

# Annual Report and Financial Statements

for the year ended 31 March 2022

SATURDAY



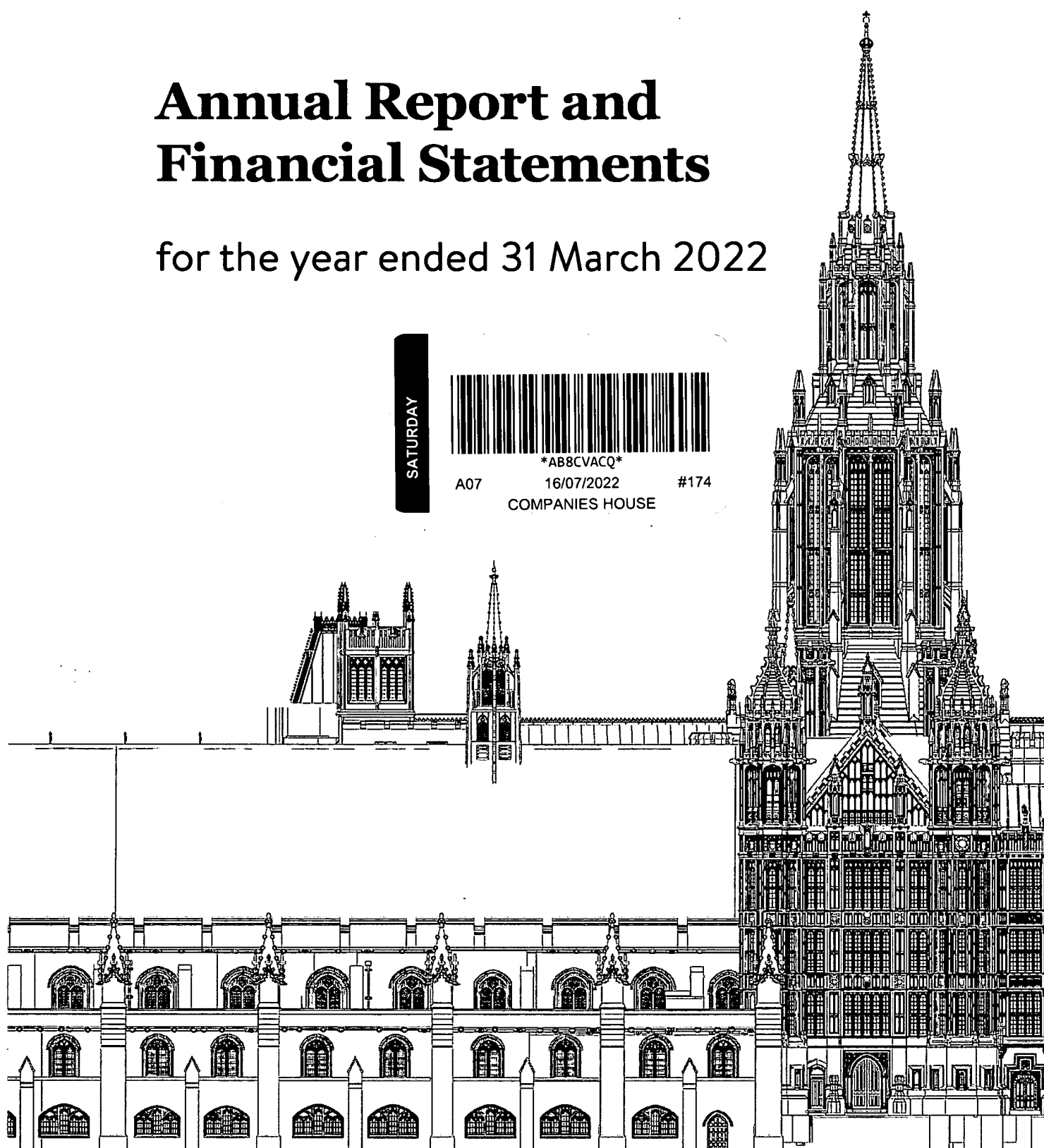
\*AB8CVACQ\*

A07

16/07/2022

#174

COMPANIES HOUSE



**HOUSES OF PARLIAMENT**  
R&R DELIVERY AUTHORITY

HC 518

PPMS CLASSIFICATION: UNRESTRICTED



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

**Restoration and Renewal Delivery Authority Limited**  
**Annual Report and Financial Statements**  
For the year ended 31 March 2022

Presented to Parliament pursuant to Schedule 2 of the  
Parliamentary Buildings (Restoration and Renewal) Act 2019

Ordered by House of Commons to be printed on 12 July 2022

**HC 518**



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

© Parliamentary Works Sponsor Body 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit

[nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3)

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](http://www.gov.uk/official-documents)

