The background of the entire page is a photograph of a highly ornate, vaulted ceiling. The ceiling features a central circular medallion containing a carved figure, likely a religious or historical figure, holding a cross. This medallion is surrounded by intricate carvings and is set within a network of ribs. The spaces between the ribs are filled with decorative panels, some containing heraldic symbols and others with floral or geometric patterns. The color palette is rich, featuring gold, red, blue, and brown tones.

# Parliamentary Works Sponsor Body

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## Annual Report and Accounts 2020–21

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**HOUSES OF PARLIAMENT**  
RESTORATION & RENEWAL

July 2021

HC 472

4107-RRP-FI-RG-00002\_01\_U

# Parliamentary Works Sponsor Body

## Annual Report and Accounts 2020–21

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

Ordered by the House of Commons to be printed on 19 July 2021.

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

**HC 472**

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# *Performance Report*

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Above:  
Detail from the artwork 'New Dawn' by  
Mary Branson. Installed in Westminster Hall.  
©UK Parliament/Jessica Taylor

# Performance Overview

## Foreword



**Liz Peace CBE**  
Sponsor Body Chair



**Sarah Johnson**  
Sponsor Body Chief Executive

The Palace of Westminster, home of the Houses of Parliament, is one of our most treasured buildings. Part of a UNESCO World Heritage Site and recognised the world over, it is the much-loved heart of our democracy and nation, as well as a workplace for thousands of people.

Sadly, after decades of under-investment, the Palace is now in poor condition. The patch and mend approach is failing – as well as being expensive, with maintenance projects and ongoing works costing more than £2m per week in 2018–19. The estate is deteriorating faster than it can be repaired, with more than 40,000 problems reported since the start of 2017. The longer the essential work is left, the greater the risk of a sudden catastrophic failure from fire, flooding or stonefall.

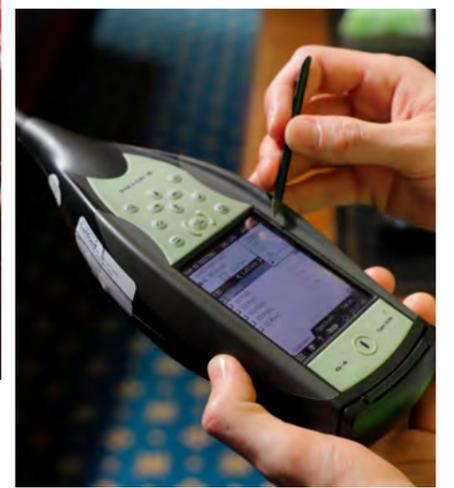
We have gathered the views of more than 4,000 members of the public around the country this year. We have frequently heard how shocked they feel when they learn the state of the Palace, and they tell us that – whatever their view of politics, and wherever they are in the United Kingdom – they feel pride in this historic and world-famous building, and want to see it restored and renewed. They want this programme to be one which creates jobs and apprenticeships around the country, and which sustains and develops specialist skills and crafts.

It is important that we have the consistent support of Members of both Houses. We have already spoken in depth with Members to understand their needs, and are looking forward to further engagement as we continue our work. We are also engaging with Parliamentary staff and other users of the Palace.

*“The Strategic Review of the Programme, carried out in 2020 and published in the first part of 2021, has established vital clarity on the way forward.”*



**Above:**  
View from Elizabeth tower.  
©UK Parliament/Jessica Taylor



This has been a pivotal year for Restoration and Renewal. The Sponsor Body and Delivery Authority, the organisations established in law to deliver the works needed to restore and renew the Palace, were formally established in April 2020. All members of both senior teams are now in post, and substantial progress has been made on the design, surveys of the Palace, the House of Lords and Heritage decant projects, and our commitments to create jobs, skills and social value.

The Strategic Review of the Programme, carried out in 2020 and published in the first part of 2021, has established vital clarity on the way forward. It has provided a clear range of objectives, looked again and in detail at how any period of necessary decant from the Palace can be minimised, confirmed where the Houses should move to while works are being carried out, and brought further clarity about governance and accountabilities.

We have established a rigorous approach to value for money, essential to the nation’s finances at this time. As we take forward the work on the detailed and costed plan on which Parliament will vote, our focus will be on the essential works which will restore the Palace and works that provide value for money. As well as being subject to robust audit and assurance processes, including by the National Audit Office, we will carry out regular reviews of costs.

Finally, we have set out how we will make sure the entire nation is involved in Restoration and Renewal. We will continue to seek the views of members of the public to make sure we are taking what they tell us into account. And we have already started recruiting interns and apprentices as part of our commitment to including the entire UK in our workforce and our supply chain – including businesses of all sizes.

This initial phase of our task is the one where – as with any major project – the foundations for success are laid, through careful planning, examination of all the options available and their implications in terms of cost and value, and the establishment of robust governance and scrutiny.

We are proud to be reporting on the achievements of our first year.

*Elizabeth* *Sarah*

## **Programme highlights from 2020–21**

**Sponsor Body and Delivery Authority set up as substantive, independent organisations.**

**Surveys and scans taken of large parts of the Palace.**

First 4D animation of the Palace completed to enable sequencing of the construction works.

**Strategic Review of the Programme completed and delivered to Parliament.**

Approach to sustainability and social value established.

**Strong commitment to creating jobs and apprenticeships around the UK.**

**Shared apprenticeship scheme established, including the commitment to employ and place 160 apprentices with businesses around the country.**

**Supported our colleagues through a challenging period working from home, with a strong focus on mental and physical health and well-being.**

More than 6,000 employers and 500 training providers surveyed by the Skills Assessment Steering Group.

**Spoken to and gathered the views of more than 4,000 members of the public around the UK.**

**Supply chain surveys, a conservation study and an enabling works study completed.**

**A range of design options for the Palace completed, assured and issued to the Sponsor Body by the Delivery Authority.**

Engaged with Members of both Houses, including individual interviews with MPs and Peers, and 138 submissions to the Strategic Review from Members.

# Who we are: our Programme vision and objectives

Following the formal establishment of the Sponsor Body and Delivery Authority in April 2020, the Programme has developed a corporate framework that sets out the R&R Programme’s Vision, Objectives, Values and Behaviours, Goals, Policies and Strategies. This is shown in the diagram opposite.

The *Programme’s Vision* describes the aspiration both organisations will work together to achieve. The Vision for the Restoration & 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.”*

As stated in the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Sponsor Body has a duty to ‘determine the Strategic Objectives of the Parliamentary building work’.

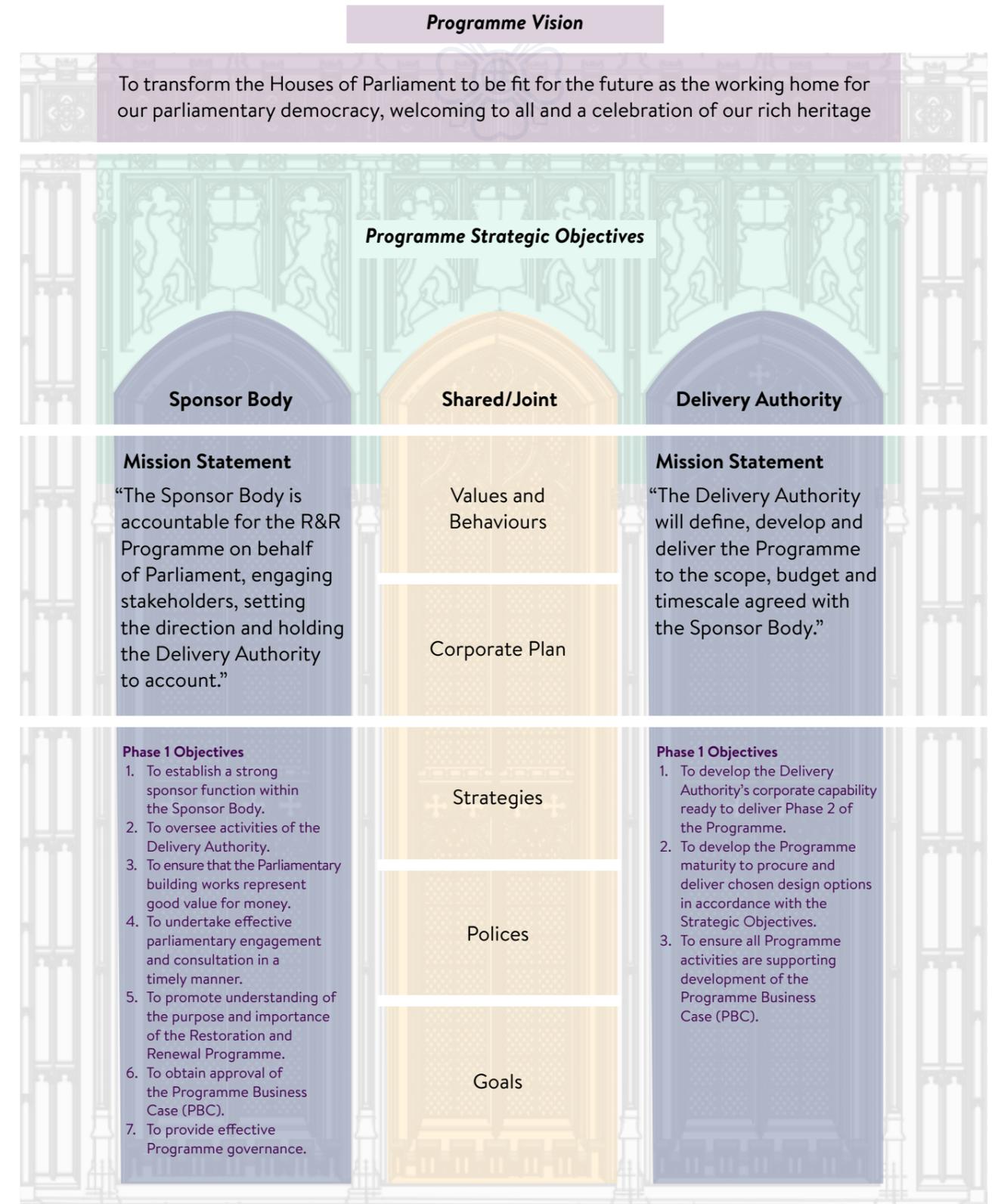
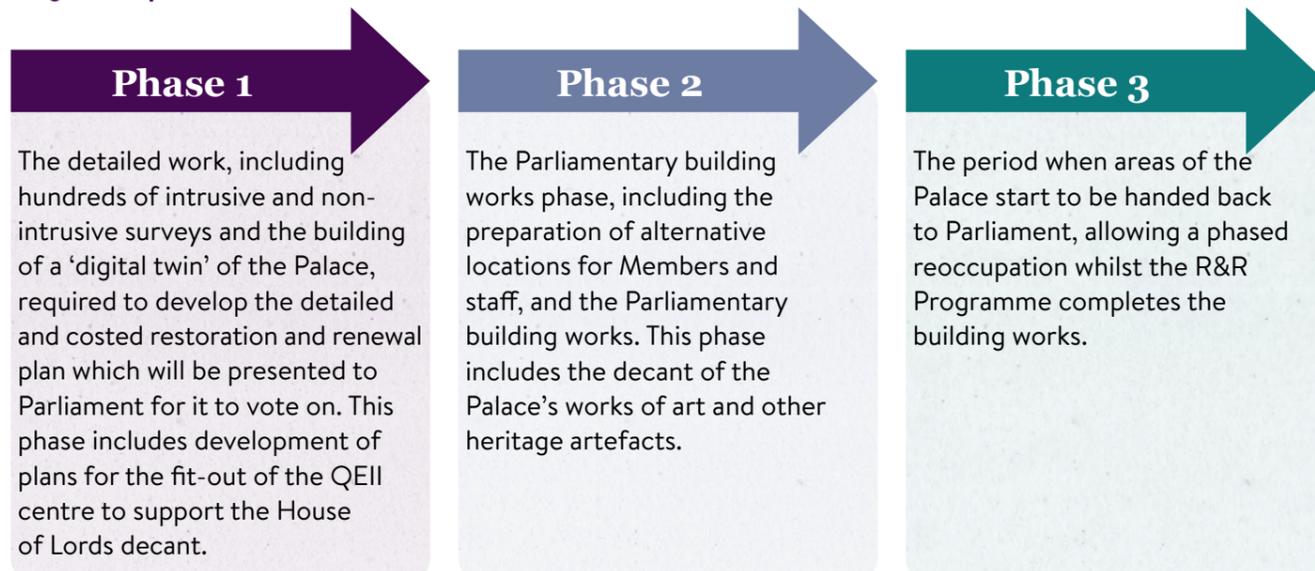
The Sponsor Body and Delivery Authority each have their Mission Statement and Strategic Objectives for Phase 1, as set out opposite. Everything we do has a direct link to these objectives, to make sure the focus of the Programme remains clear.

Our shared Values and Behaviours have been developed jointly by the Sponsor Body and Delivery Authority, as part of an overall programme capability initiative. A key part of the way we want to work in the future is to build on the excellent collaborative working relationships already established between the two organisations to date.

As we became substantive while the country was in lockdown, for the duration of the reporting period the entirety of the team has worked from home. As for every organisation, this has presented a number of health, safety and wellbeing challenges, and we have focussed on the physical and mental health of our colleagues along with a flexible working approach.

Where it is appropriate, we have developed joint policies and strategies for setting the direction of the Programme. The framework for those policies which apply to both organisations, and those that are unique to the Sponsor Body or Delivery Authority, are set out in the next section.

## Programme phases



### KEY

- Shared and equally owned
- Shared and owned by the Sponsor Body
- Individual organisational approach
- Joint responsibility for development and implementation

# Who we are

## Why we have a standalone Sponsor Body and Delivery Authority

The Houses of Parliament Restoration and Renewal Programme requires capabilities including in engineering, construction, design and programme management beyond anything that Parliament retains for routine maintenance and projects.

In September 2016, the Joint Committee on the Palace of Westminster Restoration and Renewal recommended a two-tier governance model, similar to that which has been proven to work well on other major projects.

In order to ensure that the interests of Parliament continue to be properly represented, the Committee recommended that a suitably empowered Sponsor Board should be established, with representation from both Houses, as well as from wider society. It also said that a separate, arm's-length Delivery Authority with the necessary technical expertise to manage the Programme should be formed.

