 The Government welcomes the Committee's report and the considered evidence-based approach the Chair and Members of the Committee have taken in scrutinising the Bill. The support of the Committee and its endorsement of the overarching aim of the Bill is very important to progressing this important and pressing work. The Government is committed to establishing in statute the necessary governance arrangements to oversee the restoration and renewal of the Palace of Westminster, and in doing so ensuring it provides good value for money for the taxpayer.

Background

- 1.4 The Palace of Westminster needs to be extensively restored. The current 'patch and mend' approach, tackling the highest risk problems, is no longer sustainable. Since its construction in the mid-1800s, many features have never undergone major renovation. In 2013 the House Authorities established the Restoration and Renewal programme to tackle the significant backlog of work that needs to be done to protect the heritage of the Palace of Westminster and ensure it can continue to serve as home to the UK Parliament.
- 1.5 In September 2016 and March 2017, the Joint Committee on the Palace of Westminster and the Public Accounts Committee respectively published reports warning that the risk of 'catastrophic failure' to the Palace of Westminster increased with time.
- 1.6 The reports concluded that the lowest risk, most cost-effective and quickest option to undertake the required works would be for all MPs, Peers, and staff to move out of the Palace temporarily in one single phase - a full decant. The Joint Committee also recommended that

Parliament should establish suitable governance arrangements to deliver the works.

- 1.7 On 31 January 2018, the House of Commons approved a resolution that work should commence on the restoration and renewal of the Palace of Westminster. In particular, the motion required that 'immediate steps be taken now' to establish a shadow Sponsor Board and Delivery Authority, and that their 'statutory successors' be established 'by legislation' in due course. A resolution in identical terms was approved by the House of Lords on 6 February 2018.
- 1.8 In July 2018, the Sponsor Body was established in shadow form in order to undertake preparatory works for the R&R programme.
- 1.9 On 18 October 2018, the Government published the draft Parliamentary Buildings (Restoration and Renewal) Bill. The Bill was developed working closely with Parliament given that this is ultimately a Parliamentary project. The Bill will establish the governance arrangements for the R&R programme and create a number of financial safeguards to deliver good value for money.
- 1.10 The Bill will create a Sponsor Body which will act as the client on behalf of Parliament, overseeing the delivery of the R&R programme and empowered to set up a Delivery Authority as a company limited by guarantee to manage the programme. The design of the governance arrangements in the Bill draws on best practice from the successful delivery of the London 2012 Olympics.
- 1.11 The Bill also establishes how the works will be approved by Parliament, including the requirement for Parliament to approve the overall design, timeline, and cost of the works involved in the R&R programme as well as the overall budget. It will create the Estimates Commission through which the programme would be funded. In addition, the Bill also puts in place a number of financial controls, such as the Estimate Commission having to consult HM Treasury on the annual estimates for the funding of the R&R programme, and to have regard to any subsequent advice they give.
- 1.12 Following publication of the draft Bill, a Joint Committee was established to undertake pre-legislative scrutiny. The Joint Committee published its report on 21 March 2019 in which it made a number of recommendations. The recommendations and our responses to them are detailed in the next section of this report.

2. Response to the recommendations

2.1 We are grateful to the contribution from the House Authorities on this response and we will continue to engage and consult with them on the Bill as it progresses. The Government has given serious consideration to all of the Committee's recommendations on the Bill and accepts many of them in full, including that:

- the Sponsor Body must have regard to the safety and security of the people who work in Parliament and members of the public when carrying out its functions;
- the essential right of members of the public to access the proceedings of Parliament throughout the R&R Programme is not the same as an unqualified right of access;
- the smooth transfer of responsibility between the House Commissions and the Sponsor Body apply to the House of Lords as well as the House of Commons;
- the Leader of the House of Commons must obtain the consent of the Leader of the House of Lords before abolishing the Sponsor Body, and before laying regulations to bring the Bill into force less than six months after Royal Assent; and
- the Bill mandates the development of a Parliamentary Relationship Agreement.

2.2 The Government also welcomes in principle many of the Committee's recommendations on the Bill, and will give them further detailed consideration. These include:

- recognising the significant heritage which the Palace of Westminster embodies;
- the importance of the Sponsor Body engaging staff and the public as part of its work;
- the importance that a restored and renewed Palace of Westminster should provide for educational facilities;
- that members of the Sponsor Board and Delivery Authority should be restricted in the number of occasions they can be reappointed;
- that the Sponsor Body should consider how best to stagger the length of the appointments; and
- reviewing the power of the Sponsor Body to dissolve the Delivery Authority after the completion of the Parliamentary building works.

2.3 The Government has not accepted a small number of recommendations, including that:

- Parliamentarians be appointed to the Sponsor Board by means of elections in each House;
- the Sponsor Body be required to draft a terms of agreement with the Government;

- a Treasury Minister should be an additional member of the Sponsor Body;
- the Sponsor Body must have regard to the need to promote public engagement with and public understanding of Parliament; and
- the Bill should allow for the automatic transfer of external members from the shadow Sponsor Board to the statutory Sponsor Body once the latter has been established.

2.4 In this Government response, individual responses to the 13 recommendations in the Committee's report are grouped under the following areas:

- Specific duties on the Sponsor Body
- Membership of the Sponsor Body
- Accountability to Parliament
- Relationship between the Sponsor Body and Delivery Authority
- Interaction between the Northern Estate Programme (NEP) and the draft Bill

2.5 This response has listed and answered the Committee's recommendations in their original sequence, and answers are numbered accordingly. A number of the Committee's recommendations were grouped together and where this is the case each point has been separated and responded to individually.