Any enquiries regarding this publication should be sent to us at

PWSB, 8/64 VS, House of Commons, London SW1A 0AA

ISBN: 978-1-7396124-0-5



## **Company Information**

### **Directors**

Mike Brown CBE MVO  
David Goldstone CBE  
Dr Simon Thurley CBE  
Matthew White  
Simon Wright OBE  
Anne Baldock  
Dr Stephen Duckworth OBE  
Anne McMeel  
Neil Sachdev MBE  
Tanya Coff

### **Secretary**

Jane Mee

### **Company Number**

12559954

### **Registered Office**

C/O Sharpe Pritchard LLP  
Elm Yard, 10-16 Elm Street  
London  
WC1X 0BJ

### **Business Address**

8/64 VS, House of Commons  
London  
SW1A 0AA

### **External Auditors**

Comptroller & Auditor General  
National Audit Office  
157-197 Buckingham Palace Road,  
London,  
SW1W 9SP



## **Table of Contents**

### **Annual Report**

|                                  |    |
|----------------------------------|----|
| Introduction                     | 7  |
| Chair's Foreword                 | 9  |
| Chief Executive Officer's Review | 10 |
| Strategic Report                 | 11 |
| Directors' Report                | 20 |
| Governance Statement             | 24 |
| Remuneration and Employee Report | 45 |

|                                                                            |           |
|----------------------------------------------------------------------------|-----------|
| <b>The Certificate and Report of the Comptroller &amp; Auditor General</b> | <b>55</b> |
|----------------------------------------------------------------------------|-----------|

### **Financial Statements**

|                                   |    |
|-----------------------------------|----|
| Income Statement                  | 60 |
| Balance Sheet                     | 61 |
| Cash Flow Statement               | 62 |
| Statement of Changes in Equity    | 63 |
| Notes to the Financial Statements | 64 |



## **Introduction**

The Restoration and Renewal Delivery Authority Limited (the Delivery Authority) is a private company limited by guarantee and incorporated under the Companies Act 2006 with company registration number 12559954. The Delivery Authority is domiciled in the UK and registered in England and Wales.

This Annual Report and Accounts relates to the financial year ending 31 March 2022.

The Delivery Authority was incorporated to deliver the restoration and renewal programme (referred hereafter as 'the Programme') of the Palace of Westminster and related works on behalf of the Houses of Parliament, including associated enabling works (the decant of the House of Lords and the decant of the Palace's Heritage Collections).

The Delivery Authority reports to Parliament via the Parliamentary Works Sponsor Body (the Sponsor Body), a statutory corporation established under the Parliamentary Buildings (Restoration and Renewal) Act 2019 ('the R&R Act'). The Sponsor Body is a suitably empowered organisation, separate from Parliament, with Board representation from both Houses, as well as from independent members, providing scrutiny and oversight of the delivery of the Programme. The Sponsor Body is the Delivery Authority's sole member and guarantor.

Some of the Delivery Authority's governance requirements are set by the R&R Act and others are set out in the Parliamentary Relationship Agreement ('PRA'), which governs the relationship between the Sponsor Body and the Houses of Parliament. The Delivery Authority's relationship with the Sponsor Body is defined in the Programme Delivery Agreement ('PDA') and it is this PDA which flows down the governance requirements set out in the PRA into the Delivery Authority's governance structure. Both the PRA and PDA are governance agreements which are required under the R&R Act.

The PDA also sets out the role and duties of relevant entities and bodies with whom the Sponsor Body and/or Delivery Authority will interact. This includes the House Commissions, which are responsible for providing strategic direction regarding the administration and services of their respective House administrations, including the maintenance of the Palace of Westminster and the rest of the Parliamentary Estate. Under the Act, both House Commissions retain a number of specific roles regarding the Programme including agreeing scope designations, agreeing expenditure limits, and others.

In March 2022, the Commissions of both Houses of Parliament agreed to bring forward a new approach to sponsorship for the programme and set out revised parameters for the approach to the works. Further details on these changes, and the associated implications are included within the main body of this report.

As a private limited company, the Delivery Authority prepares its accounts in accordance with the Companies Act 2006. As a 100% subsidiary of a public body, the Delivery Authority provides the Sponsor Body with the information and schedules required to prepare its own accounts which are compliant with the Government Financial Reporting Manual (FReM). In line with the principles of openness and transparency, the Delivery Authority follows the 'Corporate Governance in Central Government Departments: Code of Good Practice' and the FReM requirements for a Governance Statement and Remuneration Report. This document is intended to provide the user with enough information to understand the Delivery Authority's financial position, but more detailed information



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

on the Restoration and Renewal Programme ('the Programme') is available in the Sponsor Body's Annual Report and Accounts which are also laid before Parliament and available on our website.



## **Chair's Foreword**

**Mike Brown CBE MVO**

The Palace of Westminster is one of the best recognised buildings in the world, and a source of pride for people all around the United Kingdom, but it does need essential restoration to preserve it and keep it safe and operational as the working home of UK democracy. This year, the Delivery Authority has made important progress in carrying out surveys to better understand the buildings and the work that will be needed. My thanks go to everyone working in the Delivery Authority team who have done great work this year - even as we continued to face the challenges of the pandemic for much of the time.