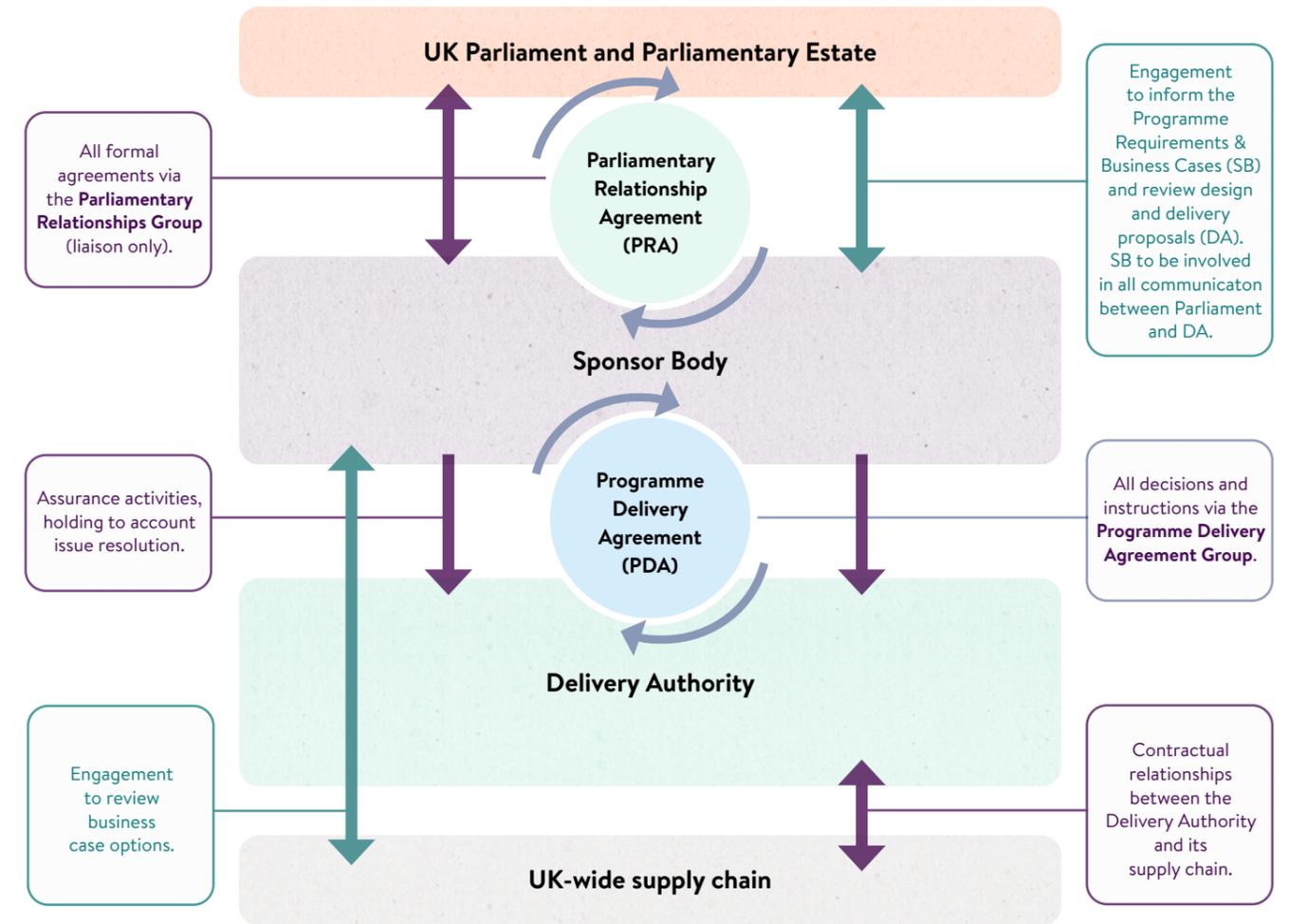
This structure was then set up in law under the Parliamentary Buildings (Restoration and Renewal) Act 2019. Other alternatives were discounted, as they did not provide a high enough degree of separation, insulate the programme from changes in political opinion or offer a high degree of transparency.

### In summary, establishing separate Sponsor Body and Delivery Authority organisations:

- Provides a model to deliver successfully the scale of the programme, which is not available within the Parliamentary in-House Services and Estates team function;
- Provides transparency, accountability and funding clearly distinct from the running of Parliament;
- Enables the programme to bring in world-class experts who would only be attracted to an organisation where they feel empowered to make the decisions; and
- Minimises the risk of the Delivery Authority experiencing political distraction from Parliament.

## Relationships between Parliament, the Sponsor Body and the Delivery Authority

- The Sponsor Body is responsible for leading and managing all parliamentary relations.
- The Delivery Authority directs the work including via contracting arrangements with suppliers.
- Informal discussions are necessary between all parties to allow the Programme to progress efficiently and effectively, but the Sponsor Body needs to be aware of or involved in all engagement between the DA and Parliament and only the SB can provide formal direction to the DA.
- Formal approvals, decisions and instructions between all parties are provided by the appropriate authority within Parliament and the Programme.
- Irrespective of whether interaction between the organisations is formal or informal, it is important to work collaboratively because all parties have the common goal of achieving a successful Programme outcome.



# Performance Analysis

## What we have delivered this year

We have made important progress against the Phase 1 Objectives for the Sponsor Body and Delivery Authority set out on [page 12](#).

### Sponsor Body and Delivery Authority set up as substantive organisations

The Sponsor Body and Delivery Authority marked their first year as substantive organisations in April 2021. All senior leaders at both organisations were recruited in the first year, and are now in post. Our organisations have set a programme mission and strategic objectives for Phase 1 of the Programme, and developed our shared values and behaviours. We have established excellent collaborative working relationships between both organisations as well as establishing the channels for scrutiny and challenge which will underpin the Programme.



### Strategic Review completed and published

The Sponsor Body has published the results of a Strategic Review undertaken to test the strategy for vacating and restoring the Palace of Westminster. The Review was a best-practice approach to check whether the strategy in place since the initial work on the Restoration and Renewal Programme remains valid.

As a result of the Strategic Review, we have set out a clear range of objectives for the Programme. The Review has set out essential and stretch objectives, to allow the work to develop the detailed and costed plan to test an appropriate range of options with a strong focus on value for money and essential works. In doing this, we have brought in the views of members of the public gathered at a series of UK-wide Deliberative Panels: this work has reinforced our understanding of the importance of the Palace as an iconic building and the home of our democracy in the minds of the public.

The Review looked again and in detail at how any period of necessary vacation from the Palace can be minimised, and brought forward a phased approach to help minimise that period of absence. Following engagement with the House of Commons, we are now working to develop costs and feasibility of a scenario where the House of Commons retains a continued presence in the Palace throughout the building works. Working with our Parliamentary colleagues, this includes looking at options within the secure perimeter for short, medium and long term requirements for temporary facilities, including those needed to provide contingency for emergency situations.

We have confirmed where the Houses should decant to while the works take place: MPs to Parliament's Northern Estate, and Peers to the QEII conference centre. The Review has introduced a new minimum intervention option for QEII, from which all other options will build to ensure that the optimum blend of functionality and value for money is achieved. It also sets out a way forward for working with Parliament to determine the optimum use of Parliament's Northern Estate for the House of Commons decant.

In addition, the Review has brought forward further clarity about governance and accountabilities for the Programme, to ensure clear direction and management. It has set out the need for the Sponsor Body to have clear authority, and also that Parliament needs to be clear about its requirements and directions.

## What we have delivered this year

### Establishing a value-for-money approach with a focus on essential works

The Strategic Review has embedded a strong focus on value for money and essential works in our approach to developing the detailed and costed restoration and renewal plan which will be brought to Parliament, and will for the first time set out a range of costs for the building works themselves. The Programme is using benchmarking to ensure that we learn lessons from other programmes, adopt best practice and ensure value for money.

The costs of the Sponsor Body and Delivery Authority during this phase of the programme have been through a comprehensive process of review and challenge led by the CEOs and Boards of both organisations, and scrutinised by the Commissions of both Houses as well as the Parliamentary Works Estimates Commission. We are committed to providing value for money and have a relentless focus on identifying savings and efficiencies.

We have put in place external benchmarking in line with best practice and consistent with the NAO's recommendations following their report on R&R in early 2020. This includes bottom-up benchmarking as estimates are pulled together, industry standard benchmarks, lessons from all our activities, and top-down benchmarks using external academic analysis.

### Engaging with Parliament

We agreed and published the Programme's Member Consultation Strategy in May 2020. Although in-person Member engagement has been necessarily reduced this year, due to covid restrictions, we have held more than fifty in-depth interviews with Members of both Houses. We engaged with a wide range of parliamentary audiences during the Strategic Review, including gathering 138 contributions to the Review from Members of both Houses.

In addition to Members, we have undertaken engagement with stakeholders from across the parliamentary community – including staff of both administrations, Members and Peers' staff groups and other key building users such as the Commonwealth Parliamentary Association and the Press Gallery.

This engagement will help shape the final designs.



### Progress towards a detailed and costed restoration and renewal plan

The Programme's key focus in this phase is to develop the detailed and costed plan – also known as the Programme Business Case – which will, for the first time, give Parliamentarians a true and accurate sense of the costs, timescales and full detail of the work needed. The options that are explored in the detailed plan will be guided by the Programme's Strategic Objectives, ensuring a focus on essential works and works that are value for money.

In line with the Act, it will be presented to Parliament for both Houses to vote on. This year, the focus of this work has been on understanding and assessing the value for money potential of the range of options available to improve the Palace. Options to improve building services, building conservation, accessibility, fire safety measures, security, catering back of house facilities, external realm, participation by visitors and educational organisations, working space, building accretions and logistics facilities have been considered.

This work has culminated in the agreement that the Programme will work to define two schemes, with varying levels of ambition, alongside the work to develop costs and feasibility of the House of Commons retaining a continued presence in the Palace during the building works. While we are not able to start substantive works until Parliament has agreed the detailed and costed restoration and renewal plan, the Delivery Authority has made significant progress on surveying the Palace.

*This year, the focus of this work has been on assessing twelve design areas that broke down the complexity of the potential range and permutation of options available to improve the Palace.*

**Above:**  
View of the Palace of Westminster from the South.  
©UK Parliament/Jessica Taylor

## What we have delivered this year



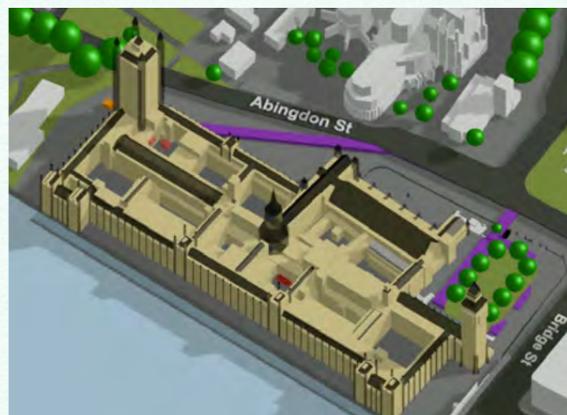
### Important progress on the Palace of Westminster surveys and options

The Delivery Authority started its work on surveys to get a detailed understanding of the Palace. Specialist teams have already started looking at the current condition of the roof, ceilings, floors, windows and accessibility of the building.

Surveys and scans have been taken of large parts of the building to enable us to build a digital replica of certain areas. An initial 4D animation of the Palace has been completed to illustrate how elements of the construction works could be sequenced. This is the first stage in understanding the interfaces and complexities of logistics and construction planning in a constrained and sensitive environment.

In total, more than 100 surveys are being carried out by hundreds of experts and businesses from right across the UK. The bulk of the intrusive work will take place next year, including looking at every nook and cranny for asbestos, archaeologists looking beneath the building, stonemasons examining the outside of the Palace, and a thorough examination of the basement which contains the hundreds of miles of outdated electrical, water, heating and gas piping and cabling.

We have made good progress with intrusive and non-intrusive surveys. For intrusive surveys, the full suite of procurement information required to specify and manage the future survey work to potential bidders was completed. The first stage of procurement for intrusive surveys is underway, with the launch of the pre-qualification documents on the government's tender web-portal. The commercial framework is targeted at driving value for money and specifically aimed at attracting small and medium sized businesses. On non-intrusive surveys we have made good progress in agreeing the scope.



Still from initial 4D animation of the Palace of Westminster.

### House of Lords decant project

Plans are being developed to fit out the QEII conference centre to accommodate the House of Lords during the decant of the Palace. During this year the Delivery Authority has produced a range of design options including for building services, logistics and access, catering, allocation of space and the external realm. These design options have all been subject to an initial value for money assessment by the business case team to prepare for the formal process to reduce the number of options being considered down to a preferred option for further development. The Sponsor Body will continue to engage with the House of Lords on this work.



### Keeping the Palace's works of art and other heritage artefacts safe during restoration

The Sponsor Body and Delivery Authority have been working on plans to keep the Palace's heritage collections safe in a different location while restoration works take place. Working closely with Parliamentary colleagues, the Sponsor Body has started the work needed to bring all the different strands of heritage collections care together into a clear roadmap. This roadmap will include future potential storage and conservation facilities which will support the Estate Masterplan, and the re-presentation of the restored and renewed collections into the Palace. The Delivery Authority team is fully engaged on preparing for the future safe decant of the heritage objects.



Prime Minister's Conference Room Table  
Designed by Sir Giles Gilbert Scott.  
©Parliamentary Art Collection, POW 07438

## What we have delivered this year

### Technology to enable safe and efficient delivery of this complex project

We have made progress on Data and Digital capabilities which will ensure we can deliver the Programme safely, effectively and efficiently by securely managing design details and Heritage assets, enabling efficient delivery across a diverse supply chain, keeping colleagues safe by detecting health and safety risks early, minimising build costs and operating costs, and avoiding future delays, as well as establishing exceptionally strong cyber defences.

We have completed the early stages of building a secure, unified digital platform with a Data Factory at its heart – a single platform and data source which will be used by all stakeholders and users, from our smallest suppliers around the country to colleagues in Parliament.

### Gathering the views of the public

The Sponsor Body published its Public Engagement Strategy in December 2020, setting out our approach to placing engagement with people around the country at the heart of our work. The strategy includes an objective to seek and take into account the views of the public as we develop the restoration plan.

We have established a deliberative panel of members of the public, regionally and demographically representative, to discuss and provide feedback on key issues being considered by the Sponsor Board. The panel has so far met three times between August 2020 and January 2021.

Our regular quantitative polling is allowing us to build a picture of public attitudes across the UK towards the Palace and the restoration and renewal Programme.

Development is underway of further activities to seek the views of the public, including resources and activities for both primary and secondary schools, activities specifically targeting communities across the UK which are less likely to be engaged with politics or Parliament, and broader activities open to anybody who would like to have their say.

### Setting out an ambitious approach to social value

We are committed to creating jobs and apprenticeships around the UK, building skills and supporting specialist crafts in our restoration of the Palace, and published our Skills, Employment and Education Strategy in late 2020. The Delivery Authority has undertaken a preliminary assessment of skills and capabilities across more than 6,000 employers and 500 training providers, to develop a deep understanding of the skills currently held in businesses and organisations, together with an emerging picture of capability gaps in the construction and specialist heritage and conservation areas.