2.6 In addition, the Joint Committee report also made several conclusions. A number of these are for the shadow Sponsor Body and R&R programme to consider. We have accordingly written to the shadow Sponsor Board to encourage them to carefully consider these recommendations in the Committee's report. In some cases we considered that the Committee's conclusions required our consideration. These are outlined later in this response.

Specific duties on the Sponsor Body

The Committee's Recommendation:

1. a. We recommend that Clause 2(4) be amended to place on the Sponsor Body the requirement to take account of "the need" rather than "the desirability" of ensuring educational and other facilities are provided in the restored Palace.

b. We also recommend that a further point be added to the list concerning the need to promote public engagement with and public understanding of Parliament. This should give the Sponsor Body the opportunity to consider how the building can be adapted to enable greater outreach. (Paragraph 53)

2.7 We agree with the Joint Committee that provision for educational and other facilities for people visiting the Palace of Westminster will be important as part of the R&R programme, in order to develop the understanding of Parliament and how it works, particularly for school children. Furthermore, we agree that it is important that the many visitors who visit the Palace have a good experience. However, this must be balanced against the need for the R&R programme to deliver good value for money. Therefore, we are keeping this recommendation of the Committee under review.

2.8 We appreciate the Committee's views on the Sponsor Body promoting the public understanding of Parliament. However, we do not consider it appropriate that this should be part of the Sponsor Board's role given its focus on overseeing and delivering the R&R programme. We believe it is the role of Parliament to increase public understanding of its work and therefore do not feel this recommendation should be included in the Bill. Nevertheless, we do agree that this should feature in the Sponsor Board's considerations when they engage the public on the R&R programme.

The Committee's Recommendation:

2. The comprehensive rebuilding required by the Restoration and Renewal programme will inevitably present challenges for those responsible for the security of the Houses of Parliament. We have every confidence that they will successfully meet those challenges, but they will need the cooperation of the Sponsor Body in order to do so. We recommend that Clause 2(4)(b) of the draft Bill is amended to provide that the Sponsor Body must have regard to the safety and security of the people who work in Parliament and members of the public when carrying out its functions. (Paragraph 69)

2.9 We agree with the Committee's recommendation that the Sponsor Body must have regard to the safety and security of those working in and

visiting Parliament when carrying out its functions. We will amend the Bill to effect this recommendation prior to introduction.

The Committee's Recommendation:

3. Members of the public must be able to exercise their democratic right to access the proceedings of Parliament throughout the Restoration and Renewal programme. We recommend clause 2(4)(d) is amended to reflect the fact that this essential right is not the same as an unqualified right of access. (Paragraph 71)

2.10 We agree with the Committee that the public must be able to continue their democratic right to access the proceedings of Parliament throughout the R&R programme. However, we accept that the draft Bill could be interpreted as members of the public having unqualified access to all parts of the Parliamentary Estate.

2.11 We will therefore amend the Bill, prior to introduction, so that, in exercising its functions, the Sponsor Body must have regard to members of the public continuing to have access to Parliamentary proceedings and attending meetings with members of either House.

The Committee's Recommendation:

4. Given the historical and archaeological significance of Palace of Westminster we recommend that Clause 2(4) be amended so that the Sponsor Body has regard to the UNESCO World Heritage status of the Palace of Westminster and its environs. This requirement should not, however, automatically take precedence over any other legal requirement, especially that relating to access for people with disabilities. (Paragraph 61)

2.12 We fully recognise the significance of the Westminster UNESCO World Heritage Site and note that it encompasses a larger area than the Palace of Westminster as it also covers Westminster Abbey and St Margaret's Church. We are therefore mindful that the inclusion of the UNESCO status of the Palace of Westminster on the Bill could be misinterpreted.

2.13 As the Joint Committee report mentions, explicit provision which aims to protect the heritage of the building could 'override opportunities to renew and enhance its purpose', which could ultimately have an impact upon the requirements of the restoration which aim to improve the functionality and purpose of the Palace. We therefore acknowledge that a balance must and should be struck which ensures the preservation and protection of the Palace's heritage whilst delivering the renovations and modifications which would improve the functionality of the Palace as a place which is fit for purpose.

2.14 We believe that the Sponsor Board will need to have regard to the preservation and protection of the heritage of the Palace under planning legislation. As the Palace is a Grade I listed building, the current planning process places specific requirements on works carried out within the Palace, including statutory consultation with organisations such as Historic England. We therefore believe that the best way to ensure the heritage of the Palace is taken into consideration is through the existing planning process.

Membership of the Sponsor Body

The Committee's Recommendations:

5. We recommend that members of both the Sponsor Body and the Delivery Authority be appointed for three-year terms, with the potential to renew the appointments. Given the length of the Restoration and Renewal project we recommend that members serve for no more than nine years in total, in line with corporate governance guidance.

We recommend that when the Sponsor Body comes into being, it should consider how best to stagger the length of the appointments in order to avoid the situation where several members leave simultaneously, resulting in a serious loss of continuity. (Paragraph 88)

2.15 We recognise the intention of the Committee's recommendation is that all members be appointed for the same length of term. However, we are also mindful of the need to stagger the length of appointments in order to avoid serious loss of continuity, which was also referenced by the Committee and formed part of the Leader of the Commons' evidence. Indeed, the Bill requires those setting the terms of members must have regard to the desirability of staggering appointments. Therefore, we are of the view that retaining flexibility on the length of terms of appointments supports the principle of avoiding a loss of continuity.

2.16 We agree in principle with the Committee's recommendation to restrict the length of time a member can serve on either the Sponsor Body or Delivery Authority. However, the Sponsor Board will need to be mindful of not losing continuity in its membership. We are therefore not convinced that the Bill should prescribe term limits.