Despite these difficulties the teams have continued to determine the work needed to restore and protect the Palace. We now have a more detailed picture than ever before of this unique world heritage site, and of the potential solutions. Work has been done this year on a detailed and costed restoration plan, and we have brought forward design options and early assessments of what could be needed in terms of cost and schedule - working to Parliament's objectives and priorities. All of the work has focused sharply on ensuring value for money for the country. This has also meant that we have needed to create effective, but proportionate, governance for the Delivery Authority so we are ready for the main building phase of the programme.

In March 2022, the Commissions of both Houses of Parliament agreed to bring forward a new approach to sponsorship for the programme and set out revised parameters for the approach to the works. We welcome the clarity and focus this will bring. The Delivery Authority has been tasked to continue with our surveys as swiftly as possible, as well as with other work to inform future decisions about the programme. We are pleased to be working more closely with Parliamentary authorities on this task. Parliament remains committed to restoring the Palace of Westminster, and to ensuring the safety of everyone who works there. The work done by the Delivery Authority this year will drive the future restoration programme ensuring value for money and priority focused work going forward.

I strongly endorse our ambitions to create social and economic value within the programme across Scotland, Wales, Northern Ireland and all regions of England. Already we have apprentices and interns from many parts of the UK working in our teams and we have been talking with businesses of all sizes in all four nations, as well as local political leaders.

I look forward to next year and all the opportunities and challenges we will face as we bring our project to life.

Signed

.....  
Mike Brown CBE MVO  
Chair  
05 July 2022





## **Chief Executive Officer's Review**

**David Goldstone CBE**

Our second year of existence has been one in which we have seen good progress against the plan agreed last year. The organisation has grown and developed from the early progress during our first year and we are now approximately halfway through an extensive programme of surveys which will, for the first time, provide a detailed assessment of the condition of the Palace across a wide range of areas. This, along with the extensive design work we have undertaken, puts us in a strong position for the future.

Overall, our maturity to develop and deliver a future programme has improved significantly over the past year and we have built a strong foundation which will stand us in good stead as we move towards the next phase of the Programme.

The changes announced by the House Commissions in March 2022, including proposals for a new sponsorship model and a new set of parameters for the works, have meant a change in direction for us. I have been really impressed with how the organisation has responded, showing great positivity and enthusiasm to respond to the changing requirements.

We are now working to develop a revised set of high-level options and will be working closely with the Sponsor Body and Parliament over the coming months to progress these. The design work we have carried out to date and the outputs from our surveys, which are continuing, will help inform these future options.

I am grateful for the continued support of the Board, and the commitment and hard work of all of my colleagues, who remain committed to preserving the historic Palace of Westminster for generations to come.

Signed

.....  
David Goldstone CBE  
Chief Executive and Accounting Officer  
05 July 2022



## **Strategic Report**

### **Introduction**

To date, the Programme has been structured in two phases. Phase 1 encompasses all Programme work and funding until the point of obtaining Parliamentary approval of the detailed and costed restoration and renewal plan. Phase 2 is intended to begin when Parliamentary approval for that plan is obtained and will end with the completion of the Parliamentary building works.

The Delivery Authority had been working to design and develop two 'Schemes' intended to deliver a number of critical improvements to the Palace. Working collaboratively with the Sponsor Body, the development of the Programme Business Case (which would present these 'Schemes' alongside all of the detailed supporting costs, schedule, risks and benefits) was on track to commence the Parliamentary approvals process at the end of 2022, with formal approval expected in 2023. Details of the initially emerging cost and schedule of works were presented to the House of Commons and House of Lords Commissions in January 2022, alongside an assessment of the further work required to inform and develop the preliminary proposals contained in the initial assessment.

### **In-year developments affecting the Programme**

In February 2022, the House of Commons Commission proposed a number of changes to the overarching governance and approach of the Restoration and Renewal Programme. They proposed that the sponsor function should transfer to a new, separate department; that a Joint Committee of both Houses, supported by external expertise, should be appointed to oversee the work in the long run (with powers delegated from the Commissions); and that the Delivery Authority and the new department should be asked to continue to undertake investigatory work and develop proposals for the works that enable a more rapid prioritisation of critical work on the Palace and reduce the need for a complete or nearly-complete decant<sup>1</sup>. Shortly after this, these changes were endorsed by the House of Lords Commission and at a specially convened Joint Commission meeting in March, the new approach guided by a revised set of parameters for the works was agreed<sup>2</sup>. The full set of parameters to inform the future development of the programme of works is provided below:

- a) A primary commitment to health and safety, including fire safety;
- b) Ensuring lessons from previous project activity are embedded in future project activity;
- c) Works to improve mechanical, electrical and other essential systems should be prioritised;
- d) A shorter life expectancy for the completed works should be considered (i.e. the infrastructure might require further renewal or ongoing upgrades in future decades rather than the current underpinning assumption to avoid this);
- e) A wider range of options to decant Members and staff from areas of the building affected by the works needs to be considered;