We have announced a partnership with the Social Mobility Foundation (SMF), which will create at least ten 12-month paid internships and 20 work experience placements for young people from deprived backgrounds over the next two years. We are currently recruiting for intern posts across the Programme. We will be undertaking a shared apprenticeship programme, under which up to 160 apprentices will be employed and placed with small and medium sized businesses in the heritage and construction sectors who want to support on-the-job learning, but face challenges in employing apprentices themselves.

We are committed to involving specialists, craftspeople and businesses of all sizes throughout the UK in our supply chain. Supply Chain surveys have been completed, and a conservation study along with an enabling works study have been approved: we are reaching out to smaller businesses as part of our planning and procurement for the range of surveys which will help us to understand the current state of the Palace.

### A holistic approach to sustainability

Sustainability and social value has been a primary consideration and will be championed across the Programme and integrated into all that is done to deliver environment, social and economic benefits. This commitment is underpinned by the policies developed in this period on Biodiversity, Carbon, Circular Economy, Skills and Employment, and Social Value. This approach filters down to all projects within the Programme, including project Sustainability briefs, strategies and scoping reports as well as detailed feasibility studies, action plans and whole-life carbon assessments. We have completed six research reports on the measurement of social value on the Programme, including a survey of 1,589 participants on wellbeing in the workplace.

We want to minimise the carbon footprint of our own programme of works, and have committed to work with companies in our supply chain to reduce emissions and encourage reuse and recycling of materials wherever possible. To support this commitment, we have developed a set of sustainable procurement principles that will be met through our procurement packages. We are engaging and collaborating with external stakeholders, such as the UK Green Building Council, to explore innovations which will realise Circular Economy benefits.

To ensure a level of assurance, we are in the first stages of certifying our Environmental Management System to the internationally recognised ISO14001 standard.

# Risk and Assurance Management Summary

## Risk

The strategic risks of the two organisations at this early stage are focussed on the uncertainty of objectives and requirements which is linked to the risk to the approval of the Detailed and Costed Plan. These require close working with the two Houses to mitigate. Mitigations for this and other risks are discussed in the Governance Statement

## Assurance

As newly created organisations we are developing our approach to assurance and building the maturity of our people, systems and processes, as we are across our range of capabilities. We are doing this in a measured value for money way which is appropriate to the current phase of the Programme. To do this we are building on the experience of our own people and of those in the two House Administrations as the interface between us is critical in managing the risks and maximising the opportunities and benefits from the R&R Programme. We are also learning from other major programmes in the UK and around the world to ensure that we learn from their challenges and build upon their successes. Our work with the Infrastructure and Projects Authority in the UK, and other industry bodies, allows us access to lessons from the major UK government programmes. Assurance in the Sponsor Body and Delivery Authority is structured in line with the industry best practice '3 lines of defence' model and is in line with the guidance contained in 'Managing Public Money' and the 'Audit and Risk Assurance Committee Handbook' published by HM Treasury and includes inviting challenge of our approach from external experts through gateway reviews.

## Benchmarking:

The Programme is using various types of benchmarking to ensure Value for Money, learn from best practice and assure Programme delivery, this includes:

### Bottom up benchmarking:

1. The DA operates an integrated delivery team with its supply chain partners, similar to those established by other major programmes such as Thames Tideway and the Olympic Delivery Authority (ODA).

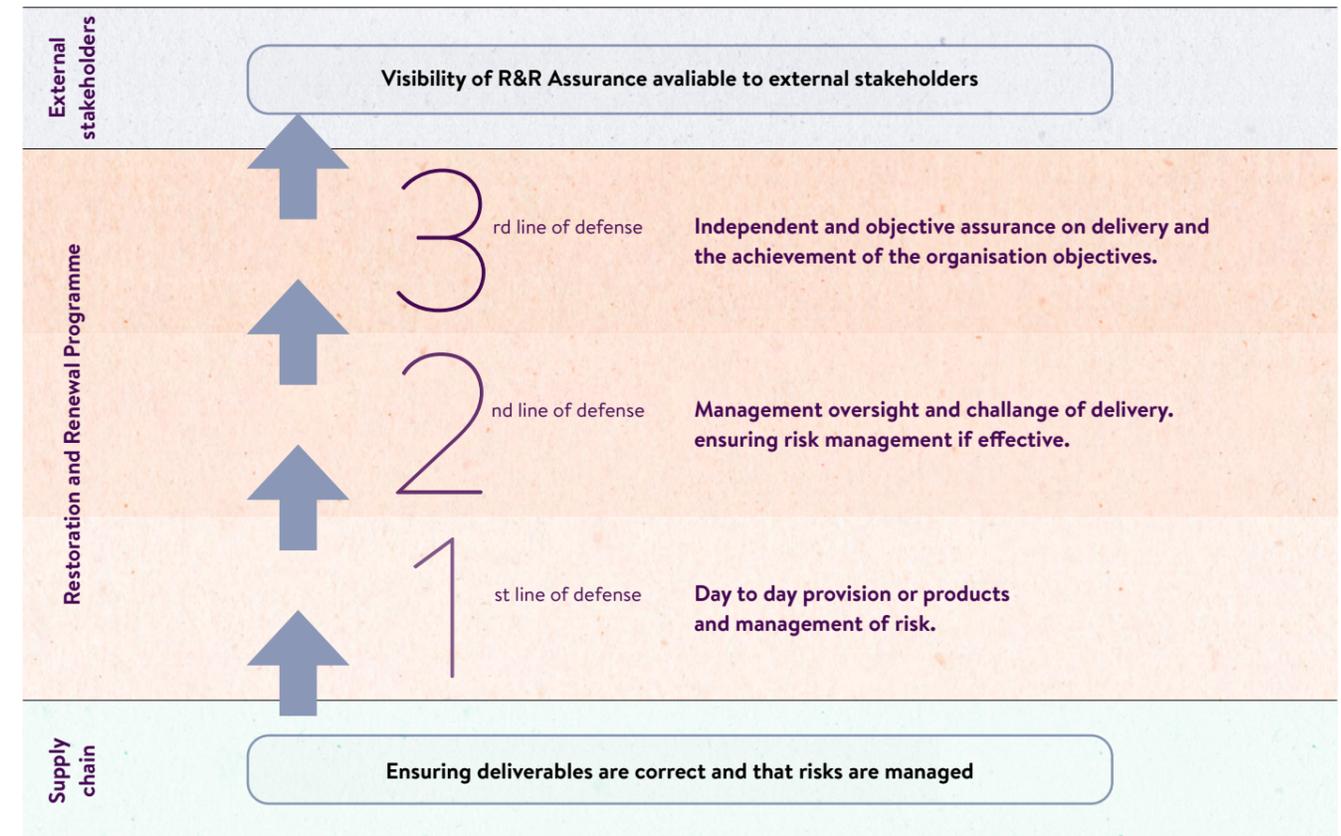
2. Benchmarking by cost consultants as estimates are pulled together. This includes using industry standard benchmarks for types and quantity of work.
3. The DA's Estimating Assurance Manager is now a member of the Cross Whitehall Estimating Group (CWEst). This covers bodies such as Network Rail, Defence Infrastructure Organisation and the Ministry of Justice and is providing some useful early data.
4. The DA has engaged cost consultant Turner & Townsend to provide benchmark data from other major programmes and heritage projects including the Canadian Parliament, Manchester Town Hall, and Kings Cross Station to help understand and compare our development and construction budgets.
5. The DA ran a review of the Data & Digital programme, using a specialist Digital procurement consultant (Proxima). Overall it confirmed the planned expenditure as being appropriate and in line with value for money expectations.

### Top down benchmarks:

Lessons from other major projects and programmes on the approaches that they used to create cost and time estimates and what uncertainties then affected their initial estimates in delivery.

1. The Sponsor Body, in line with best practice, has engaged external academic analysis in the reference class forecasting sphere to inform the level of risk and uncertainty to apply to estimates at this early stage of the programme (including optimism bias).
2. In line with the NAO and the IPA recommendations, the Programme is establishing cost benchmarks around the production of the PBCs for major programmes. We are committed to following the good practice guidance and lessons learnt on major projects and programmes from the IPA and NAO, both of whom will review the Programme at certain stages.

**Below:**  
The strategic framework for assurance activities across the Programme is set out.



## Value for Money

The programme is dedicated to delivering value for money for all expenditure, controlling costs and only committing expenditure when there is a compelling reason to do so.

Proposed expenditure is in line with our Business Plan, which shows resources aligned to deliverables by team and has been refined to align to the re-prioritisation of work as a result of findings from the Strategic Review, and emerging plans for developing the detailed and costed restoration and renewal plan.

The primary focus on ensuring costs are appropriate and provide value for money include:

- Maintaining a focus only on the highest priority activities that strictly align to objectives.
- A realistic recruitment profile and better value mix of resource type to match forward work plans.
- Focused development of digital systems better matched to user needs.

- Reduced risk value reflecting greater certainty of work in the current programme phase.
- Targeted savings to ensure that a constant downward pressure on costs is maintained.
- Continuous benchmarking of programme costs relevant to size, complexity and phase of the works.
- Transparency in procurement and expenditure.

All third-party expenditure is subject to internal governance as documented in the Sponsor Body and Delivery Authority's Schemes of Authorities, which have been approved by both organisation's Boards. Scrutiny is provided at all levels from the Executive teams, through both Boards and their sub-committees.

# Financial performance

## Introduction

The Sponsor Body was formally established on 8 April 2020 by the Parliamentary Buildings (Restoration and Renewal) Act 2019 (R&R Act 2019). The Delivery Authority was incorporated on 16 April 2020. As this is the first reporting period there are no comparatives (expenditure in past years is a part of the House of Commons Administration Annual Report and Accounts). Operations started on 1 May when commercial contracts were novated from the House of Commons and staff agreements put in place. The financial results reflect an 11-month trading period and some initial set-up costs related to digital infrastructure.

The Sponsor Body and the Delivery Authority constitute a Group under International Financial Reporting Standards and, whilst both the Delivery Authority and the Group accounts are laid in Parliament, the Delivery Authority accounts are also filed at Companies House.

## Budgeting System

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

The budget is separated into:

- Resource Departmental Expenditure Limit Equivalent (Resource DEL) for current expenditure such as staff pay, purchase of goods and services and depreciation;
- Capital Departmental Expenditure Limit Equivalent (Capital DEL) for new investment in digital assets.

The budget for 2020–21 as voted by Parliament was £120.2m Resource DEL and £6.0m Capital DEL,

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

## Financial Performance 2020–21

In the first period of operations the Programme has carried out considerable work to develop the detailed and costed restoration and renewal plan and progress the two enabling projects (House of Lords decant and Heritage Collections decant).

In this first period of operation, these costs have mainly comprised:

- Programme management services such as cost control, project management, construction planning, health and safety and fire engineering.
- Architectural design services and surveys as we start to understand the condition of the building and options for restoration and renewal.
- Digital support services to establish the organisations and provide 4D modelling technology.

In addition, there has been much focus on establishing the two new organisations where we have had to;

- Establish Governance, Legal, Financial, Human Resources, Data & Digital, Commercial, Procurement and Security teams.
- Define, develop and establish all new policies, strategies and procedures to operate independent corporate entities in line with 'Managing Public Money'.

The whole period has seen us operating under some restrictions on movement and access caused by the Covid-19 pandemic, resulting in a move to a remote working business model during set up requiring a diversion of management time and energy.

The Programme's out turn for the year was £91.8m against the respective control totals of £126.2m resulting in an underspend of £34.4m:

	Total £m	Estimate £m	Variance £m
Admin	86.6	120.2	(33.6)
Capital	5.2	6.0	(0.8)
	91.8	126.2	(34.4)

The Strategic Review and the COVID-19 Pandemic had a significant impact on the expenditure and activity originally planned across the programme. These two factors were the main driver for the outturn underspend of £34.4m against the budget.

The key drivers to the underspend are:

- Access to Palace buildings has been restricted, due to the pandemic, to carry out intrusive surveys to understand the scope of work required, such as for asbestos and other hazards. Resulting in a £2m underspend this year.
- Delays in the recruitment process and in onboarding new staff have delivered an overall cost saving of £3m.
- Unforeseen risk events as forecasted in the budget, in line with HM Treasury best practise, not materialised and expended resulting in an underspend of £9m.
- Programme savings of £2m delivered through smaller and more efficient Design and Programme management teams than originally envisaged.
- Rephasing and pausing of some activities in the Programme schedule as a result of the Strategic Review resulted in savings in this year as well as moving costs into next year, such as further detail design work on decant projects until clearer scope developed. £6m.
- Actual trading over an 11 month period rather than the budget developed on a full year driving £8m underspend.

# Financial performance

## Cash

The full year Net Cash Requirement for 2020–21 was £126.6m, met from the Main Estimate and an advance from the Contingencies Fund.

In future years we will move to a regular draw down from HM Treasury, which, with more active cash management will lead to a lower year-end cash balance.

## Statement of Financial Position

In the first period of operations most of the expenditure was expensed in line with agreed policy, leaving the following residual assets and liabilities:

	£m	
<b>Non-current assets</b>	<b>4.5</b>	<b>Digital infrastructure</b>
<b>Current assets</b>	<b>49.0</b>	<b>Cash and prepayments</b>
<b>Liabilities</b>	<b>43.4</b>	<b>Accruals and payables</b>

## Planned Expenditure in 2021–22

The Estimates Commission approved the budget for 2021–22, £149.6m Resource and £6.0m Capital. This investment will improve the chances of success of the Programme and create value in the future by:

- Understanding better the state of the building by carrying out an extensive range of surveys;
- Producing relevant and credible design options for the Palace to support decision making and approval of the detailed and costed plan;
- Performing due diligence now to directly impact the certainty in the scope and duration of works;
- Providing an accurate forecast for the whole programme costs and duration to reduce the risk of overspend and unforeseen delay in the future;
- Investing in Data & Digital now to reduce the overall cost to maintain the Palace in the future; and
- Building capability to hit the ground running following approval of the detailed and costed restoration and renewal plan.

## Sustainability

As detailed earlier in the performance report, sustainability is an important element embedded in designs for the future Palace works. The use of resources and sustainability of the office space, in the current phase, is not separately identified and is included in the overall disclosure in the House of Commons Administration annual report and accounts.

## EU Exit

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

## Auditor of the Sponsor Body

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

## Going concern

The R&R Act (2019) requires the Sponsor Body to oversee the delivery of the Parliamentary Building works by the Delivery Authority and the Strategic Review, published in March 2021 reaffirmed the need for the work and set a clearer, strategic direction. As the country recovers from the pandemic the programme will be mindful of the conflicting pressures on government funds and will ensure its proposals offer the best value for money possible.