The Committee's Recommendation:

6. We recommend that they be appointed by means of elections in each House. (Paragraph 91)

2.17 Although we recognise the intention of the Committee's recommendation, ultimately the procedure by which parliamentarians are appointed to the Sponsor Board is a matter for both Houses.

2.18 In establishing the governance arrangements to deliver the R&R programme, the Sponsor Body is established in statute and will be responsible for overseeing the works. It should be noted that both Houses have the ability to confirm appointments, however, the intention has always been that the Sponsor Body should be arms-length to Parliament so that it can focus on delivering a major programme.

The Committee's Recommendations:

7. We recommend the draft Bill be amended to require that the Leader of the House of Commons obtain the consent of the Leader of the House of Lords before laying draft regulations that abolish the Sponsor Body. There does not appear to us to be any reason why this power should lie solely with the Leader of the Commons. Restoration and Renewal concerns both Houses of Parliament equally and the Bill governing the project should reflect that. (Paragraph 95)

And

8. We note that Clause 12(4) of the draft Bill allows the Leader of the House of Commons to lay regulations to bring the Bill into force less than six months after Royal Assent. There is no provision requiring the consent of the Leader of the House of Lords to this. We recommend the clause be amended to require the Leader of the House of Commons to obtain the consent of the Leader of the House of Lords before laying such regulations. (Paragraph 96)

2.19 We agree with the Committee's recommendations to require the Leader of the House of Commons to obtain the consent of the Leader of the House of Lords before abolishing the Sponsor Body and commencing this Bill earlier than six months after it receives Royal Assent. We will amend the Bill accordingly prior to introduction.

Accountability to Parliament

The Committee's Recommendations:

9. The relationship between Parliament as a corporate entity on the one hand and the Sponsor Body and Delivery Authority on the other will be key to the success of the Restoration and Renewal project. We recommend that the Bill mandate the development of a Parliamentary Relationship Agreement to provide clarity for all parties.

We further recommend that the Bill specify that the Parliamentary Relationship Agreement set out the date when legal responsibility for the Palace of Westminster and any other area covered by Restoration and Renewal pass between the corporate officers of the Houses of Parliament and those responsible for delivery of the programme. (Paragraph 120)

2.20 We recognise the importance of the relationship between Parliament and the Sponsor Body. We therefore agree with the Committee that a Parliamentary Relationship Agreement should be provided for in the Bill, and will amend it accordingly ahead of the Bill's introduction.

The Committee's Recommendations:

10. The draft Bill should be reviewed to ensure that provisions aimed at allowing for the smooth transfer of responsibility between the House Commissions and the Sponsor Body apply to the House of Lords as well as the House of Commons. The power to make plans for such a transfer should be shared by the Leaders of the two Houses and their respective corporate officers to ensure any scheme is clear and effective. (Paragraph 122)

2.21 We agree with the Joint Committee that a similar scheme for the House of Lords should be provided, and will amend the Bill accordingly ahead of introduction.

The Committee's Recommendation:

11. Parliament has determined that the Treasury should be subordinate to Parliament in shaping Restoration and Renewal and in accepting or rejecting the costs of the project. The governance of the programme will require partnership led by the Sponsor Body on behalf of Parliament. In order to underpin the hierarchy of decision making and to provide clarity to those delivering the project we recommend that the Sponsor Body be required to draft a terms of agreement with the Government which would firmly establish what the project will deliver for the taxpayers' money being provided by the Treasury. However, we do not consider that this on its own will provide sufficient political buy-in from the Treasury over the course of this long project. We therefore propose that the Bill be amended to provide that a Treasury

Minister should be an additional member of the Sponsor Body. (Paragraph 129)

- 2.22 We share the Committee's concern that there is sufficient scrutiny of, and accountability in respect of, the R&R programme costs. However, we believe that provisions within the Bill already ensure that there is a sufficient level of accountability and transparency in respect of these costs.
- 2.23 The R&R programme is a Parliamentary project, and that will continue to be the case under the ownership of the Sponsor Body. We recognise the importance of the programme, particularly as we are committed to the Palace of Westminster continuing to serve as the home of the UK Parliament for future generations. To this extent, we have sought to establish governance arrangements that ensure continuity over the lifetime of the project.
- 2.24 However, we also are fully committed to the R&R programme delivering good value for money, which commands the support of taxpayers and parliamentarians. This has been a guiding principle in establishing the governance arrangements and financial safeguards within the Bill. This includes a fundamental role for HM Treasury in being consulted on the annual estimates for the funding of the R&R programme. As part of this process, any comments made by HM Treasury on the annual estimate must be laid before Parliament. We consider this provides for transparency of the project.
- 2.25 Furthermore, Parliament is required to approve the R&R Programme, including the scope, timing and cost of the works. In addition, Parliament would be required to approve any significant changes which affect the design, timing or cost of the works. This again provides for transparency of the project.