---

<sup>1</sup> <https://committees.parliament.uk/publications/8750/documents/88648/default/>

<sup>2</sup> [Joint statement from the House of Lords and House of Commons Commissions - Committees - UK Parliament](#)



## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

- f) There must be a more integrated and cohesive approach between R&R works and other critical works on the Parliamentary estate;
- g) Different levels of ambition for programme scope should be considered to ensure maximum value for money;
- h) There should be a broader range and a greater number of options for delivering the works developed prior to down-selection of final options;
- i) An incremental approach to the works and the funding should be considered, in line with standard practice for many major public works.

Whilst the House of Commons and House of Lords Commissions have determined there should be changes to the way in which the sponsorship of the Programme is provided, they have been clear about the continuing need for a Delivery Authority. As the Delivery Authority will continue to exist, it remains appropriate to adopt the going concern basis for the preparation of the 2021/22 financial statements (further detail on this assessment is included in Note 1 to the financial statements on page 64). A revised mandate for the works and changes to the sponsorship function is intended to be sought from the two Houses, which is currently planned to take place before the summer recess.

The Commissions' decisions have required an in-year re-assessment of activity within the Delivery Authority to ensure that any continuing work is aligned with the Commissions' proposals, delivers value for money and that financial requirements under both the Companies Act 2006 and Managing Public Money continue to be met.

The Commissions' decisions also resulted in the realisation of a number of risks for the Programme, particularly around expenditure of public money, recruitment and retention, and future supply chain relationships. Where possible, mitigating actions have been taken, though risk remains in some areas. Further information can be found in the risk section (section 4) of the Governance Statement. A transition programme has now been formally established, supported by a number of workstreams, to take forward the Commissions' decisions. The Delivery Authority is working collaboratively with colleagues from the Sponsor Body, House of Commons and House of Lords on all transition areas in advance of the formal revised mandate being sought from Parliament later in 2022.

### **Progress against objectives**

Three Phase 1 objectives for the Delivery Authority were published in the Corporate Plan in July 2021. Good progress has been made against these in spite of some challenges, and further detail is provided below.

Similar to many other organisations, our operation throughout the year has had to continually adjust to take account of the pandemic and resultant circumstances. We have continued to be largely home-based for the majority of the year though have now introduced our new smart-working approach (to coincide with a recent move to our new office base), which is enabling a more collaborative way of working across the Programme.

Gaining access to the Palace of Westminster for relevant design work has understandably been more limited due to Covid-19 restrictions than would normally be the case. We have however been able to make use of easing restrictions over recent months.



## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

The reporting against each objective below focuses predominantly on progress achieved prior to 1 February 2022, when the changes outlined in the section above were initially proposed. A significant amount of work has been undertaken since the announcement of the Commissions' decisions, not least to consider what work needed to stop, pause and continue and to prepare new resourcing plans and budgets to align with this.

### To ensure all Programme activities are supporting the development of the Programme Business Case (PBC)

We have continued to develop the detailed and costed plan for the delivery of the Restoration and Renewal Programme and as set out in the introduction above, were on track for this to be presented to Parliament for their approval in 2023. Work on the Programme Business Case has now essentially stopped following the Commissions' decisions outlined above.

Following a down-selection from an initial four design options for the Palace, we have further progressed two design scheme options (known as the Essential and Intermediate Schemes) and have followed the Royal Institute of British Architects (RIBA) Design Process in doing so. Our designs have been informed by extensive research, stakeholder engagement and design development work, resulting in the production of over 1,750 reports and studies. We have built an initial 3D model of the Palace and plan for further development of this as designs continue to develop and mature. The model will make our planning more effective, for example by generating drawings to show every elevation of the Palace's over one thousand rooms.

Our emerging cost and schedule report for the Essential Scheme was published in February 2022. We had been working on a separate assessment for the Intermediate Scheme to be completed before the end of the financial year, though this work was stopped as a result of the in-year House Commissions' decisions.

Further to a request from the House of Commons Commission, we also undertook a study of Continued Presence, essentially looking at whether it would be possible for the House of Commons to stay within the Palace throughout the period whilst works are taking place. Although our initial assessment managed to find a way to make Continued Presence work, we could not do so without a likely significant increase in the overall cost and length of works. Our study also identified a number of significant risk areas (such as fire safety, security and health and safety responsibilities) that would need to be resolved before any Continued Presence model could be agreed. Our emerging findings were presented to Parliament in January 2022 and have since been published.

Work on the Essential and Intermediate Schemes has ceased as this is no longer in line with the new parameters for the works set by Parliament. We are, however, now developing new plans based on the direction we have received. The design work undertaken to date will inform any future options going forward.