The financing of future service provision and liabilities is to be met by future grants of supply approved annually by Parliament. The Main Estimate for 2021–22 was presented to Parliament on 13 May 2021.

In the light of this, there is no reason to believe that future approvals will not be made and it has accordingly been considered appropriate to adopt the going concern basis for the preparation of these Financial Statements.

Signed

**Sarah Johnson**, Chief Executive  
Accounting Officer

14 July 2021



02

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# *Accountability Report*

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# Corporate governance report

## Sponsor Body governance

The Sponsor Body has the overall accountability for ensuring that the programme delivers the outcomes set by Parliament. To do this, the Sponsor Body holds the key relationship with Parliament for engagement, reporting and approvals:

- The Sponsor Body acts as the focal point for managing parliamentary relations.
- The Delivery Authority directs the work via the contracting arrangements with the suppliers.
- Informal discussions are necessary between all parties to allow the Programme to progress efficiently and effectively.
- Formal approvals, decisions and instructions between all parties are provided by the appropriate authority within Parliament and the Programme.
- Irrespective of whether interaction between the organisations is formal or informal, it is important to work collaboratively because all parties have the common goal of achieving a successful Programme outcome.

The formal governance structure is shown opposite on [page 33](#).

## The Estimates Commission

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

The membership of the Commission is:

Name	House
Rt Hon Dame Eleanor Laing MP	Commons
Lilian Greenwood MP*	Commons
The Lord Macpherson of Earl's Court GCB	Lords
The Rt Hon. the Lord McFall of Alcluith**	Lords

\*left 8 June 2021, replaced by Rt Hon Nicholas Brown MP.

\*\*Stood down on being appointed the Lord Speaker replaced by Lord Gardiner of Kimble on 30 June 2021.

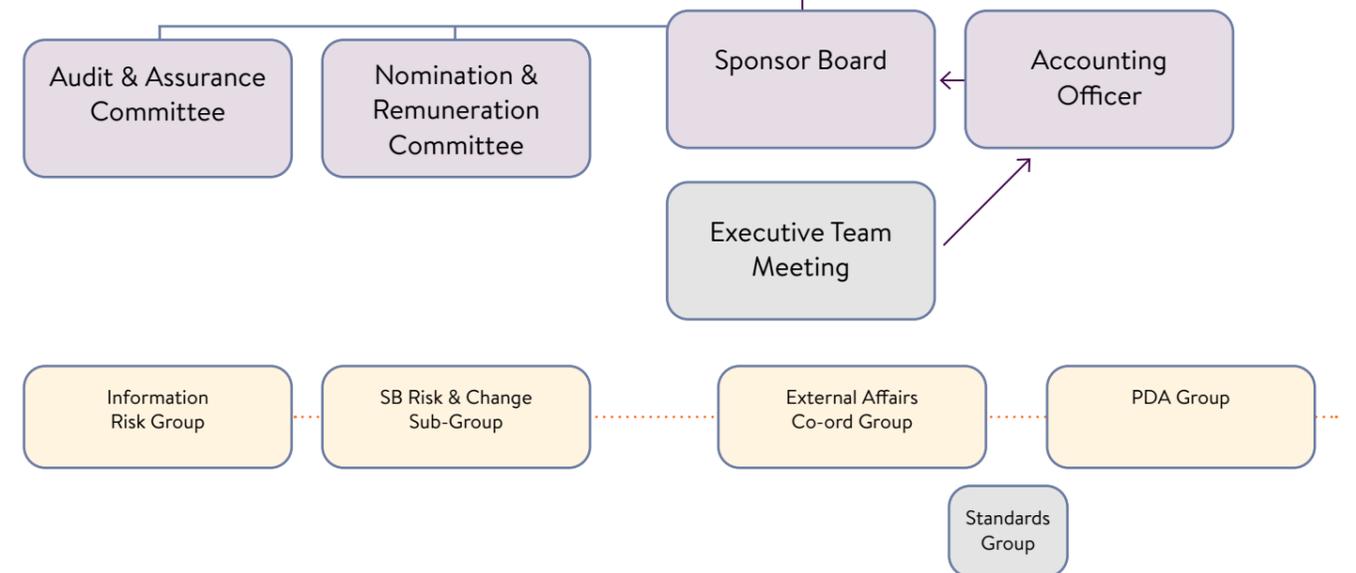
The Commission formally met three times during 2020–21, twice in private and once as an oral evidence hearing on the Main Estimate submission for 2021–22.

## Formal R&R Governance structure

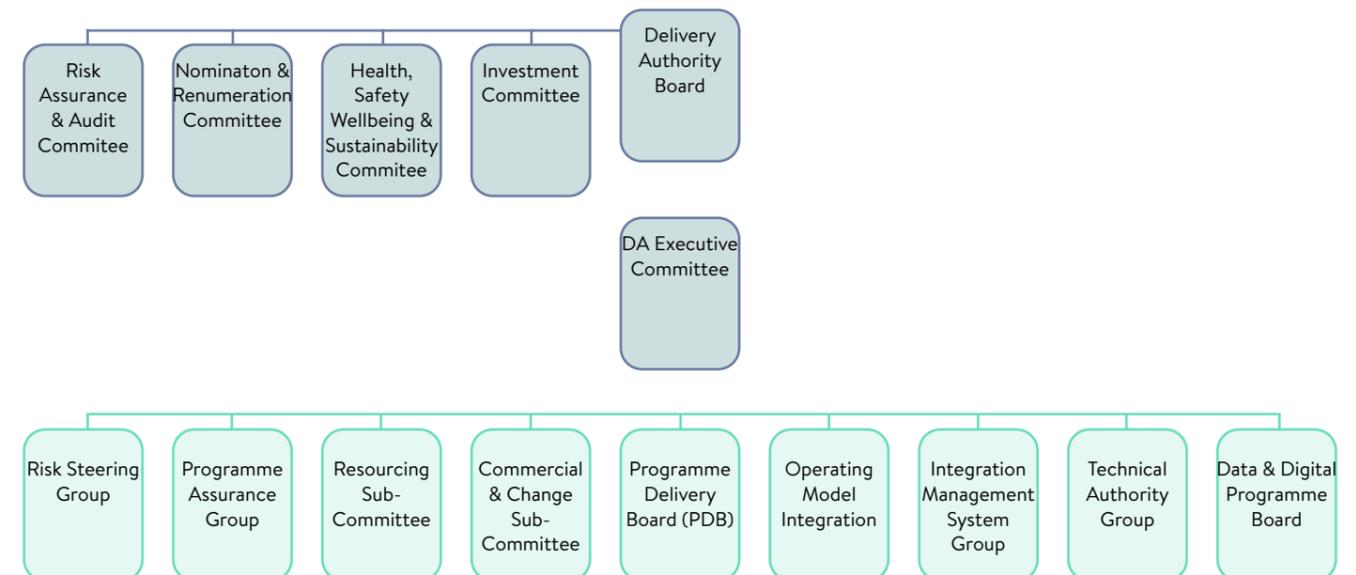
### Parliament



### Sponsor Body



### Delivery Authority



# Corporate governance report

## Relationship with Parliament

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.

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

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 (currently Damian Hinds MP and Baroness Scott).

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

In carrying out its duties, the Sponsor Body is required to consult members of each House of Parliament and seek the views of employees and people working for members of both Houses and members of the public. The Sponsor Body published a Member Consultation Strategy in May 2020, which outlines the strategy for consulting Members of both Houses during the Programme's definition phase. It covers the period between the establishment of the Sponsor Body as a separate statutory body in April 2020 and the submission and approval of the detailed and costed restoration and renewal plan.

## Relationship between Sponsor Body and the Delivery Authority

### Governance

The formal governance arrangements are:

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

### Assurance

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

- An independent assurance team (the Sponsor's Assurance Representative, or S Rep) has been created specifically with the purpose of scrutinising the work of the Delivery Authority. This team provides a monthly report to the Sponsor Body Executive Team as well as a quarterly report to the Sponsor Body Audit and Assurance Committee. S Reps have open access to attend all Delivery Authority meetings that they feel appropriate and receive all papers they want to see.
- The Sponsor Body has adopted the standard "best practice" three lines of assurance model which will include reviews to be undertaken by an independent team from outside of the R&R Programme (the Sponsor Body will use IPA-accredited assessors to ensure the right skills and expertise for such reviews).
- The most recent IPA review was completed in April 2021 and we are incorporating their recommendations into our workplans.
- The National Audit Office will undertake a series of Value for Money studies throughout the lifetime of the R&R Programme as well as exercising their role as the external auditors for both the R&R Sponsor Body and Delivery Authority.

# Corporate governance report

## The Board

The Board was established in shadow form in July 2018. The first formal meeting of the Sponsor Board as a statutory body was on 8 April 2020. At this meeting, membership of the Board was confirmed following the Resolutions that were passed in both Houses on 23 and 24 March 2020 (in the Lords and Commons respectively). With the exception of the Chair, all external members were appointed on a term of three years from the establishment of the Shadow Board.

Biographies of our Board members are on our website: <https://www.restorationandrenewal.uk/about-us/the-sponsor-body>

The Chair, on appointment to the Board was re-appointed for a three-year term starting 8 April 2020.



**Liz Peace CBE**  
Chair



**Dr Simon Thurley CBE**



**Simon Wright OBE**



**Marta Phillips OBE**



**Brigid Janssen**



**Lord Carter of Coles (Labour)**



**Lord Deighton (Conservative)**



**Baroness Scott of Needham Market (Liberal Democrat)**



**Lord Best (Crossbench)**



**Damian Hinds MP (Conservative)**



**Mark Tami MP (Labour)**



**Ian Levy MP (Conservative)**



**Kirsty Blackman MP (SNP)**

## Membership

The membership and attendance of the Board is as follows:

Role	Name	Appointed	Left	Attendance
<b>Chair</b>	<b>Elizabeth Peace CBE</b>	8 April 2020		12/12
<b>Lords</b>	Lord Best	8 April 2020		12/12
	Lord Carter of Coles	8 April 2020		11/12
	Lord Deighton	8 April 2020		9/12
	Baroness Scott of Needham Market	8 April 2020		12/12
<b>Commons</b>	Sir Robert Syms MP	8 April 2020	1 Nov 2020	0/7
	Tommy Sheppard MP	8 April 2020	28 Feb 2021	10/11
	Damian Hinds MP	8 April 2020		11/12
	Mark Tami MP	8 April 2020		12/12
	Ian Levy MP	1 Nov 2020		2/3
<b>External</b>	Brigid Janssen	8 April 2020		12/12
	Marta Phillips OBE	8 April 2020		12/12
	Dr Simon Thurley CBE	8 April 2020		12/12
	Simon Wright OBE	8 April 2020		12/12

Tommy Sheppard MP stood down from his role on the Board in February 2021 and was replaced by Kirsty Blackman MP. Kirsty attended the March and April Sponsor Board meetings as an observer as the motion for her appointment was delayed. Her first meeting as a member of the Sponsor Board was May 2021.

A recruitment process was run in May and June 2021 as the External Members' contracts were expiring. No consultants were used in this recruitment and the expiry terms have been staggered to ensure continuity.

Marta Phillips was re-appointed for two years one month.

Dr Simon Thurley's contract was re-appointed for three years.

Simon Wright's contract was re-appointed for two years and one month.

These changes were adopted by resolutions in both the House of Commons and the House of Lords on 28 June and 30 June 2021 respectively.

# Corporate governance report

A fourth External Member has been identified to replace Brigid Janssen, the details of which will be announced in the autumn following the completion of the vetting process.

Sarah Johnson, Chief Executive, is not a member of the Board, in accordance with the provisions of the Act, but attends all of the meetings.

The Clerk of the Parliaments and the Clerk of the House of Commons, or their representatives, may attend and participate in meetings of the Sponsor Body.

The Board has established the Audit and Assurance Committee and the Nominations and Remuneration Committee, to which it has delegated specific responsibilities. Further details of the work of the Board and its committees during the year are included within the Governance Statement.

## Executive Team

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

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

In the circumstances of the pandemic, the Executive team has been meeting at least weekly on a formal or informal basis to support the establishment of the Sponsor Body.



**Sarah Johnson**  
Chief Executive



**Mike Brough**  
Programme and Delivery Assurance Director



**Amanda Colledge**  
Business Case Director



**Gurdip Juty**  
Finance and Corporate Services Director



**Claire Maugham**  
Communications Director



**Lucy Owen**  
Chief of Staff

# Statement of Accounting Officer’s responsibilities

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

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

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Sponsor Body has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by the Delivery Authority;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

The responsibilities of the Accounting Officer also include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the organisation’s assets, as set out in Managing Public Money, published by HM Treasury

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

I am responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Sponsor Body makes to the Delivery Authority are applied for the purposes intended and that such expenditure and the other income and expenditure is properly accounted for, for the purposes of consolidation within the resource accounts.

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

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

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

# Governance Statement

## Governance Statement

I became CEO on 8 April 2020 following a rigorous and transparent appointment process overseen by Parliament.

As Accounting Officer, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the Sponsor Body's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

This governance statement draws on a number of sources of information and I am supported in this by:

1. the Sponsor Board, Sub-committees, Executive and staff,
2. the Delivery Authority Board and Executive,
3. Internal and external reviews

I have received assurance from the Accounting Officer of the Delivery Authority on their control environment and how their governance, systems and processes are aligned with ours to support delivery of our objectives. This is shown in the Delivery Authority Annual Report and Accounts which incorporates a Governance Statement from the Chief Executive.

At the end of the financial year the Sponsor Body had been a Statutory Body for less than one year. Whilst I believe the current governance arrangements are appropriate, we are still maturing as an organisation and I am committed to ensuring good practice governance arrangements continue to be adopted and implemented, being particularly mindful of the Programme's high profile and the need to spend public money wisely to deliver Value for Money.

Some key areas that have been progressed during the year include:

- establishing the governance framework to support the Board and Executive,
- developing integrated risk management, assurance and internal audit reporting,
- implementing policy and procedures to ensure statutory compliance and a sound control environment.

## The role of the Board

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

## Division of responsibility

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

The Board is responsible for:

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

## Strategy days

Now that the Sponsor Body is up and running and established, a strategy day will be run in 2021–22, focusing on the development of operations, its people and the overall proposals for the Programme.

# Governance Statement

## Board meetings

The Board held 12 meetings during the year and the Board minutes and agendas are published on the website.