Relationship between the Sponsor Body and Delivery Authority

The Committee's Recommendation:

12. We recommend that the drafting in clause 8(4) of the draft Bill be amended. Rather than referring to "payments to the Delivery Authority" from the Sponsor Board it should read "funding for the Delivery Authority". This is to avoid bringing public procurement legislation into play which would be undesirable. (Paragraph 146)

2.26 We understand the intention behind the Committee's recommendation and will amend the Bill ahead of introduction.

Interaction between the NEP and the draft Bill

The Committee's Recommendation:

13. We recommend that the shadow Sponsor Body take on de facto responsibility for all the works necessary for decant even before the Act to set up the statutory body is passed. (Paragraph 155)

- 2.27 We recognise the Committee undertook substantial work in understanding the current issues with the delivery of the Northern Estate Programme (NEP). We have reflected on these points further in Committee conclusions section of this report.
- 2.28 We note that NEP will deliver the decant location for the House of Commons and is also undertaking other necessary refurbishment of buildings on the Parliamentary Northern Estate.
- 2.29 The Bill does provide for a mechanism for the inclusion of NEP in the wider R&R programme. The merger of the programmes would require the agreement of the House Commissions, Sponsor Body and the Delivery Authority.
- 2.30 We acknowledge the interdependent relationship between the two programmes. We understand that discussions about integrating the programmes are now underway, which will require consideration by the House Commissions in due course. However, we consider that it may be more appropriate for full integration, should this occur, to follow Royal Assent when the Sponsor Body and Delivery Authority are established in substantive form, and all the statutory accountability and financial safeguards are in place.

Committee conclusions

2.31 As outlined earlier in our response, the Committee has also drawn a number of conclusions on the Bill and the wider R&R programme. As with each recommendation made by the Joint Committees, we have also carefully considered each conclusion set out in their report. Many of these conclusions are for the Shadow Sponsor Body to consider and we have written to the Chair to encourage the careful consideration of the recommendations and conclusions in the Committee's report. In some cases we considered that the Committee's conclusions required our response. These are also included below.

1. There is a great deal of experience in adapting historical buildings to best standards for accessibility, and we expect the Palace to set the highest standards in this area.

2. Renewal brings with it an opportunity to shape parliament by listening to and harnessing the views of the general public. The Sponsor Body will not achieve the potential of the building if consultation and engagement is limited to a narrow set of users. We heard repeatedly that accessibility in different forms should be central to renewal, therefore the Sponsor Body should attempt to understand how and why the general public engage with parliamentarians and the political process in Westminster. (Paragraph 17)

2.32 We agree with the Committee that the R&R programme offers a unique opportunity for Parliament to engage with the public in order to broaden their understanding of Parliament and its role within the political process.

2.33 We appreciate the Committee's views regarding the role the Sponsor Body has in promoting the public understanding of Parliament. However, we think that putting this in legislation might remove the flexibility for the Sponsor Body to determine how best to do this. As set out in the Bill the main focus for the Sponsor Body is overseeing and delivering the R&R programme. It is not the purpose of the Bill to set the meaning of or parameters around the Sponsor Body's engagement with the public. We instead believe it is for the Sponsor Body to determine itself how best to undertake this work, and how it will engage with the wider public and parliamentarians. We therefore very much encourage the Sponsor Body to consider how the public can be engaged to understand the R&R programme, and we have written to the Shadow Sponsor Body on this point.

3. There are limits to what the Restoration and Renewal programme can achieve in terms of political renewal. It will be for Parliament to decide on constitutional changes and for each House to determine any changes to its procedures. What the Sponsor Body should set out to deliver is a Parliament capable of absorbing and accommodating major political and constitutional

reforms. Nevertheless, as indicated in this Report, we believe the term 'renewal' requires an outward-facing approach to the UK Parliament's role at the centre of our democracy. (Paragraph 18)

2.34 We agree with the sentiment of the report that the R&R programme and the Sponsor Body cannot be the key drivers of constitutional and procedural changes or reforms. The role of the Sponsor Body, working alongside Parliament, is to deliver the R&R programme which will ensure that the Palace of Westminster is fit to serve as the home of the UK Parliament in the 21st Century. Clearly, it is a matter for Parliament to determine any reforms to its procedures. However, we do encourage the Sponsor Body to ensure that the R&R programme is flexible to accommodate any future reforms, and have written to the Shadow Sponsor Body on this point.

4. It has been established beyond doubt that the Palace is at risk of catastrophic failure and as a UNESCO world heritage site the Government is obliged to ensure the building is maintained and protected. Our generation of Parliamentarians should not shirk from the challenge of not only protecting the fabric of the building, but investing in a building which can meet the democratic demands of the British people both in this century and the next. (Paragraph 20)

5. We are concerned that a culture of cynicism and pessimism lingers around Restoration and Renewal. Parliamentarians and those involved in the project have sounded almost apologetic about the ambitions inherent to Restoration and Renewal. For the project to succeed, and for the public to buy into its ambitions, its leaders must champion its objectives central to which should be the promotion of inclusive participatory democracy in the UK. The country is evolving and so must the building in which the most important decisions which touch upon every member of the population are made. (Paragraph 21)

2.35 The Palace of Westminster is the seat of our democracy, an iconic, world-famous building. We agree with the Committee that the R&R programme should ensure that the Palace of Westminster is fit to serve as the home of the UK Parliament in the future. We consider that the R&R programme provides the opportunity for Parliament to re-engage the public on how democracy functions in the UK. As part of this, our view is that the outline business case should include detail on how the works to the infrastructure of the Palace of Westminster will ensure that the Palace is more accessible for those with disabilities, schoolchildren, and visitors.

6. Detailed consultation processes will be necessary to understand the views of Members, staff, and organisations with an interest in Restoration and Renewal throughout the life of the project. We believe it is necessary to write a duty to consult with staff, and to establish an ongoing process of engagement

with the wider public, onto the face of the Bill. If the Sponsor Body failed to fulfil this duty it would be failing in one of its most basic and essential tasks. (Paragraph 35)

2.36 Ensuring the correct processes are in place to allow for the views and interests of staff, organisations and the wider public to be heard are important considerations. We think this would be best served through the relevant engagement opportunities. We note that the Shadow Sponsor Body has already begun to engage with staff and members of both Houses – through questionnaires, face-to-face interviews, workshops, among other methods – in order to begin the process of gathering user requirements for the R&R programme. It will be important for the Sponsor Body to continue engaging with parliamentarians, staff, unions, the public, and others to develop the scope of this work as the R&R programme progresses.