Our extensive programme of surveys will also inform design options for the future. We are now beyond mid-way through our survey programme which will, for the first time, provide a detailed assessment of the condition of the Palace across a wide range of areas including structure and ground conditions; existing services and utilities; archaeology; fire; asbestos; and condition of external finishes. These surveys, which are significant and complex pieces of work in their own right, will be used to inform any future design for a restored and renewed Palace.



## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

Our intrusive surveys are starting later than originally planned due to a variety of reasons, some of which have been within our span of control (mainly an early-stage delay with internal procurement activity) and others which have not (including access issues as a result of Covid-19, the wider Parliamentary business schedule and dependencies on other House services). Where delays occurred due to factors within our control, a lessons learned exercise has been conducted and acted upon. We are now making good progress with approximately 60 out of 100 surveys conducted. Tenders have been issued for all of the future intrusive surveys and an extensive programme of survey activity is planned for the 2022 summer recess period.

We have continued our work on two projects which act as key enablers for the restoration and renewal of the Palace; these being the decant of the House of Lords and of the heritage collections, though work has now largely paused on these as a result of the Commissions' decisions. The House of Commons decant work has been the responsibility of the House of Commons.

We have further developed plans for the Queen Elizabeth II (QEII) Conference Centre as a location for the House of Lords decant during any period of works. Extensive research of archive information, procurement of surveys and reports, positive engagement with key stakeholders and design development work informed the production of initially seven Scheme options, shortlisted to four, that have been progressed to concept design stage. Our work this year on this project has been slower than we had planned due largely to delays in decision-making, resulting in it taking longer than planned to select the final shortlisted options. As a result of the Commissions' decisions, wider options for decant locations will be considered.

The Delivery Authority was also progressing plans to keep the Palace's heritage collections safe in a different location while restoration work takes place, as well as ensuring that designs for the new Palace enable the collections to be used, cared for and enjoyed in the future. We have continued to work closely with Parliamentary colleagues to undertake the planning for moving the historical collections and to ensure there is a clear roadmap in place for a future potential storage and conservation facility. Progress on this project has been slower than anticipated whilst we await Parliament's strategic direction, against which we will need to ensure alignment.

### To develop the Programme maturity to procure and deliver chosen design options in accordance with the Strategic Objectives

Our overall Programme maturity has improved across a number of distinct areas.

We have continued to have a strong focus on value for money, understanding that we must be able to justify the expenditure of every penny of taxpayer's money. We have been open to both internal and external challenge on areas of particularly high spend, for example our data and digital work, and have responded to this accordingly. Our financial reporting has matured, and we have seen Programme-wide improvements to our forecasting accuracy which is important for us to be able to build credibility going forward.

Restoring the Palace will boost UK industries, using UK materials wherever possible and creating jobs and apprenticeships across the country in a wide range of specialisms. We had commenced a programme of UK-wide engagement across all four nations and had partnered with the British and Scottish Chambers of Commerce to run a series of roundtable events with local businesses and training providers. We have used these events to explore the opportunities and benefits that the Restoration and Renewal Programme can bring to their local residents and businesses. We have also



## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

visited a number of Small and Medium-Sized Enterprises and educational establishments in order to promote the future opportunities arising from the Programme. Although we have had to pause this work, as a result of the House Commissions' decisions, we plan to commence appropriate activity again once we have further clarity on the way forward.

Within the Delivery Authority itself, we have recruited a number of paid interns from lower socio-economic backgrounds (through our partnership with the Social Mobility Foundation) who are gaining valuable work experience in roles across the Programme. We have also commenced an apprenticeship programme and have seen apprentices employed both directly by the Delivery Authority and by our suppliers. We have agreed a Volunteering Policy against which we have already organised a number of Programme-wide volunteering activities.

Our procurement activity to date has followed agreed procurement plans supported by an overarching value for money methodology. We have run a number of successful procurements over the reporting period, most especially to support intrusive surveys, and to streamline our supply base for data and digital work. We are contracting with suppliers of varying size across the country and have gained in our knowledge and learning as a result of each procurement.

We have further developed our governance arrangements across a range of areas including risk management, assurance and our overarching governance framework. Building on the learning from our first year of operation, we have undertaken a governance review looking at all of our Boards, Committees and working groups. We have also undertaken Board and Committee effectiveness reviews and are in the process of implementing recommendations arising from these. Further detail in relation to all of our governance activity is provided in the Governance Statement at page 24 below.

### To develop the Delivery Authority's corporate capability ready to deliver Phase 2 of the Programme

We have further developed our capability across a number of core areas, providing a strong foundation as we move forward into the next phase of the Programme.

We have continued to build a strong team of people with the right mix of skills and knowledge, though as outlined later in the Governance Statement, there are risks around loss of expertise and remobilisation timescales as a result of the Commissions' decisions. We have increased our number of permanent employees, whilst at the same time reducing the number of contracted staff we use. We will continue to operate a mixed resourcing model, particularly in design and project management disciplines, to balance enduring in-house capability with scarce and highly specialised technical expertise purchased from design and delivery partners as it is required.