The Board's agenda follows the strategic priorities and themes set out in the business plan, in addition to risk and governance responsibilities. The themes and topics discussed by the Board were:

- Approval and adoption of a Code of Conduct and Scheme of Authorities as well as noting other initial set up documents and policies for its continued operation;
- Approved the establishment of the Board Committees (as explained in further detail below);
- Approved the appointment of the CEO.
- Approved/endorsed the Parliamentary Relationship Agreement and the Programme Delivery Agreement.
- Approved the Phase 1 Expenditure Limit request for the remaining period from April 2021 to March 2023 and to proceed to submit the proposal for approval to the House Commissions.
- Noting the progress on the Business Case development and approved the Business Case strategy.
- Reviewed and noted the Delivery Authority reports.
- Noted updates in relation to the Strategic Review of R&R and,
- Approved proposals for Parliamentary and Public Engagement on R&R.

## Board evaluation

The effectiveness of the Board will be reviewed annually and, through open and constructive discussions on how the Board can work together more effectively, we will maximise impact and outcomes.

The Shadow Board assessed its effectiveness in February 2020 as part of the readiness for go-live, looking at its changing role, its cohesiveness and operations. Changes have been implemented in streamlining operations, focussing papers and discussions and improving the stakeholder engagement strategy.

A further effectiveness review is planned for 2021.

## Quality of Information

Board meetings enabled wide-ranging discussions, with board papers of sufficient quality for board members to offer support and challenge. We continue to improve our regular performance, finance and risk reporting.

## Register of interests

A code of conduct is published on our website that sets out the requirements to declare all interests on an annual basis. This requirement is reinforced in Board contracts and any potential conflicts are resolved in discussion with the Chair or Chief Executive. This will be extended over the coming year to include all members of staff.

There were no declarations of significant company directorships or other interests that may have conflicted with their management responsibilities and all interests declared by Board members are published on our website:

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

## Key events

The key events affecting the Sponsor Body since inception have been:

1. Establishing the Sponsor Body and Delivery Authority
2. COVID 19
3. Strategic Review

## Establishing the Sponsor Body and Delivery Authority

The Sponsor Body existed in shadow form as a department of the House of Commons from 1 July 2018 and the Parliamentary Buildings (Restoration and Renewal) Act 2019 established the Sponsor Body as a body corporate on 8 April 2020. The Delivery Authority was created as a company limited by guarantee on 16 April 2020 with the Sponsor Body as the sole guarantor.

Contracts previously held by the House of Commons were novated to the Delivery Authority, staff contracts were established in both entities and the Sponsor Body entered into an Agreement to Occupy office space from the House. A number of services are still purchased from the House of Commons on an arms-length basis, such as security clearance for staff and to minimise cost, some services are shared between the Sponsor Body and the Delivery Authority such as digital systems, information management and procurement services.

## Response to COVID-19

COVID-19 was declared a global pandemic by the World Health Organisation (WHO) in March 2020 and the UK entered a period of restricted movement on 23 March 2020, shortly before the establishment of the Sponsor Body. This condition has endured throughout the reporting period, through various levels of restriction, and has meant that the entire set up of both the Sponsor Body and the Delivery Authority has been managed virtually, from interviewing, inductions, all meetings and administration through to performance management and operational delivery.

The digital assets needed to support home working have been a major success, with all staff able to interact virtually through the various shared platforms in a fairly seamless manner. Management has focussed heavily on staff wellbeing and engaged regularly to mitigate the effects of the requirement for home working.

It did, however, restrict the scope of operations as the reduced access to the Parliamentary Estate and decant locations limited the ability to conduct surveys, especially the more intrusive surveys needed to establish the underlying condition of the buildings. This was mitigated by reprioritisation of the workstreams and more use of desktop and virtual studies.

Despite necessary changes in ways of working, the Sponsor Body continues to progress to meet its strategic objectives to develop the Programme Business Case.

## Strategic Review

Details on scope, methodology and results of the strategic review are given in the Performance Report on [page 17](#).

# Governance Statement

## Audit and Assurance Committee

The Audit and Assurance Committee (AAC), chaired by Marta Phillips, is responsible for reviewing and providing assurance to the Board on the effectiveness of the internal controls, risk management framework, the integrity of the financial statements and overseeing the external audit process. Hunada Nouss OBE is an independent member of the AAC only and does not attend the Sponsor Board.

The AAC formally met four times in the year.

Name	Meetings
Marta Phillips, Chair	4/4
Hunada Nouss	3/3
Lord Best	4/4
Mark Tami MP	4/4

During the year the Committee’s principal areas of activity included:

- Approval and adoption of its Terms of Reference as well as noting other initial set up documents and policies for its continued operation, including:
  - Approval of the Internal Audit Charter and Internal Audit Plan 2020/21.
  - Approval of the Internal Audit Strategic Plan 2021–24 and Internal Audit Plan 2021/22.
  - Approved the Assurance and Risk Management framework.
  - Considered the programme assurance strategy and Sponsors Assurance Representative work plan.
  - Received updates on assurance activities and strategic risks.
  - The initial development of the Annual Report & Accounts.
  - Reviewed audit plan and the progress and findings of the external audit of the financial statements.

## Joint Audit Committee

During the year, in addition to the Sponsor Body Audit and Assurance Committee and the Delivery Authority Risk, Audit and Assurance Committee meetings, joint meetings of the two committees were held. This was deemed valuable in the early stages of establishment of the two bodies to build a shared understanding of the control environment and the interaction of strategic and operational risk across the two organisations. Having established this foundation, it has been agreed that these meetings will stop, with the expectation of an informal joint discussion twice a year to ensure continued alignment and review shared risks.

## Nominations and Remuneration Committee

This committee, chaired by Brigid Janssen, looks at the pay and performance of the executive directors, human resources-related topics, and talent and succession planning. The Committee has not met formally but through correspondence approved and adopted its Terms of Reference as well as noting other initial set up documents and policies approved by the Board. During the year, it has approved by correspondence, three senior appointments.

## Risk management and control

Effective Risk Management is essential to the programme. The risk approach is to actively manage threats (risks) alongside opportunities to ensure benefits and outcomes are maximised for Parliament. Ensuring risks and opportunities are clearly linked to the overall strategic objectives of the Programme. The overall Risk Management Strategy for R&R follows industry best practice and is in line with the HM Treasury Orange Book principles.

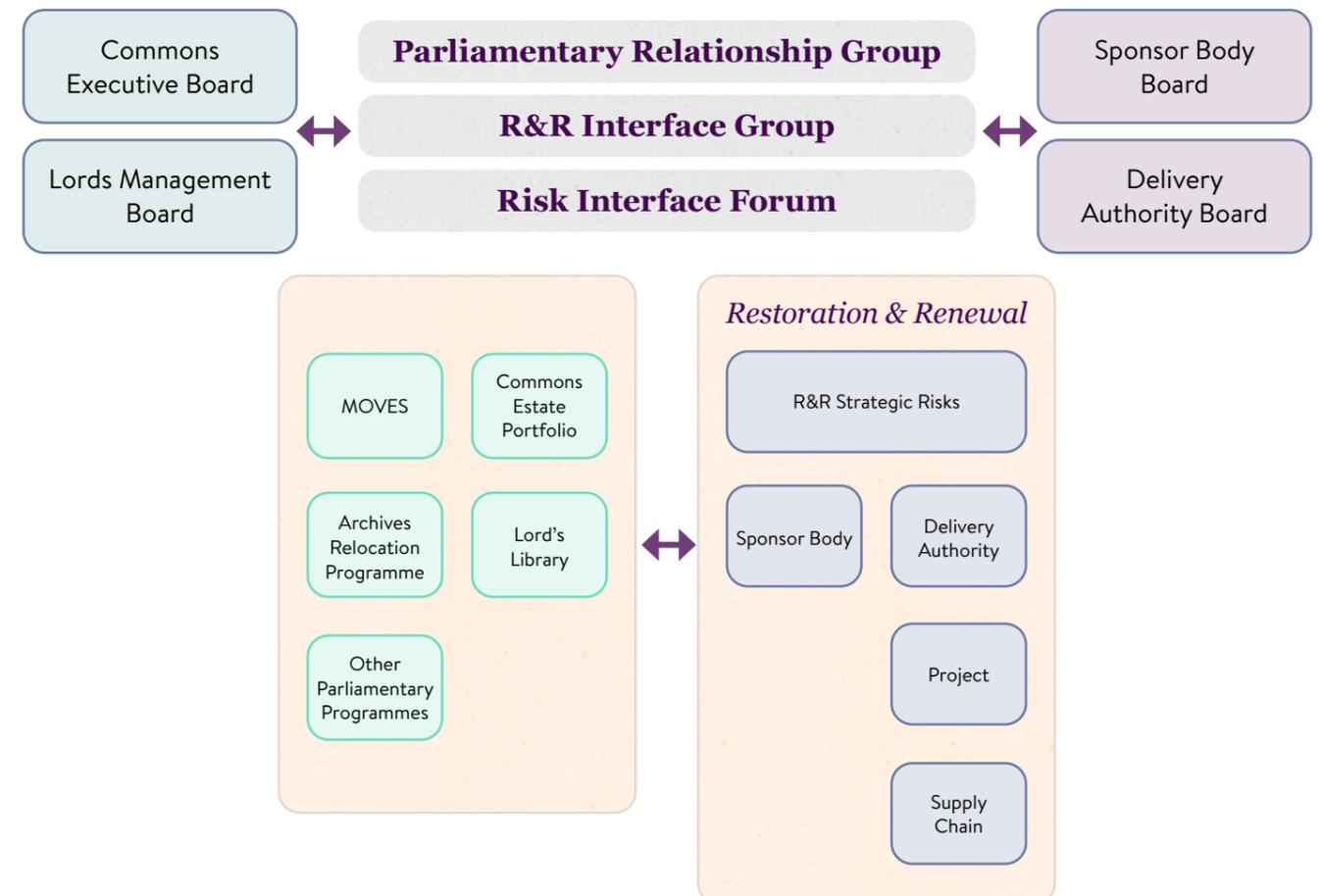
The interface with the Houses is critical in understanding and managing the risks on the programme and the Parliamentary Relationship Agreement (PRA) sets out clear principles:

- The Parties agree to liaise with one another regarding the management of risks.

- The Corporate Officers will normally (unless agreed otherwise) own risks which survive the Programme and the Sponsor Body will own risks which do not have consequences beyond the life of the Programme.
- The Party that is responsible for achievement of an objective is responsible for managing the risks to the achievement of that objective.

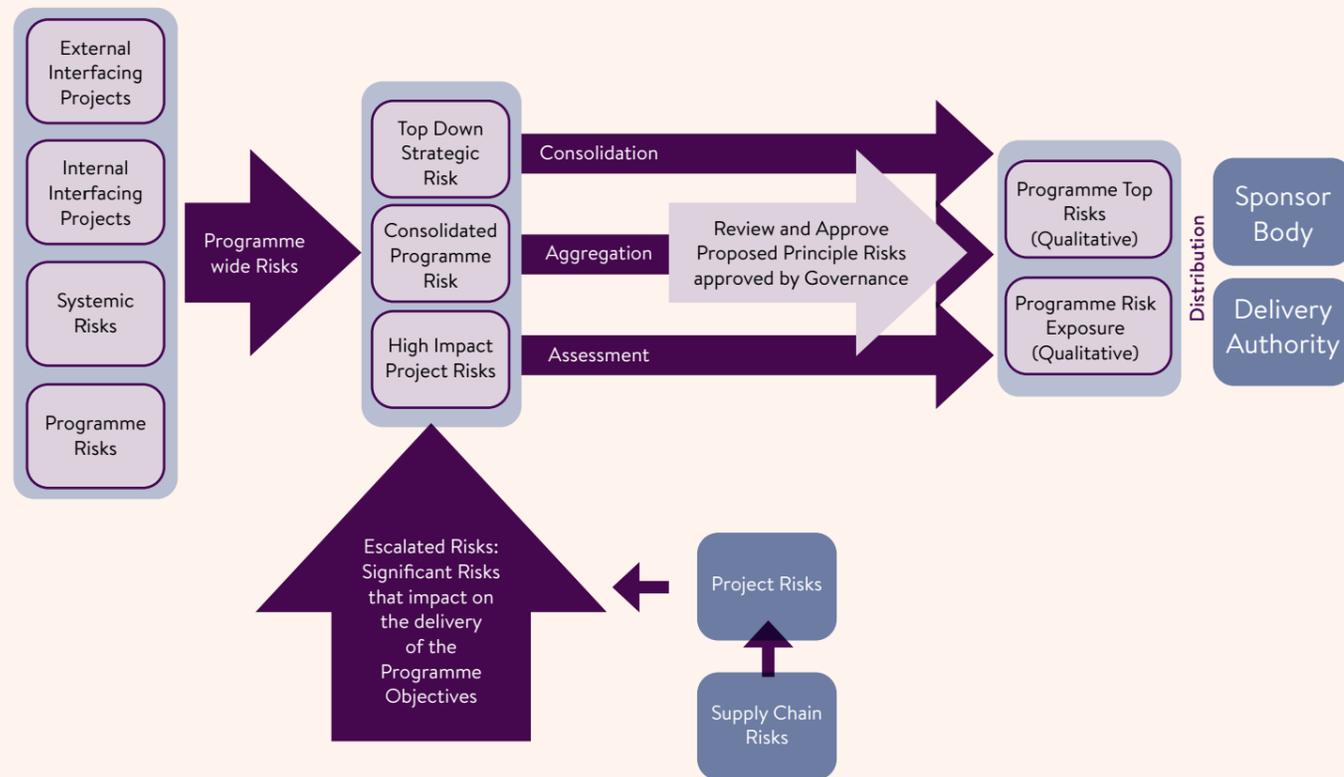
The PRA sets out high level risk categories along with clear ownership between the Houses and the R&R Programme.

Regular dialogue on risk between the Houses and the Programme takes place at a number of levels through the joint governance as shown on the diagram below. Operational risk discussions to clarify accountability and identify new areas of risk take place in the Risk Interface Forum and are escalated as required.



# Governance Statement

There is a clear process of risk identification, consolidation and aggregation throughout the Programme as shown in the diagram below to allow for a strategic view of the level and type of risks affecting the Programme objectives.



This process is used to summarise the key strategic risks in the Programme which are owned by directors across both the Sponsor Body and the Delivery Authority. A summary of strategic risks is formally shared with the two Houses through the quarterly report to the Commissions.

## Strategic risks

The Sponsor Body’s strategic risks are those which may impact on its ability to achieve the Programme’s overall vision to restore and renew the Houses of Parliament to be fit for the future, by delivering to time, cost, user requirements and value for money.