2.37 We have written to the Shadow Sponsor Body on this point.

7. We recommend that a member of the Sponsor Body is given the specific responsibility of engaging with staff and being a route for staff into the Sponsor Body. This responsibility will carry with it a substantial time commitment and place significant demands on the individual chosen for this task. As such we expect resources to be made available to the member in question to allow them to fulfil their duties in this regard. (Paragraph 36)

2.38 We respect the Committee's recommendation, however this is a matter for the Sponsor Body to consider. We do encourage them to think about how they will engage with staff during the R&R programme and a single point of contact may be of benefit. We have written to the Shadow Sponsor Body on this point.

8. We are concerned that the Sponsor Body should not settle for formal mechanisms of public consultation when a project of this scale requires a more thorough approach to discovering the views of people from beyond the political sphere. To build and maintain public legitimacy R&R will require a more in-depth and proactive approach so that members of the public from all parts of the UK and all walks of life can become involved in shaping our renewed parliament. The ultimate client in R&R is the public. The Bill should not be amended to specify how the Sponsor Body undertakes consultation, but we recommend that Clause 2(4) be amended to ensure that the Sponsor Body has regard to engaging the public in the development of its strategy for Restoration and Renewal. (Paragraph 37)

2.39 We recognise the intention behind the Committee's recommendation that the Sponsor Body engages with the public in the development of the R&R programme's future strategy. However, we do not feel that a specific duty should be placed on the Sponsor Body in this regard.

Instead, we would expect the Sponsor Body to work collaboratively with the House departments to support public engagement. Placing such a requirement on the Bill would be unnecessary as we think it should be for the Sponsor Body to establish how this would be undertaken. We have written to the Shadow Sponsor Body on this point.

9. We agree that the Sponsor Body should be required to seek the approval of Parliament before implementing any significant changes to the Restoration and Renewal programme. Removing this duty would run the risk of the project spiralling out of control without parliamentary oversight. For the success of the Restoration and Renewal programme, the definition of “significant changes” for which obtaining parliamentary approval would be proportionate must be established, once the business case has been agreed. (Paragraph 48)

2.40 We agree with the Committee and have written to the Shadow Sponsor Body to encourage them to ensure that the business case prepared for Parliament to approve the works outlines what could constitute “significant changes” to the programme, such as an increase in costs above a certain magnitude.

10. Overall, we are satisfied that the structure of Governance proposed by the draft Bill provides sufficient independence to limit political interference in Restoration and Renewal. In Chapter 4 we discuss the various agreements that will govern the relationships between Parliament, the Sponsor Body, and the Delivery Authority and observe how they will shape the process for making changes to the agreed plans. (Paragraph 49)

2.41 We welcome the Joint Committee’s conclusion that the Bill provides the right balance between parliamentary oversight of the programme, and ensuring it is sufficiently independent to undertake the work.

11. We are sympathetic to concerns that an explicit provision protecting the heritage of the building could override opportunities to renew and enhance its purpose. Renewal should not stand in opposition to conservation and—in the most prosaic terms—improved lighting, heating and IT can do as much to enhance and protect the historic features of the Palace as they will to underpin improved accessibility and greater public engagement. (Paragraph 60)

2.42 The Government agrees that the programme should be looking to strike the right balance between improving accessibility, safety and infrastructure, but preserving the building’s heritage and maintaining its democratic function.

12. Maintaining control over the costs of even the most basic aspects of Restoration and Renewal will be no easy task for the Sponsor Body. Nevertheless, there exist well established processes that will enable the Sponsor Body to monitor whether value for money is being achieved both in

the restoration of the fabric of the Palace and in determining the added value of those parts of the work that are designed to enhance public engagement and understanding of the political process. (Paragraph 65)

2.43 The Government is determined that the R&R programme represents good value for money for the taxpayer. To that end, we have ensured that the Bill includes a number of financial safeguards. This Bill also includes a duty on the Sponsor Body to have regard to good value for money in exercising its functions. We would also encourage the R&R programme to consider how the works will support Parliament in developing public engagement and understanding of the political process. We have written to the Shadow Sponsor Body on this point.

13. We welcome the Chair of the shadow Sponsor Body's assurance that she will challenge the Treasury regarding the non-cashable benefits of the programme if it becomes necessary. We are confident that the Sponsor Body will make the case for the value of those aspects of R&R that will drive public participation in parliamentary democracy. The challenge of delivering value for money underlines how vital it is to agree a clear vision of what Restoration and Renewal is intended to achieve. (Paragraph 66)

2.44 We agree with the Committee's comment that a clear vision is vital for this work. The Sponsor Board must consider the challenges carefully around what the main objectives are for this work, for example, undertaking necessary improvements so that Parliament can continue to serve as the home of the UK Parliament in the 21st Century.