We have agreed our Equality, Diversity and Inclusion (EDI) Strategy and are now working to achieve our agreed EDI objectives. We also undertook our first colleague survey and were pleased with the overall level of engagement and results received. Further information on our EDI work as well as broader people-related issues is provided in the Remuneration and Employee report at page 45.

We have further established our data and digital capability throughout this period, putting in place a permanent senior leadership team and agreeing our Data and Digital Strategy for the Programme, including measures to streamline our supply base.



## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

Investment in our data and digital services is essential both for the day to day running of the Programme but also for the onward success of the future restoration of the Palace. Our data and digital enabled approach is expected to produce significant whole-life cost and time savings, as well as reducing risks through capabilities including computer-based design modelling and digital rehearsals of the construction plan. We have also invested in developing our cyber security centre, which is an essential facility given the sensitivity of information we are dealing with.

A review carried out this year found that all the data and digital investment to date had been necessary to establish the core systems of the Delivery Authority and that the approach we had planned for Phase 2 was in line with other comparable major programmes. All data and digital investment will be reviewed further once the future scope of the Programme is agreed. To provide additional advice and assurance on this important area as we move forward, we have recently established a Data and Digital Advisory Panel comprised of leading industry experts who will support the Board in its oversight of this activity.

### **Financial results**

From a financial perspective, the Delivery Authority is funded exclusively by the Sponsor Body, which in turn obtains its funding through vote of Parliament. The Delivery Authority reports zero profit, with all of its costs offset by funding received, with any excess funding deferred until the following financial year.

Expenditure in 2021/22 was £107m, with income of £1m received for services provided to the Sponsor Body, for example data & digital support. The main areas of spend reflect the activities outlined above to support the development of the Programme Business Case. In particular, spend has been concentrated on design work, with a focus on the Palace of Westminster project. Expenditure has also supported maturing the organisation in preparation for the next phase to deliver work to restore the Palace. This includes significant expenditure on surveys, data and digital, and programme delivery. This spend was less than originally planned for the year due to a combination of slower progress as outlined above, a continual focus on savings and value for money, and a pause in many activities following the House Commissions' decisions.

The £106m net spend in 2021/22 compares to £74m in 2020/21. This reflects the full establishment of the Delivery Authority, with recruitment activity and an associated increase in staff increasing employee costs by £5m, as well as a scale up of design activity, which doubled from £19m to £37m, and a significant step-up in surveys activity, which increased by over £4m.

Given the current phase of the Programme and the inherent uncertainty that exists until we receive a new formal mandate from Parliament, the imperative to manage expenditure to avoid nugatory work and costs is paramount. Further detail on the actions taken by the Delivery Authority in relation to expenditure management are found in the Governance Statement (paragraph 2.8).

Our full financial performance data is contained within our financial statements starting at page 60 below.



## Sustainability

Sustainability forms an essential part of what we do in the Delivery Authority, and we are committed to monitoring and minimising the environmental impact of our operations.

Our Sustainability team is in its early stages of developing dedicated key performance indicators for organisational performance and we intend to issue and report against these associated targets in our next annual report. This includes development of our Carbon Strategy to set appropriate targets for the programme, aligning with the Parliamentary Estate's ambitions as well as government policy and emerging best practice.

The Delivery Authority is committed to reducing its environmental impact. Colleagues are advised to consider if meetings can be accommodated virtually as the first option. Where it is safe and accessible, low carbon modes of transport such as rail are actively encouraged. Our office accommodation has been awarded a BREEAM 'Excellent'<sup>3</sup> rating for its sustainability performance and is easily accessible by public transport, with cycling facilities also provided on site.

It is important that the Palace of Westminster is resilient to changes in the climate so that it can continue to operate as the working home of Parliament in the future. We are working collaboratively with contractors, architects, design managers, and the heritage team to understand the key risks of extreme weather events to the Palace. As part of the design process in 2021/22, a climate change resilience assessment was conducted, from which a climate change adaptation strategy has been developed.

### Utilities and Carbon Reporting

The tables below set out the energy consumption and emissions across the Delivery Authority.

|                                             | 2021/22 | 2021/22<br>(per occupant) | 2020/21 | 2020/21<br>(per occupant) |
|---------------------------------------------|---------|---------------------------|---------|---------------------------|
| Gas consumptions kWh                        | 190,552 | 730                       | 169,978 | 829                       |
| Electricity consumption kWh                 | 317,325 | 1,216                     | 222,373 | 1,085                     |
| Water consumptions m <sup>3</sup>           | 521     | 2.0                       | 759     | 3.7                       |
| Scope 1: direct tCO <sub>2</sub> e          | 35      |                           | 31      |                           |
| Scope 2: indirect tCO <sub>2</sub> e        | 74      |                           | 52      |                           |
| Scope 3: Business Travel tCO <sub>2</sub> e | -       |                           | -       |                           |
| Total expenditure on energy                 | £0.041m |                           | £0.062m |                           |
| Total expenditure on business travel        | £0.001m |                           | -       |                           |

In 2020/21, gas, electricity and water consumption have been calculated by taking the overall building usage and dividing it by the total number of floors occupied by the Delivery Authority. In

<sup>3</sup> BREEAM (Building Research Establishment Environmental Assessment Method) is an international certification scheme which measures sustainable value in a series of categories, ranging from energy to ecology. The 'Excellent' rating means Victoria Street office is in the top 10% of UK new non-domestic buildings (deemed 'best practice').





## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

2021/22, electricity consumption has been calculated using the energy consumption benchmarks published in CIBSE (2012) Guide F Energy Efficiency in Buildings.

### Total waste (recycled, incinerated, landfill)

|                              | 2021/22 (tonnes) | 2020/21 (tonnes) |
|------------------------------|------------------|------------------|
| Total Waste                  | 13               | 12               |
| Total Waste Recycled         | 7                | 7                |
| Total Waste for Incineration | 6                | 5                |
| Total Waste to Landfill      | 0                | 0                |

We have established new recycling facilities and have educated and encouraged all colleagues to improve their knowledge of waste reduction. Over the current reporting year, none of the waste taken from our offices breached environmental regulations or was a part of any spillages.

### Section 172(1) Statement

The Companies Act (Miscellaneous Reporting) Regulations 2018 apply to the Delivery Authority. As such the directors of the company are required to report how they have considered their duties under s.172 of the Companies Act during the reporting period. In doing so directors should have regard to certain matters, including:

- The likely consequence of any decision in the long term
- The interest of the organisation's employees
- The need to foster the company's relationships with suppliers and others
- The impact of the organisation's operations on the community and the environment
- The desirability of the organisation's maintaining a reputation for high standards of conduct

The formal governance of the company and the constitution of the Board have been established to facilitate proper consideration by the Board of the impact of the company's operations in the context of these factors. The Governance Statement details key relevant decisions that have been taken and matters that have been considered at Board and Committee level during this year (see Governance Statement paragraph 3.11).

The governance arrangements were adapted following the decisions of the House Commissions and the subsequent proposed changes to the Programme, to facilitate appropriate input from and oversight by the Board consistent with the duties of the directors (see Governance Statement section 2).

As such the Board of Directors of the Delivery Authority consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s.172 (1)(a-f) of the Companies Act).



## Principal risks and uncertainties

We have further matured our approach to risk and assurance with the establishment of regular reviews of strategic risks at both Executive and Board level. We have enhanced the level of risk reporting that is in place, defined departmental level risk appetite and developed a strategic risk map showing the severity, proximity and ownership of various risks.

We have identified seven strategic risks and, where appropriate, have aligned these on a Programme basis with the Sponsor Body's risks. Our strategic risks are provided below:

- Political agreement
- Governance
- Programme funding
- Programme scope, interfaces and dependencies
- Recruitment and retention
- Major incident (health, safety, fire, damage, security, fraud, digital, cyber)
- Supply chain

With the exception of 'major incident', all of the other risks have, in part, been realised as a result of the in-year House Commissions' decisions. Further information on the risks themselves, mitigations and broader risk and assurance framework is provided within section 4 of the Governance Statement.

Signed on behalf of the Board

.....  
David Goldstone CBE  
Chief Executive and Accounting Officer  
05 July 2022



## **Directors' Report**

The Directors of the Delivery Authority present their Directors' Report and financial statements for the year ended 31 March 2022.

### **Directors**

The Directors of the Delivery Authority are the non-executive Board members and those Executive Team members whose details are set out on page 27.

### **Register of interests**

The Executive Team and Board members must complete a declaration of interests. There were no declarations of significant company directorships or other interests that may have conflicted with their management responsibilities. Related Party interests are disclosed in Note 13 to the financial statements.

### **Financial results**

During the year the Delivery Authority has incurred £107m of expenditure, received £106m of grant funding, and recovered £1m of recharges from the Sponsor Body in line with these costs, resulting in a zero-profit position for the year which was as anticipated. The costs incurred were £34m lower than the original budget. This reduction arose as a result of both our continual focus on driving savings but also from in-year underspends arising as a consequence of Programme delays to completion of surveys, and as a result of Parliamentary decisions requiring further time for option selection in relation to the House of Lords decant project and agreement to the roadmap for the Heritage Collections decant project. Stopping or pausing activity as a result of the recent House Commissions' decisions has also contributed to the lower than anticipated spend. Further detail is contained within our Strategic Report at page 11.

The full financial results for the period are set out from page 60.