The key strategic risks for the Programme (including the Delivery Authority) are reviewed on a regular basis and presented at Executive, Board and Audit Committees. The high-level strategic risks are:

# Governance Statement

Strategic Risk Area	Description and Mitigation
<b>Clarity and Definition of Requirements</b>	In order to deliver a suitable and acceptable solution, user requirements must be clearly articulated and agreed by stakeholders prior to submission of the Business Case. Progressing to detailed design, pricing and planning before the requirements are effectively agreed, creates additional risk as changes in requirement after the PBC will potentially drive cost and prolongation. A requirements approach has been agreed with the Houses and high level principles have been agreed in the Strategic Review and through joint forums.
<b>Stakeholder Relationships</b>	Good relationships with a range of stakeholders are critical to the Programme's success. Significant work has been completed to define the roles and responsibilities with Parliament including an engagement strategy to ensure we can work together effectively. We will continue to engage with Westminster City Council, other statutory bodies and neighbours throughout the lifetime of the Programme. Our public engagement strategy also sets out how we are committed to engaging, informing and listening to the public throughout the duration of the Restoration and Renewal Programme.
<b>Interfaces with other Projects</b>	To deliver the R&R Programme, and for Parliament to return to the Palace in the 2030s, a series of projects must be delivered in sequence and on time. These interdependent projects create additional risks and uncertainties that need to be managed. The Programme is working with Parliament to clarify and agree the interfaces with projects that sit outside the remit of the R&R Programme.
<b>Public messaging</b>	To maintain public confidence, the Programme will need to demonstrate to Parliament and the wider public why this critical work is required, the benefits that come from it, which will accrue across the whole of the UK, and why our proposals are good value for money. It is important that we are open and transparent as organisations given that we are publicly funded. Our recently released Strategic Review sets out clear proposals for delivery of the Programme.
<b>Approval of the Programme Business Case</b>	The Programme will make a clear recommendation in the Programme Business Case which will be essential for approval of delivery funding. The estimates and analysis which make up the Programme Business Case will go through significant assurance processes within the Delivery Authority and will be challenged and tested by the Sponsor Body. The Programme will also invite external scrutiny of our approach and analysis to ensure that we have a robust proposal. The Programme will work with Parliament and other key stakeholders to ensure that they understand how we have come to the recommendations we make in the Programme Business Case and that they can have confidence in the analysis.
<b>Legal Risk</b>	As corporate entities we recognise the risk of not complying, or appearing not to comply, with legislation, regulations or contracts and the impact this would have to our reputation and our ongoing ability to deliver the R&R Programme and benefits on behalf of Parliament. The Sponsor Body and Delivery Authority have put in place robust systems and checks throughout the organisation to ensure that we remain compliant across the range of corporate activities.
<b>Information Security</b>	The Programme is high profile and holds sensitive information and therefore there is risk to the storage and management of that information. The loss of sensitive data could have severe impacts for individuals, our work or the work of Parliament as well as the security of those on the Parliamentary estate now and in the future. We have therefore put in place clear processes and checks for transferring managing and protecting information that we hold in consultation with Parliament. Further work is underway to create an information asset register and to improve training.
Strategic Opportunities	Description and Mitigation
<b>New ways of working</b>	The way that people work and the expectations that people have from a working environment will continue to change throughout the duration of the Programme. How Parliament wants to work in the future is a matter for the two Houses. The Programme can support Parliament in identifying opportunities to make the most of the Parliamentary estate.

## Managing our information risk

The Programme has progressed in establishing a clear information governance framework in its first operating year. The Sponsor Body Senior Information Risk Owner (SIRO), the Director of Finance and Corporate Services, has provided leadership for these developments. Progress has been made in the following areas:

- Development of an Information Governance Strategy in collaboration with the Delivery Authority, which incorporates Parliamentary requirements for information governance and secure management and transfer of information. This provides a strategic framework for the Programme to develop its information governance and management capabilities and ensure that its requirements are clear for the supply chain and its service providers.
- Established the Information Governance Group, with membership drawn from the Sponsor Body and Delivery Authority, to drive implementation of the Information Governance Strategy and provide oversight of corporate compliance for information governance and information risk management.
- Begun development of the Information Asset Register, including identifying appropriate Information Asset Owners, which will support the programme in meeting its Data Protection Act 2018 (DPA) and General Data Protection Regulation (GDPR) requirements.
- Established supplier assurance and system accreditation processes to assess programme information and security risks and address these appropriately, with corporate oversight provided by the Information Governance Group.
- Cyber Security Strategy and Cyber Risk Appetite and Tolerance statements for the Programme have been developed ensuring the Programme can maintain a cybersecurity posture that protects the Sponsor Body and Delivery Authority against the strategic cyber threat landscape.

The Sponsor Body responds to all Freedom of Information requests submitted to the Programme. In the first year of operation we have received 10 FOI requests, 7 of which have resulted in disclosure of information, on 2 occasions information was not held and 1 request was withdrawn. The average response time for an FOI request was 18 working days and one response exceeded the 20 working day limit.

There have been no requests for internal review and no complaints to the Information Commissioner.

Exemptions have been applied to withheld information on two occasions.

- S43(2) Commercial Interests
- S24(1) National Security

## Personal data incidents

No protected personal data-related incidents were reportable to the Information Commissioner's Office in 2020-21. Unlike government departments, the Sponsor Body is not required to report significant incidents relating to personal data to the Cabinet Office.

## Health, Safety and Wellbeing

The health, safety and wellbeing of our staff is paramount at all times. Outside of the normal, office-based risks, most of the risk exists in the Delivery Authority and I am assured by their Accounting Officer that these risks are managed appropriately and effectively.

# Governance Statement

## Review of effectiveness of internal controls

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

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

## Fraud and error

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

Robust performance management of the largest suppliers is also in place and that of smaller suppliers is being strengthened.

There have been no suspected cases of fraud, bribery or corruption in the year.

## Internal control weaknesses

There were no significant weaknesses in the system of internal controls in 2020–21 that affected the achievement of the key policies, aims and objectives.

## Internal Audit

Internal audit for the Sponsor Body is outsourced to RSM UK and their year-end report has given me assurance that, for a body in its first year of operations, there is an adequate and effective framework for risk management, governance and internal control. However their work has identified further enhancements to this framework to ensure it remains adequate and effective and we will be working hard through the coming year to implement these recommendations.

## National Audit Office Report

The National Audit Office published a report titled “Palace of Westminster Restoration & Renewal Programme” which describes the background to the Programme and the associated value for money risks. It recommends how these risks can be reduced by learning from best practice and strong stakeholder engagement and also describes the potential impact of not doing so.

This report was the basis for a Public Accounts Committee report published on 2 October 2020 and the findings and recommendations from both reports have been incorporated into our workplans.

## Infrastructure and Projects Authority

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

There have been Gateway reviews covering pre-establishment preparedness and again, the lessons learned from these have been incorporated into our structures and working plans.

The most recent external assurance review was completed by IPA-accredited reviewers in April 2021, the findings of which are being implemented by the Sponsor Body.

## Whistleblowing

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

There were no internal whistleblowing cases brought to the attention of management during 2020–21.

## Complaints

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

## Conclusion

In the first year of operation, the Sponsor Body has established the governance and risk management arrangements to comply with the key principles of the Corporate governance in central government departments: code of good practice. Implementation of these principles has been appropriately tailored to the particular nature and status of the Sponsor Body.

I have considered the evidence provided regarding the production of the annual governance statement – including from the governance structures, reviews of our subsidiary and the independent advice provided by the audit and risk committee. I conclude that we have satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement.

# Remuneration and Staff Report

## Remuneration Policy

This report has been prepared in accordance with the FReM and covers the Sponsor Body only, information on the Delivery Authority is available in their published accounts.

The Chief Executive Officer and other staff are appointed on terms and conditions determined by the Sponsor Body.

In determining terms and conditions of appointments, the Sponsor Body must have regard to the desirability of keeping the terms and conditions broadly in line with those applying to staff in the House Departments (within the meaning of the House of Commons [Administration] Act 1978).

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

## Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Sponsor Body (all costs are for 11 months unless otherwise stated, April costs were paid by the House of Commons).

## Single Total Figure of Remuneration (audited)

	Salary (£'000)	Full year equivalent salary if different (£'000)	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £'000) <sup>1</sup>	Total (to nearest £'000)
Officials	2020-21	2020-21	2020-21	2020-21	2020-21
<b>Chief Executive</b>					
Sarah Johnson (from 1 May)	140-145	155-160	-	55	195-200
<b>Executive Members</b>					
Gurdip Juty (from 7 December)	40-45	135-140	-	17	60-65
Amanda Colledge (from 1 May)	80-85	90-95	-	45	125-130
Michael Brough (from 1 May)	120-125	130-135	-	52	170-175
Claire Maugham (28 September)	70-75	135-140	-	28	95-100
Lucy Owen (7 September)	65-70	115-120	-	27	90-95
<b>Committee Chair</b>					
Liz Peace, Chair (from 1 May)	35-40	-	-	-	35-40
<b>External Members</b>					
Dr Simon Thurley (from 1 May)*	20-25	-	-	-	20-25
Simon Wright (from 1 May)*	20-25	-	-	-	20-25
Marta Phillips (from 1 May)	20-25	-	-	-	20-25
Brigid Janssen (from 1 May)	20-25	-	-	-	20-25
Hunada Nouss (from 1 July)	5-10	-	-	-	5-10

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

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

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

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

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

# Remuneration and Staff Report

## Salary

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

## Benefits in kind

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

## Bonuses

There is no bonus scheme in the Sponsor Body currently and so there were no bonuses in 2020–21.

## Pension Benefits (audited)

	Accrued pension at pension age as at 31 March 2021 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2021	CETV at 31 March 2020	Real increase in CETV
Officials	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>					
Sarah Johnson (from 1 May)	5–10	2.5–5	46	15	19
<b>Executive Members</b>					
Gurdip Juty	15–20	0–2.5	229	217	9
Amanda Colledge	30–35 plus lump sum of 70–75	0–2.5 plus lump sum of 0–2.5	593	543	27
Michael Brough	0–5	2.5–5	54	19	24
Claire Maugham	0–5	0–2.5	17	0	12
Lucy Owen	0–5	0–2.5	17	0	12

## Fair pay disclosure (audited)

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

## Sponsor Body

The banded remuneration of the highest paid director in the period 8 April 2020 to 31 March 2021 was £155,000–£160,000. This was 2.63 times the median remuneration of the workforce, which was £60,000. These calculations also include the costs of seconded and interim staff engaged in the reporting period.

In 2020–21, no employees received remuneration in excess of the highest paid director.

Remuneration bands ranged from £28,000 –£158,000.

## Delivery Authority

The annual remuneration of the highest paid director as at 31 March 2021 was £300,000. This was 6.67 times the median remuneration of £45,000 for the company’s workforce. These figures have been computed excluding the costs of interim employees.

As at 31 March 2021, annual remuneration ranged from £20,000 to £300,000. This reflects the full-year equivalent remuneration of an individual as at the 31 March rather than the total amount paid to any individual during the financial year.

As at 31 March 2021, no employee had a remuneration package more than the highest paid director.

Total remuneration for both the Sponsor Body and Delivery Authority includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. As this is the first year of operation, there are no prior year comparatives.

## Compensation for loss of office Board Members (audited)

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

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits ‘banked’, with those

# Remuneration and Staff Report

## *Civil Service Pensions (continued)*

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

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

## **Real increase in CETV**

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

## **Staff Report**

### **Staffing**

As a new organisation, emerging from the shadow structures that were in the House of Commons, the staff complement is made up of a mixture of directly employed staff, secondees from the two Houses of Parliament and interim labour.

In addition, a number of services are purchased on the equivalent of outsourced contracts to supply specialist skills in time limited arrangements in areas where it would not represent value to have a full employee. The people engaged in these services are not represented in the staff numbers as they are, in the main, employees of the contracted organisations.

The Sponsor Body is making good progress in implementing its ambition to widen representation of currently underrepresented groups and focus on inclusion by building a culture and reputation and a work place that fully engages all the diverse talent across the organisation. A Diversity and Inclusion Strategy for the Parliamentary Works Sponsor Body that builds on the foundations of our current action plan is an important next step.

# Remuneration and Staff Report

## Staff numbers and related costs (audited)

### Average number of persons employed

The average number of full-time equivalent persons employed in the Group during the period 8 April 2020 to 31 March 2021 was as follows:

	2020-21			
	Permanently employed staff	Seconded staff	Others	Total
Sponsor Body	9	20	4	33
Delivery Authority	27	32	30	89
<b>Total</b>	<b>36</b>	<b>52</b>	<b>34</b>	<b>122</b>

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

	2020-21			
	Permanently employed staff £'000	Seconded staff £'000	Others £'000	Total £'000
Wages and salaries	2,931	2,718	6,389	12,038
Social security costs	343	326	-	669
Other pension costs	335	709	-	1,044
<b>Sub-total</b>	<b>3,609</b>	<b>3,753</b>	<b>6,389</b>	<b>13,751</b>
Recoveries	-	-	-	-
<b>Total net costs</b>	<b>3,609</b>	<b>3,753</b>	<b>6,389</b>	<b>13,751</b>
Of which:				
Sponsor Body	1,037	1,830	773	3,640
Delivery Authority	2,572	1,923	5,616	10,111
<b>Total</b>	<b>3,609</b>	<b>3,753</b>	<b>6,389</b>	<b>13,751</b>

## Gender

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

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

## Values and behaviours

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

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

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

They also give clear signals about our expectations on how other organisations will work with us, what we will place emphasis on in our relationship with them and how, in turn, they should seek to work with others while connected to the R&R Programme of work.

# Remuneration and Staff Report

## Diversity and inclusion

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

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

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

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

## Employee involvement and consultation

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

The Sponsor Body and Delivery Authority will introduce a People Survey which will include suitable metrics to be reported on in future years.

## Sickness absence data

Our aim is to treat staff who are ill with sympathy and fairness, while encouraging them to take the time needed to recover their health. We do not have data for the number of working days lost in the current reporting period and expect to report this from 2021–22 onwards.

## Employment policies and processes

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

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

As a member of the Business Disability Forum, line managers have access to excellent resources and advice on managing disability in the workplace. Our Workplace Adjustments Policy enables colleagues to request specific adjustments to support their employment.

## Distribution of Headcount of Senior Civil Service equivalent (SCS) salaries as at end of March 2021

Salary Bands	SCS within the range as at end of March 2021	Percentage
SB1	1	16.7%
SB2	5	83.3%
<b>Grand Total</b>	<b>6</b>	<b>100.0%</b>

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

## Spend on consultancy services and temporary staff

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

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

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

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

No exit packages have been agreed as at the end of the reporting period.

## Staff turnover

As newly formed organisations, the Sponsor Body and the Delivery Authority have been recruiting to replace secondees and interims and there are no staff leavers to report.

# Remuneration and Staff Report

## Off-payroll engagements

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

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

Table 1: This table shows the number of highly paid off-payroll worker engagements as of 31 March 2021, earning £245 per day or greater.