14. We consider it vital that the opportunity be seized to produce advantages for the whole UK. These should include the development of apprenticeships and investment in shortage skills, proportionate capital funding for all nations and regions, the fostering of smaller businesses to undertake many of the specialist roles that the project will require, and ensuring that commercial opportunities are spread throughout the UK. We do not wish to be prescriptive about how to achieve these benefits, but we note the opportunities provided by the Government's Construction Industry Strategy to engage with the industry in areas such as training and skills. We are also aware that, although there is a tension between maximising economic benefits and obtaining value for money, the private sector groups heading large-scale projects such as the expansion of Heathrow Airport and Crossrail have allocated resources to ensuring the benefits of their building works are spread beyond a narrow geographical area and 'the usual suspects'. Arguably, an even clearer duty lies on Parliament to follow this approach. (Paragraph 76)

15. There should be an audit of the Sponsor Body's success in achieving this and it will be for Parliament as the ultimate client to hold the Sponsor Body to account for creating nationwide benefit from Restoration and Renewal. (Paragraph 77)

2.45 We welcome the Committee's conclusion that the benefits of the R&R programme should be shared across the UK. We would also encourage the programme to give thought to how smaller businesses (SMEs) in the UK could be engaged in work on restoring the Palace of Westminster. Clearly, it will be a matter for Parliament to determine how to assess these benefits.

16. We believe that the basic structure of governance proposed by the draft Bill is the correct one. We do not recommend any fundamental changes to the structures or bodies that will be responsible for Restoration and Renewal. We do, however, explore the detail of how the bodies will interact with one another and how the draft Bill could be finessed to maximise the potential of Restoration and Renewal. (Paragraph 79)

2.46 We welcome the conclusion of the Committee that the Bill contains the right governance structure for the delivery of the R&R programme. We agree that the governance arrangements proposed in the Bill will allow the Sponsor Body to make the necessary strategic decisions in delivering the R&R programme.

17. We recommend the Bill be amended to make it clear that the external members of the shadow Sponsor Body appointed in July 2018 should be appointed to the statutory Sponsor Body under a streamlined process of public appointment. We make this recommendation for the following reasons. First, there is a grave risk that the members of the shadow Sponsor Body may be disinclined to repeat the full and lengthy public appointments process, leading to the loss of both corporate memory and talent. Second, a further appointment process will inevitably lead to some delay we believe the project can ill afford. Third, the benefit to running another public competition, that the balance of expertise on the Sponsor Body could be reconsidered, is one that will be achieved more straightforwardly, and without any of the downsides, through the reappointment process. Finally, we believe the shadow Sponsor Body needs to be allowed to make headway with this urgent project, making it clear that members of the Body will remain in post after Royal Assent will give them the authority and the focus required. (Paragraph 85)

18. The Parliamentary members of the Sponsor Body may well become the public face of Restoration and Renewal. It would benefit the credibility of Restoration and Renewal if the parliamentary members of the Sponsor Body were chosen by their peers. We recommend that they be appointed by means of elections in each House. (Paragraph 91)

2.47 We recognise the conclusion which the Committee makes regarding the transferring of existing shadow Sponsor Board members over to the statutory Sponsor Body and have looked into a number of options. However, we believe that the Bill, as currently drafted, provides for the appointment of external members to the statutory Sponsor Board on

merit on the basis of fair and open competition. This provides an opportunity to review the membership once the Sponsor Board is established, to ensure the correct expertise and experience is provided. We have commented on the election of members to the Sponsor Board earlier in the response.

Accountability to Parliament

19. We believe that the magnitude of Restoration and Renewal will require political figureheads to speak on behalf of the Sponsor Body, be held to account for the progress of the works and, vitally, provide leadership in making the case for the vision of a restored and renewed Parliament. The political figureheads will, inevitably, be drawn from the parliamentary members of the Sponsor Body and it is essential that they are able to fulfil this task. (Paragraph 102)

20. We recommend that parliamentary members of the Sponsor Body should be responsible for answering parliamentary questions. We do not believe it will be necessary to write this requirement onto the face of the Bill. Instead, we believe that the Parliamentary Relationship Agreement should specify how the Sponsor Body will address the issue of answering parliamentary questions. (Paragraph 103)

2.48 We agree that it may be necessary to have political figureheads on the Sponsor Body. However, it will be for the Sponsor Body to determine the role of Parliamentary members of the Sponsor Board, be it acting as political figureheads, spokespersons or answering parliamentary questions. We have written to the Shadow Sponsor Body on this point.

21. We do not consider that the draft Bill should be amended to specify committees which will examine the work of the Sponsor Body and Delivery Authority. While there is a risk that Restoration and Renewal could be subject to excessive scrutiny which duplicates and confuses rather than holds to account, we do not think it proper that parliamentary scrutiny of the process should be limited by primary legislation. We believe that the division of responsibility between the Sponsor Body and the Delivery Authority should help to reduce the impact of this demand—whilst the Sponsor Body is accounting to Parliament the Delivery Authority can get on with the task in hand. (Paragraph 109)

22. We believe that the Commons and Lords should take it upon themselves to clarify how the scrutiny process will work. As it stands there could be as many as eight committees in the Commons alone that may feel they have grounds to scrutinise Restoration and Renewal and there is no reason why Parliament should not design committee scrutiny to maximise its effectiveness. (Paragraph 110)

23. We recommend, therefore, that both Houses consider amending their

Standing Orders to specify which committees should primarily be tasked with scrutinising the progress of the parliamentary buildings works and the associated use of public funds. It will be for each House to determine which committees assume these responsibilities, but we note that the Public Accounts Committee has the right to scrutinise any value for money reports on R&R produced by the National Audit Office. We suggest further that the Public Administration and Constitutional Affairs Committee in the House of Commons, and the Constitution Committee of the Lords, are given explicit responsibility for scrutiny of the R&R programme. (Paragraph 111)

2.49 We understand the intent of the Joint Committee's recommendation to streamline the extent to which Parliamentary Committees will scrutinise the work of the Sponsor Board. However, we consider this is a matter for Parliament to consider.