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

Number of existing engagements as of 31 March 2021	36
Of which:	
Number that have existed for less than one year at time of reporting	36
Number that have existed for between one and two years at time of reporting	-
Number that have existed for between two and three years at time of reporting	-
Number that have existed for between three and four years at time of reporting	-
Number that have existed for four or more years at time of reporting	-

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2021, earning £245 per day or greater.

Number of temporary off-payroll workers engaged during the year ended 31 March 2021	57
Of which:	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	53
Subject to off-payroll legislation and determined as out-of-scope of IR35	4
Number of engagements reassessed for compliance or assurance purposes during the year	43
Of which: No. of engagements that saw a change to IR35 status following review	3

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 8 April 2020 and 31 March 2021.

Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	14
Number of individuals that have been deemed 'board members and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both off-payroll and on-payroll engagements	40

# Parliamentary Accountability and Audit Report

## Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Sponsor Body to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes. The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year. Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion. The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn. The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration. The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2); and a reconciliation of outturn to net cash requirement (note 3).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [gov.uk](http://gov.uk). As this is the first year of operation, no comparative figures are presented within the SoPS and related notes.

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

# Parliamentary Accountability and Audit Report

## Statement of Parliamentary Supply 2020–21

all figures presented in £000s

Type of spend	SoPS note	Outturn			Estimate			Outturn vs Estimate, saving/(excess)	
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total
<b>Departmental Expenditure Limit</b>									
Resource	1.1	86,538	-	86,538	120,200	-	120,200	33,662	33,662
Capital	1.2	5,223	-	5,223	6,000	-	6,000	777	777
<b>Total</b>		<b>91,761</b>	<b>-</b>	<b>91,761</b>	<b>126,200</b>	<b>-</b>	<b>126,200</b>	<b>34,439</b>	<b>34,439</b>
<b>Annually Managed Expenditure</b>									
Resource	1.1	-	-	-	-	-	-	-	-
Capital	1.2	-	-	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Budget</b>									
Resource	1.1	86,538	-	86,538	120,200	-	120,200	33,662	33,662
Capital	1.2	5,223	-	5,223	6,000	-	6,000	777	777
<b>Total Budget Expenditure</b>		<b>91,761</b>	<b>-</b>	<b>91,761</b>	<b>126,200</b>	<b>-</b>	<b>126,200</b>	<b>34,439</b>	<b>34,439</b>
Non-Budget Expenditure									
<b>Total Budget and Non-Budget</b>		<b>91,761</b>	<b>-</b>	<b>91,761</b>	<b>126,200</b>	<b>-</b>	<b>126,200</b>	<b>34,439</b>	<b>34,439</b>

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

## Net cash requirement 2020–21

all figures presented in £000s

Item	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)
Net cash requirement	3	96,568	126,200	29,632

## Administration Costs 2020–21

all figures presented in £000s

Type of spend	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)
Administration costs	1.1	86,538	120,200	33,662

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

# Parliamentary Accountability and Audit Report

## Notes to the Statement of Parliamentary Supply 2020–21

all figures presented in £000s

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Analysis of resource outturn by Estimate line

Type of spend (resource)	Resource outturn			Estimate	Outturn vs Estimate saving/(excess)
	Gross	Income	Net	Total	
<b>Spending in Departmental Expenditure Limit (DEL)</b>					
Voted expenditure	86,538	-	86,538	120,200	33,662
<b>Total voted DEL</b>	<b>86,538</b>	<b>-</b>	<b>86,538</b>	<b>120,200</b>	<b>33,662</b>
<b>Total spending in DEL</b>	<b>86,538</b>	<b>-</b>	<b>86,538</b>	<b>120,200</b>	<b>33,662</b>
<b>Spending in Annually Managed Expenditure (AME)</b>					
Voted expenditure	-	-	-	-	-
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total resource</b>	<b>86,538</b>	<b>-</b>	<b>86,538</b>	<b>120,200</b>	<b>33,662</b>

As agreed with HM Treasury, all RDEL Equivalent expenditure is treated as Admin.

Annually Managed Expenditure (AME) is spending that is harder to predict and often relates to functions that are demand driven, such as pensions or welfare payments. The Group has not been allocated AME budget this financial year.

## Notes to the Statement of Parliamentary Supply 2020–21 (continued)

all figures presented in £000s

SOPS 1.2 Analysis of capital outturn by Estimate line

Type of spend (capital)	Outturn			Estimate	Outturn vs Estimate saving/(excess)
	Gross	Income	Net	Total	
<b>Spending in Departmental Expenditure Limit (DEL)</b>					
Voted expenditure	5,223	-	5,223	6,000	777
<b>Total voted DEL</b>	<b>5,223</b>	<b>-</b>	<b>5,223</b>	<b>6,000</b>	<b>777</b>
<b>Total spending in DEL</b>	<b>5,223</b>	<b>-</b>	<b>5,223</b>	<b>6,000</b>	<b>777</b>
<b>Spending in Annually Managed Expenditure (AME)</b>					
Voted expenditure	-	-	-	-	-
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total resource</b>	<b>5,223</b>	<b>-</b>	<b>5,223</b>	<b>6,000</b>	<b>777</b>

SOPS 2. Reconciliation of outturn to net expenditure

As noted in the introduction to the SoPS above, Outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. However, the resource outturn in the SoPS is the same as the net expenditure, therefore a bridging reconciliation is not required.

# Parliamentary Accountability and Audit Report

## Notes to the Statement of Parliamentary Supply 2020–21 (continued)

all figures presented in £000s

SOPS 3. Reconciliation of net resource outturn to net cash requirement

Item	Reference	Outturn total	Estimate	Estimate, saving/(excess)
<b>Total resource outturn</b>	SoPS 1.1	<b>86,538</b>	<b>120,200</b>	<b>33,662</b>
<b>Total capital outturn</b>	SoPS 1.2	<b>5,223</b>	<b>6,000</b>	<b>777</b>
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(79,426)	-	79,426
Add cash grant-in-aid	Note 4	85,152	-	(85,152)
<i>Adjustments to remove non-cash items:</i>				
Other non-cash items	Note 4	(125)	-	125
<i>Adjustments to reflect movements in working balances:</i>				
Increase in receivables	Note 9	1,894	-	(1,894)
Increase in payables	Note 10	(2,688)	-	2,688
<b>Total</b>		<b>96,568</b>	<b>126,200</b>	<b>29,632</b>
<b>Removal of non-voted budget items:</b>				
Other adjustments		-	-	-
<b>Net cash requirement</b>		<b>96,568</b>	<b>126,200</b>	<b>29,632</b>

As noted in the introduction to the SoPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

## Parliamentary Accountability Disclosures

The following sections are subject to audit.

### Losses and special payments

#### Losses

There were no reportable losses in the period.

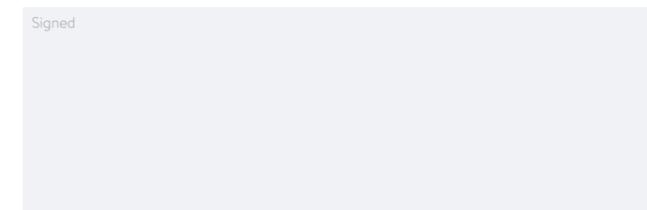
#### Special Payments

There were no special payments in the period.

### Remote Contingent Liabilities

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

Signed



**Sarah Johnson**, Chief Executive  
Accounting Officer

14 July 2021

# Parliamentary Accountability and Audit Report

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

### Opinion on financial statements

I certify that I have audited the financial statements of the Parliamentary Works Sponsor Body and of its Group for the year ended 31 March 2021 under the Parliamentary Buildings (Restoration and Renewal) Act 2019. The financial statements comprise: the Parliamentary Works Sponsor Body's and Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Parliamentary Works Sponsor Body's and the Group's affairs as at 31 March 2021 and of the Parliamentary Works Sponsor Body's net expenditure and the Group's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019 and HM Treasury directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Parliamentary Works Sponsor Body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Parliamentary Works Sponsor Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Parliamentary Works Sponsor Body's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Parliamentary Works Sponsor Body is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Parliamentary Buildings (Restoration and Renewal) Act 2019; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

In the light of the knowledge and understanding of the Parliamentary Works Sponsor Body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

# Parliamentary Accountability and Audit Report

## Responsibilities of the Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Parliamentary Works Sponsor Body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Parliamentary Works Sponsor Body will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Parliamentary Works Sponsor Body's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Parliamentary Works Sponsor Body's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Parliamentary Works Sponsor Body's controls relating to the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Supply and Appropriation (Main Estimates) Act 2020, and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and potential for bias in estimates; and

- obtaining an understanding of the Parliamentary Works Sponsor Body and Group's framework of authority as well as other legal and regulatory frameworks that the Parliamentary Works Sponsor Body and Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Parliamentary Works Sponsor Body and Group. The key laws and regulations I considered in this context included the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Supply and Appropriation (Main Estimates) Act 2020, Managing Public Money, Employment Law, and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls in the Parliamentary Works Sponsor Body and Group, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report

I have no observations to make on these financial statements.

Signed

**Gareth Davies,**  
Comptroller and Auditor General

15 July 2021

National Audit Office

157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



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# *Financial Statements*

# Financial statements

## Consolidated Statement of Comprehensive Net Expenditure

for the period 8 April 2020 to 31 March 2021

This account summarises the expenditure and income generated and consumed on an accruals basis.

	Note	2020-21	
		Sponsor Body £'000	Group £'000
<b>Income</b>	5	(1,641)	-
Staff costs	3	3,640	13,751
Purchase of goods and services	4	10,323	71,761
Grant-in-aid to ALB	4	85,152	-
Depreciation and impairment charges	4	-	708
Other operating expenditure	4	13	318
<b>Total operating expenditure</b>		<b>99,128</b>	<b>86,538</b>
<b>Net expenditure for the period</b>		<b>97,487</b>	<b>86,538</b>
<b>OTHER COMPREHENSIVE NET EXPENDITURE</b>			
No other transactions recorded under Other Comprehensive Net Expenditure			
<b>Comprehensive net expenditure</b>		<b>97,487</b>	<b>86,538</b>

All activities are continuing operations.

The notes on [pages 80](#) to [92](#) form part of these accounts.

## Consolidated Statement of Financial Position

as at 31 March 2021

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

	Note	31 March 2021	
		Sponsor Body £'000	Group £'000
<b>Non-current assets</b>			
Property, plant and equipment		-	5
Intangible assets	6	-	4,510
<b>Total non-current assets</b>		<b>-</b>	<b>4,515</b>
<b>Current assets</b>			
Trade and other receivables	9	1,894	1,894
Cash and cash equivalents	8	29,632	47,157
<b>Total current assets</b>		<b>31,526</b>	<b>49,051</b>
<b>Total assets</b>		<b>31,526</b>	<b>53,566</b>
<b>Current liabilities</b>			
Trade and other payables	10	(32,320)	(43,411)
<b>Total current liabilities</b>		<b>(32,320)</b>	<b>(43,411)</b>
<b>Total assets less current liabilities</b>		<b>(794)</b>	<b>10,155</b>
<b>Total assets less liabilities</b>		<b>(794)</b>	<b>10,155</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		(794)	10,155
<b>Total equity</b>		<b>(794)</b>	<b>10,155</b>

Signed

The notes on [pages 80](#) to [92](#) form part of these accounts.

**Sarah Johnson**, Chief Executive  
Accounting Officer

14 July 2021

# Financial statements *(continued)*

## Consolidated Statement of Cash Flows

for the period 8 April 2020 to 31 March 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Sponsor Body and Group during the reporting period.

The statement shows how the Sponsor Body generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

		2020-21	
	Note	Sponsor Body £'000	Group £'000
<b>Cash flows from operating activities</b>			
Net expenditure for the period		(97,487)	(86,538)
Increase in trade and other receivables	9	(1,894)	(1,894)
Increase in trade and other payables	10	32,320	43,411
Other non-cash transactions	4	125	833
Items not passing through the SoCNE		(29,632)	(29,632)
Other adjustments		-	-
<b>Net cash outflow from operating activities</b>		<b>(96,568)</b>	<b>(73,820)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(6)
Purchase of intangibles	6	-	(5,217)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(5,223)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		126,200	126,200
Advances from the Contingencies Fund		98,700	98,700
Repayments to the Contingencies Fund		(98,700)	(98,700)
<b>Net cash inflow from financing activities</b>		<b>126,200</b>	<b>126,200</b>
<b>Net increase in cash and cash equivalents</b>		<b>29,632</b>	<b>47,157</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>29,632</b>	<b>47,157</b>

The £29.6m represents amounts issued from the Consolidated Fund but not spent at year-end.

This has been disclosed as year-end payables (Note 10). The notes on [pages 80 to 92](#) form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

for the period 8 April 2020 to 31 March 2021

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

	Note	Sponsor Body General Fund £'000	Sponsor Body Total £'000	Group General Fund £'000	Group Total £'000
<b>Balance as at 8 April 2020</b>		-	-	-	-
Net Parliamentary funding – drawn down		126,200	126,200	126,200	126,200
Supply (payable) / receivable adjustment		(29,632)	(29,632)	(29,632)	(29,632)
Comprehensive net expenditure for the period		(97,487)	(97,487)	(86,538)	(86,538)
Non-cash charges – auditors' remuneration	4	125	125	125	125
<b>Balance as at 31 March 2021</b>		<b>(794)</b>	<b>(794)</b>	<b>10,155</b>	<b>10,155</b>

The notes on [pages 80 to 92](#) form part of these accounts.

# Notes to the Group Resource Accounts

## 1. Statement of accounting policies

### 1.1 Basis of preparation

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

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

### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention, except as otherwise set out in the accounting policies. Figures are presented in pounds sterling and are rounded to the nearest £1,000.

### 1.3 Basis of consolidation

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

The Delivery Authority prepares accounts in accordance with the Companies Act 2006 (for limited companies and adjustments are made if necessary to consolidate the accounts in accordance with the FRM where differences in accounting policies would have a significant effect on these accounts. The Sponsor Body and the Delivery Authority included in this consolidation are domiciled in the UK. Transactions and balances between the entities included in the consolidation are eliminated.

### 1.4 Judgements and key sources of estimation uncertainty

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

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

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

### 1.5 Going concern

The Consolidated Statement of Financial Position (SoFP) shows net assets. Funding for the Group will be met by future funding voted by Parliament annually in Supply and Appropriation Acts. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Approval for amounts required for 2021–22 was given by Parliament on 13 May 2021.

For future years, the R&R Act (2019) requires the Sponsor Body to oversee the delivery of the Parliamentary Building works by the Delivery Authority and the Strategic Review, published in March 2021 reaffirmed the need for the work and set a clearer, strategic direction. As the country recovers from the pandemic the programme will be mindful of the conflicting pressures on government funds and will ensure its proposals offer the best value for money possible.