Relationship between the Sponsor Body and Delivery Authority

24. Two of the main purposes of the programme Delivery Agreement are to set out the strategic objectives of the Sponsor Body and, as Stephen Dance explained to us, to clarify which body is responsible for specific decisions. If difficulties arise between the Sponsor Body and the Delivery Authority, the key question will be the legal status of the PDA. It would be helpful for the Government to clarify how such difficulties are dealt with in relation to the other projects to which the proposed governance structure applies. (Paragraph 136)

25. The degree of scrutiny we have applied to the relationship that will exist between the Sponsor Body and Parliament should not detract from the importance of the relationship that will exist between the Sponsor Body and the Delivery Authority. It will, for the most part, be the interaction of these two organisations that will determine the timely and efficient progress of Restoration and Renewal.

26. The Sponsor Body will be tasked with holding the Delivery Authority to account, but it will also be a buffer between Parliament and the people undertaking the work. Sir David Natzler noted that one of the reasons that Sir Charles Barry, the deliverer of building works in the 19th century, had to appear before over one hundred parliamentary committees was because he did not have a Sponsor Body. (Paragraph 140)

27. We do not expect the Programme Delivery Agreement to be set in stone and much like the agreement between the Sponsor Body and Parliament, it will have to evolve through many iterations to reflect the progress and challenges of the project at any given time. It is essential, however, that it sets out how revisions to the proposals should be implemented if Parliament and the Sponsor Body agree that changes are necessary. Major alterations should not be introduced outside a set process to determine how changes can be incorporated into the plan and how the impact on the project's budget and

timetable will be accounted for. (Paragraph 141)

28. It is important, however, not to regard the programme Delivery Agreement as the blueprint which will provide a mechanism to resolve any problems that arise over the course of the project. The document will only succeed if there is a strong and effective working relationship between the Sponsor Body and Delivery Authority. The nature of the individual relationships and communication between the two bodies will be central to the programme of works running smoothly on a day-to-day basis. We therefore recognise that the draft Bill's provision which allows appointments by the Sponsor Body to the board of the Delivery Authority is a pragmatic way of building a bridge between the two organisations to enhance communication. In itself, we do not believe that this provision will compromise the independence of the Delivery Authority, but we recommend that all appointments to the board of the Delivery Authority should be made with the input and consent of the Delivery Authority's Chair. (Paragraph 142)

2.50 We agree with the Committee that the working relationship between the Sponsor Body and the Delivery Authority is essential to ensuring the success of the R&R programme. We also agree with the Committee that the Sponsor Body, as a stand-alone body, responsible for overseeing the work of the Delivery Authority and accountable to Parliament, is important in holding the Delivery Authority to account.

2.51 Essential to this will be the Programme Delivery Agreement (PDA) outlining the relationship between the Sponsor Body and the Delivery Authority. We understand that the provisions of PDA will likely be amended (by agreement of both bodies) throughout the R&R programme. We agree with the Committee that it will be important, when the Sponsor Body and Delivery Authority develop the PDA, to ensure that the performance and remedies mechanisms contained in the agreement reflect learning and best practice from similar agreements that Government has struck between Departments and their Arms Length Bodies delivering stand alone projects and project portfolios, such as HS2 Ltd and Highways England respectively.

2.52 We welcome the Committee's conclusion that the provision within the Bill which allows appointments by the Sponsor Body to the board of the Delivery Authority is a pragmatic way of building a bridge between the two organisations to enhance communication.

29. We are neutral as to whether the Bill should constrain the Sponsor Body to use its power to dissolve the Delivery Authority after the completion of the Parliamentary building works. As there is no obvious downside to this amendment we are unsure of the reason why the power was made discretionary in the first place. We therefore suggest this clause is reviewed to establish how best to cast the power to dissolve the Delivery Authority. (Paragraph 144)

2.53 Under the draft Bill, the Sponsor Body may dissolve the Delivery Authority following the completion of the works. The Government does not intend to make any changes to these provisions at this stage, but in accordance with the Joint Committee's recommendation will keep this under review.

30. The approach taken by the guardians of the 2012 Olympic Games serves as a helpful illustration of how a positive working culture can shape the success of a project of national significance. We are concerned that all those involved in the delivery of Restoration and Renewal should recognise that a culture of transparency and open communication will be central to the success of the project. (Paragraph 149)

2.54 We also agree that a culture of transparency and open communication is crucial for the success of the R&R programme.

31. The Sponsor Body is to be established with the single purpose of overseeing the delivery of parliamentary buildings works. The House of Commons Commission is currently responsible for the Northern Estate programme, including the extensive redevelopment of Grade II listed Richmond House. The Commission is not an organisation whose primary purpose is to manage major building works and we do not believe that it should retain this responsibility when a dedicated organisation is ready and able to take over. (Paragraph 155)

32. Once the Sponsor Body has been established in its substantive form we believe it should take control of the Northern Estate programme. The timely decant of the Palace of Westminster can be achieved only if Richmond House is ready to accommodate the Commons. The Lords decant and transfer to a temporary home will be undertaken by the Sponsor Body and we believe it would be anomalous for the Sponsor Body not to have the same authority over the Commons decant. (Paragraph 156)

33. The Leader of the House said that combining the two programmes would create complexity and dependencies, but the fundamental dependency of the programmes already exists. The complexity and cost of works will only be exacerbated if there are two separate management teams and delivery organisations attempting to coordinate their activity in decanting an entire working parliament of two Houses into a number of disparate buildings. (Paragraph 157)

34. Moreover, the Leader of the House of Commons spoke about creating a legacy for Richmond House as part of Restoration and Renewal. Such an ambition underlines why the Sponsor Body, which will be responsible for the legacy of the Palace of Westminster, should also determine how the long term ambitions for the Palace complement other buildings subject to redevelopment, such as Richmond House. (Paragraph 158)

35. In the course of our inquiry, we came across a problem that exemplifies some of the challenges that the shadow Sponsor Body is facing and that its statutory successor may continue to face in relation to carrying out Restoration and Renewal expeditiously and with due concern for economy. We learned that the plans for works on Richmond House which were already being developed by the current NEP team had been postulated on the contractors being able to get access to some land that is within the Ministry of Defence's estate (it is currently used as a car park), largely to enable deliveries of materials to the construction site and the construction of temporary accommodation for those working on the building. However, all efforts to discuss these plans with the Ministry of Defence had been met with a refusal to engage—in contrast to the helpful attitude displayed by another neighbour, Scotland Yard. There may well be significant security reasons for not allowing this area to be used during the reconstruction of Richmond House, but that had not been clearly stated. (Paragraph 159)

36. Although it would be possible to work around the loss of this land, because of the need to move access arrangements and dismantle and rebuild accommodation as the works developed, there would be significant extra costs—we were told in the region of £350 million—and delay (possibly resulting in decant being postponed for several years, until 2028). After a considerable time during which Commons officials were able to make no progress in this impasse, the Chancellor of the Duchy of Lancaster was now involved in the discussion with the Ministry of Defence and the Leader of the House assured us that serious engagement was now under way. Unfortunately, the delay and uncertainty caused by the failure of the Ministry to engage with the House administration had already resulted in the need to draw up alternative plans without knowing whether they might be needed and to what extent any issues identified by the Ministry of Defence might be accommodated. (Paragraph 160)

37. The situation in relation to the Ministry of Defence land must be clarified swiftly. The delay and confusion already caused highlights for us a number of issues that we have explored elsewhere in this report. The first is the need for the Northern Estate programme to be brought under the aegis of the Sponsor Body as soon as practicable, as R&R is critically dependent on the arrangements for decant being as smooth and efficient as possible. The second is the need for some form of government commitment to the project so that, if necessary, Ministers can talk to Ministers to resolve problems. To a certain extent, this is a role for the Treasury, as the guarantor of value for taxpayers' money: it seems to us that, had this problem occurred later in the project, the Treasury would have felt bound to comment on a possible £350 million increase in budget, and quite likely would have put pressure on the Ministry of Defence to engage. The third is the need for a strong, confident Sponsor Body, proactive in reporting problems and fully supported by Parliament in addressing them. Finally, we note that our inquiry appears to have had a role in bringing the 'Ministry of Defence car park' problem to the notice of Members of both Houses and others, which underlines the role of

select committees in facilitating, as well as hindering, projects. (Paragraph 161)

2.55 We are grateful for the substantial work the Committee undertook to understand the current issues with the delivery of the Northern Estate Programme (NEP) and would refer to our earlier answer.

2.56 With regards to the Committee's comments concerning access to land that is within the Ministry of Defence's estate, we share their concerns about any delay and cost implications for the R&R programme. The Government, including the Ministry of Defence, is continuing to work with Parliament to look at how to mitigate any delay and cost to the R&R programme.

38. We are concerned that, without a definite date for completion, the R&R project may lose momentum. We acknowledge that it is for the Sponsor Body to formulate a timetable for the works but we consider that it would be helpful to the Sponsor Body if Parliament were to agree its timetable for completion of R&R, together with milestones along the way. The system of annual reports to Parliament set out in Paragraph 26 of Schedule 1 to the Bill would provide the mechanism for this, and we would expect that such annual reports would form part of the National Audit Office's audit process. This does not mean that the Sponsor Body would be unable to come back to Parliament to propose significant changes to the timetable should there be major unforeseen circumstances that cause unavoidable delays. (Paragraph 169)

2.57 We consider this recommendation of the Committee is for the Sponsor Body to reflect upon. However, we do welcome the intent of the Committee on this point. We certainly encourage the R&R programme to have a clear timetable that outlines the stages of the project, particularly with regard to when both Houses will be returning to the Palace of Westminster. We have written to the Shadow Sponsor Body on this point.

39. We found no simple solution to the problem of ensuring that Restoration and Renewal can be undertaken in a timely fashion, whilst guaranteeing that the letter and spirit of planning law are respected. Streamlining the system so that R&R does not become constrained by objections, complaints and inquiries is attractive when considered against the demands of a project of such national importance. However, there is no legislative solution that would achieve this objective and we do not believe that creating a hybrid Bill would be of benefit to the project. Furthermore, we do not believe that Parliament should exempt itself from the planning regime that it has determined that all other projects should abide by. (Paragraph 174)

40. We do not underestimate the challenges that the Sponsor Body and Delivery Authority will face, but we believe that they can be managed through

resourcing the needs of Westminster City Council and maintaining open communication with those parties that hold a fundamental interest in the project. (Paragraph 175)

2.58 We agree with the Committee's conclusion that Parliament should not form its own planning authority. We encourage the Sponsor Body and Delivery Authority to build a good working relationship with Westminster City Council to support a smooth planning process. As part of this, we would also encourage the bodies to develop good relationships with the statutory consultees, including Historic England, given the Palace of Westminster is Grade I listed.

3. Conclusions

- 3.1 The Government is committed to establishing in statute the necessary governance arrangements to oversee the restoration and renewal of the Palace of Westminster, and in doing so ensuring it provides good value for money for the taxpayer.
- 3.2 We would like to express our thanks to all those who contributed to the Committee inquiry. In particular we would like to thank the Committee Chair, the Members and the Committee Secretariat, who have given their time, effort and expertise to scrutinise and improve this legislation throughout the pre-legislative scrutiny process.

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