In the light of this, there is no reason to believe that future approvals will not be made and it has accordingly been considered appropriate to adopt the going concern basis for the preparation of these Financial Statements.

COVID-19, which was declared a pandemic by the World Health Organisation (WHO) on 11 March 2020, has impacted millions of people, touching every country and every community, and having a significant impact on global financial markets and wider economies. The additional pressure the pandemic has created on the nation’s finances makes it even more important that we place value for money and a focus on essential works at the heart of our approach. The pandemic has created a challenging environment for the organisation’s first period of existence, requiring the Group to leverage technology to enable remote working. However, we note that the organisation’s going concern status is unaffected by these impacts, as its only assets are IT assets which it does not intend to sell or dispose of in the open market, and because all of its funding is obtained from Parliament

### 1.6 Intangible non-current assets

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

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

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

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

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

### 1.7 Leases

The Group applies IFRIC 4 Determining Whether an Arrangement Contains a Lease and IAS 17 Leases to assess whether arrangements contains a lease and if any leases should be classified as either operating or finance leases.

As at 31 March 2021, the Group has a lease arrangement for the occupation of 7 Millbank.

### 1.8 Cash and cash equivalents

Cash and cash equivalents comprise current balances held at the Government Banking Service that are readily convertible to known amounts of cash with insignificant risk of change in value.

## Notes to the Group Resource Accounts *(continued)*

### 1.9 Pensions

#### Defined benefit pension schemes

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

#### Defined contribution pension schemes

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

### 1.10 Financing

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

### 1.11 Grants

Grant-in-aid is recognised on a cash basis. Grant-in-aid is a funding mechanism to finance the costs of the Delivery Authority which is within the Group. Under the FReM, grant-in-aid should be accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' as interpreted by the FReM.

### 1.12 Staff costs

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

### 1.13 Other expenses

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

### 1.14 Recharges

The House of Commons recharges costs to both the Sponsor Body and the Delivery Authority on a quarterly basis. These costs include seconded staff costs until secondment agreements are terminated and miscellaneous recharges (for example surveys) for works carried out on behalf of both the Sponsor Body and the Delivery Authority where the contract has not yet novated. The House of Commons also charges the Sponsor Body for the occupation of premises at 7 Millbank as per the lease agreement.

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

The Sponsor Body recharges the Delivery Authority premises costs at 7 Millbank and in management's view using the floor space area has been considered as an appropriate basis of recharging those costs.

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

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

### 1.15 Taxation

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

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

### 1.16 Operating segments

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

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

### 1.17 Financial instruments

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

### Financial assets

The Group holds financial assets (see notes 8 and 9) in the following categories:

- Cash and cash equivalent
- Trade and other receivables

Cash and cash equivalents comprise current balances with banks and other financial institutions, which have an original maturity of three months or less. The carrying amount of these assets approximates to their Fair Value.

The impact of IFRS 9 Financial Instruments is not material. Trade receivables are intra-Group transactions or balances with the Houses of Parliament.

### Financial liabilities

The group holds financial liabilities (see note 10) in the following category:

- Trade and other payables

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

## Notes to the Group Resource Accounts *(continued)*

### 1.18 International Financial Reporting Standards (IFRS) that have been issued but are not yet effective

#### IFRS 16 Leases

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 Leases which replaces IAS 17 Leases for annual periods beginning on or after 1 January 2019. HM Treasury has agreed with the Financial Reporting Advisory Board (FRAB) to defer implementation of IFRS 16 until 1 April 2022.

The new standard requires an organisation to recognise all leases, such as any property, vehicles or equipment, in the Statement of Financial Position as if they were owned outright. All future payments due under the terms of lease are to be recognised upfront as a corresponding liability. The standard represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires the recognition of all leases as on-statement of financial position financing with exemption given to low value assets and short-term leases, i.e. leases with a lease term of less than 12 months as mandated by the FReM. This will result in the recognition of a right-to use asset, measured at the present value of future lease payments, and a matching liability in the Statement of Financial Position. Upon transition, the FReM has mandated the use of practical expedient in IFRS 16, which means, the Group only applies the standard to contracts which were previously identified as leases under IAS 17 and IFRIC 4.

The Group has undertaken a programme of work to assess the impact of the new standard on leases to which the Sponsor Body is a party. Preliminary analysis based on current leasing arrangement indicate that the lease will expire before the adoption date of IFRS 16 on 31 December 2021 and as such it has not been possible to quantify the expected impact on the SoCNE and SoFP.

The Group will continue to assess the impact of IFRS 16 up to the adoption date, as the Programme enters into Phase 2, arrangements will be entered into with the Houses and other parties that will need to be re-assessed as to whether such arrangements would represent a right of use asset. The standard may therefore increase in significance in the group's operations in the future.

#### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts was issued in May 2017 replacing IFRS 4 Insurance Contracts which requires entities to identify insurance contracts, for those contracts recognise an insurance contract liability. IFRS 17 requires that insurance liabilities be measured at present value of future insurance cash flows (the fulfilment cash flows), resulting in more uniform measurements and presentation for all insurance contracts. The IASB announced the deferral of IFRS 17 by two years until 1 January 2023 and therefore the implementation timetable in the public sector is being extended to at least 1 April 2023. The Group has assessed the likely effect of the new standard and has concluded that there are no material assets or liabilities recognised as insurance contracts, and therefore this standard will have no impact on the Group financial statements.

## 2. Reporting by Operating Segment

### for the period 8 April 2020 to 31 March 2021

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

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

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

#### Sponsor Body

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

#### Delivery Authority Management

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

#### Data and Digital

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

#### Heritage Collection Decant

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

#### House of Lords Decant

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

#### Palace of Westminster

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

# Notes to the Group Resource Accounts *(continued)*

	Total Sponsor Body £'000	2020-21					Total Delivery Authority £'000	Group Total £'000
		Delivery Authority Management £'000	Data & Digital £'000	Heritage Collection Decant £'000	House of Lords Decant £'000	Palace of Westminster £'000		
Gross expenditure	99,128	27,073	23,206	1,668	6,208	16,902	75,057	174,185
Income	(1,641)	-	(854)	-	-	-	(854)	(2,495)
<b>Net expenditure before eliminations</b>	<b>97,487</b>	<b>27,073</b>	<b>22,352</b>	<b>1,668</b>	<b>6,208</b>	<b>16,902</b>	<b>74,203</b>	<b>171,690</b>
Intra-group eliminations	(84,365)	(1,641)	854	-	-	-	(787)	(85,152)
<b>Net expenditure after eliminations</b>	<b>13,122</b>	<b>25,432</b>	<b>23,206</b>	<b>1,668</b>	<b>6,208</b>	<b>16,902</b>	<b>73,416</b>	<b>86,538</b>

### 3. Staff Costs

	2020-21			
	Permanently employed staff £'000	Seconded staff £'000	Others £'000	Total £'000
Wages and salaries	2,931	2,718	6,389	12,038
Social security costs	343	326	-	669
Other pension costs	335	709	-	1,044
<b>Sub-total</b>	<b>3,609</b>	<b>3,753</b>	<b>6,389</b>	<b>13,751</b>
Recoveries	-	-	-	-
<b>Total net costs</b>	<b>3,609</b>	<b>3,753</b>	<b>6,389</b>	<b>13,751</b>
<b>Of which:</b>				
Sponsor Body	1,037	1,830	773	3,640
Delivery Authority	2,572	1,923	5,616	10,111
<b>Total</b>	<b>3,609</b>	<b>3,753</b>	<b>6,389</b>	<b>13,751</b>

The Staff Report on [pages 57 to 62](#) within the accountability section contains further details on staff numbers and costs.

### 4. Total Expenditure

	2020-21	
	Sponsor Body £'000	Group £'000
Staff costs	3,640	13,751
<b>Grant-in-Aid to ALB</b>		
Delivery Authority	85,152	-
<b>Total Grant-in-Aid</b>	<b>85,152</b>	<b>-</b>
Rental of premises	1,013	1,189
Service charge	210	246
Research and development	-	23
Project management fees	4,775	4,775
Insurance	25	25
Accommodation costs	620	723
IT	854	17,730
Training and other non-pay staff costs	54	100
Professional services	2,647	46,825
Other	13	318
	<b>10,211</b>	<b>71,954</b>
<b>Total cash</b>	<b>99,003</b>	<b>85,705</b>
<b>Non-cash items</b>		
Depreciation	-	1
Amortisation	-	707
Auditor remuneration	125	125
<b>Total non-cash</b>	<b>125</b>	<b>833</b>
<b>Total operating expenditure</b>	<b>99,128</b>	<b>86,538</b>

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

Professional services primarily include costs of services provided by our integrated delivery partner (£26.3m) and design services provided (£19.1m).

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

IT costs consist of maintenance (£2m), development and support (£13m) and purchases of IT equipment (£2m).

## Notes to the Group Resource Accounts *(continued)*

### 5. Income

	2020-21	
	Sponsor Body £'000	Group £'000
Recharges to Delivery Authority	1,641	-
<b>Total income</b>	<b>1,641</b>	<b>-</b>

### 6. Intangible assets

#### 2020-21 Group

	IT Infrastructure £'000	Total £'000
<b>Cost or valuation</b>		
Opening balance	-	-
Addition	5,217	5,217
<b>At 31 March 2021</b>	<b>5,217</b>	<b>5,217</b>
<b>Amortisation</b>		
Opening balance	-	-
Charge for the year	707	707
<b>At 31 March 2021</b>	<b>707</b>	<b>707</b>
<b>Carrying amount at 31 March 2020</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at 31 March 2021</b>	<b>4,510</b>	<b>4,510</b>
<b>Asset financing</b>		
Owned	4,510	4,510
Finance Leased	-	-
<b>Carrying amount at 31 March 2021</b>	<b>4,510</b>	<b>4,510</b>
<b>Of the total:</b>		
Sponsor Body	-	-
Delivery Authority	4,510	4,510
<b>Carrying amount at 31 March 2021</b>	<b>4,510</b>	<b>4,510</b>

### 7. Financial Instruments

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

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

### 8. Cash and cash equivalents

	31 March 2021	
	Sponsor Body £'000	Group £'000
Balance at 1 April	-	-
Net change in cash and cash equivalent balances	29,632	47,157
<b>Balance at 31 March</b>	<b>29,632</b>	<b>47,157</b>
The following balances at 31 March were held at:		
<b>Government Banking Service</b>	<b>29,632</b>	<b>47,157</b>
<b>Balance at 31 March</b>	<b>29,632</b>	<b>47,157</b>

### 9. Trade and other receivables

	31 March 2021	
	Sponsor Body £'000	Group £'000
<b>Amounts falling due within one year</b>		
Other receivables	1,891	1,380
Prepayments and accrued income	3	514
<b>Total current trade and other receivables</b>	<b>1,894</b>	<b>1,894</b>
<b>Total trade and other receivables</b>	<b>1,894</b>	<b>1,894</b>

## Notes to the Group Resource Accounts *(continued)*

### 10. Trade and other payables

	31 March 2021	
	Sponsor Body £'000	Group £'000
<b>Amounts falling due within one year</b>		
Other taxation and social security	47	290
Trade payables	539	1,234
Other payables	37	117
Accruals and deferred income	2,065	12,138
Amounts issued from the Consolidated Fund for Supply but not spent at year end	29,632	29,632
<b>Total current trade and other payables</b>	<b>32,320</b>	<b>43,411</b>
<b>Total trade and other payables</b>	<b>32,320</b>	<b>43,411</b>

### 11. Contingent Liabilities

The Group has the following unquantifiable contingent liabilities:

There is a contingent liability for performance-related payments relating to 2020–21. The Delivery Authority operates a discretionary scheme which allows for recognition of high performers in any year without raising base salary levels. Any discretionary bonuses paid are subject to individual and corporate performance. Given the coronavirus pandemic and its ongoing economic impact, as well as the Delivery Authority's status as a new organisation, the decision was taken to generally defer payment of discretionary bonuses related to performance until 2021–22. There is therefore the potential that payments in 2021–22 will also cover performance during the period of their employment during the 2020–21 year. It is not possible to quantify the likely value of these payments (if any) given that they depend on a range of factors, including the performance of the organisation and individuals within it, and that employees may leave the organisation during the coming year, but the maximum value of any such payments will not be significant.

There is a further contingent liability relating to the implementation of the Inland Revenue IR35 requirements for contractors and supply chain engagements. Following the novation of contracts from the House of Commons, the Delivery Authority has reviewed all contracts and issued new assessments on their status, and management are working with HMRC to resolve any process queries and potential liabilities relating to these contracts and assessments. The maximum liability is not considered to be significant.

### 12. Capital and other commitments

#### 12.1 Capital commitments

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

#### 12.2 Commitments under leases

##### 12.2.1 Operating leases: Sponsor Body as a lessee

	31 March 2021	
	Sponsor Body £'000	Group £'000
<b>Obligations under operating leases for the following periods comprise</b>		
<b>Buildings</b>		
Within 1 year	1,264	1,264
Within 2–5 years	-	-
Over 5 years	-	-
<b>Total</b>	<b>1,264</b>	<b>1,264</b>

## Notes to the Group Resource Accounts *(continued)*

### 13. Related-party transactions

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

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

- The House of Commons: property costs recharges for the occupation of 7 Millbank, staff secondments and IT related costs.
- The House of Lords: Staff Secondments.
- Delivery Authority: grant in aid payment, property costs recharges to them and IT and other services costs recharges from them.

	Payments to Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£'000	£'000	£'000
House of Commons	3,210	548	-
House of Lords	96	-	-
Delivery Authority	85,152	854	1,891

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

The Remuneration Report provides information on key management compensation.

### 14. Entities consolidated

#### The Restoration and Renewal Delivery Authority Ltd

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

### 15. Events after the reporting period date

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

There were no significant events after the reporting period that require disclosure.

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

## Annex A – Contracts awarded in the UK

### Contracts awarded in the UK

#### Not subject to audit

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

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

The tables below set out the size of organisations we have contracted with:

Small and Medium Sized Enterprises are defined as entities employing less than 250 people.

Company size	Suppliers	%	Spend £000	%
SME		58	18,857	33%
Large		39	37,964	67%
<b>Total</b>		<b>97</b>	<b>56,821</b>	<b>100%</b>

The regional spread of all expenditure is:

Region	Expenditure £000	%
London	25,040	44%
North West	13,275	23%
Scotland	7,618	13%
South East	6,904	12%
Wales	1,038	2%
South West	950	2%
Yorkshire	859	2%
West Midlands	860	2%
East Midlands	268	0%
East	9	0%
North East	-	0%
NI	-	0%
	<b>56,821</b>	<b>100%</b>





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

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*Cover photo shows ceiling detail of Chapel of St Mary Undercroft*

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**HOUSES OF PARLIAMENT**  
**RESTORATION & RENEWAL**

July 2021

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