### **Financial risk management objectives and policies**

The Delivery Authority is exposed to limited financial risk as it is funded by monies received from its parent (the Sponsor Body), which in turn is funded by amounts voted annually by Parliament. Whilst the future structure of the parent organisation is subject to review, financial risk is expected to remain low with ultimate funding remaining via Parliament. Robust policies remain in place to ensure that the Delivery Authority's expenditure is appropriately monitored and controlled, as part of the organisation's commitment to ensuring value for money and safeguarding its assets against fraud and impropriety.



## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

### **Likely future developments in the business**

Further to changes agreed by the House Commissions to the overarching governance and approach of the Restoration and Renewal Programme, the Delivery Authority is now working to a new Task Brief agreed with the Sponsor Body, which aligns with the revised parameters for future works. A revised mandate for the works and changes to the sponsorship function are intended to be sought from the two Houses before the summer recess. The onward process and exact timing for decision-making remains under Parliamentary control.

The Delivery Authority will continue to focus on developing options for the restoration and renewal of the Palace and will clearly take account of any new Parliamentary mandate once received.

From a research and development perspective, the organisation will continue to explore cost effective and innovative solutions to ensure the design of the restoration is safe, efficient and delivers value for money.

### **Personal data incidents**

There were no notifiable personal data breaches under GDPR or the Data Protection Act 2018 in the period.

### **Auditor of the Restoration and Renewal Delivery Authority Limited**

The R&R Act appointed the Comptroller & Auditor General (C&AG) as the Delivery Authority's external auditor. The audit is undertaken on behalf of the C&AG by the National Audit Office, and it has been agreed that the National Audit Office will not charge a cash fee to the Delivery Authority but will instead charge notional fees to the Sponsor Body for the audit of both organisations. There is therefore no auditor's remuneration reported in the Income Statement of the accounts. The total notional cost of the Delivery Authority audit is £70,000. No remuneration has been provided to the National Audit Office for non-audit services.

### **Employees**

The number of employees and related costs can be found in Note 3 to the financial statements.

### **Disabled persons**

The Delivery Authority is a Disability Confident Employer and welcomes applications from disabled people. We offer a guaranteed interview scheme for those candidates who meet the essential criteria for the role. Throughout the employee lifecycle, starting at recruitment, we offer workplace adjustments to remove and mitigate the physical and digital barriers experienced, and to facilitate a working environment where people can work at their best.

In the event of an employee becoming disabled while in our employment, every effort is made to ensure that their employment with us continues. We actively work towards the equality of outcome



for disabled people including in training, career development and promotion. We proactively promote a positive and inclusive work culture enabling all to work with dignity and respect as outlined in our Equality, Diversity and Inclusion Policy and Workplace Adjustments Policy.

### **Statement of Directors' and Accounting Officer's responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The Directors and Accounting Officer are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors and the Accounting Officer to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

Under company law the Directors and Accounting Officer must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors and Accounting Officer are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so

The Directors and Accounting Officer are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material mis-statement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

The Directors and Accounting Officer are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The Directors and Accounting Officer confirm that they have followed all the above requirements. For the avoidance of doubt, the Directors and Accounting Officer confirm that they believe that the Annual Report and Accounts as a whole are fair, balanced and understandable and that they take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

### **Statement of disclosure to auditor**

The Directors who held office at the date of approval of this Directors' report, including the Accounting Officer, confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed on behalf of the Board

.....  
David Goldstone CBE  
Chief Executive and Accounting Officer  
05 July 2022



## **Governance Statement**

### **1 Statement by Accounting Officer**

- 1.1 This is my personal statement as Accounting Officer for the Delivery Authority describing how I have discharged my duties to manage and control the resources of the Delivery Authority during the last year, through the governance and controls structure and workings of the organisation.
- 1.2 In addition to my close day-to-day involvement with and oversight of the Delivery Authority's operations, this governance statement draws on a number of sources of information including, but not limited to:
- Feedback received from the Board of Directors, the Chairs of each Board Committee and Executive Directors; and
  - Internal and external reviews and audits of corporate governance practices thus far adopted
- 1.3 I am satisfied that the Delivery Authority's corporate governance practices have continued to provide effective governance during this reporting period, particularly when taken in conjunction with areas which were strengthened during the course of the year, through the implementation of integrated risk, assurance and audit planning and reporting, a new risk management system, and strengthened compliance management arrangements.
- 1.4 Whilst I believe the Delivery Authority's current governance arrangements are appropriate, my expectation is that these will be reviewed and where appropriate refined following the House Commissions' decisions regarding the overall governance and approach of the Restoration and Renewal Programme (see page 11 of the Strategic Report for more information). In response to these decisions, certain temporary changes to the governance arrangements were implemented, and a further review will take place once the future arrangements and approach for the programme have been confirmed. The temporary governance changes are outlined under 2.8 and 2.9 below.

### **2 Governance Framework**

- 2.1 The overarching governance framework including the role of relevant entities is outlined in the introduction on page 7.
- 2.2 The Delivery Authority is required by its parent, the Sponsor Body, to comply with the Corporate Governance in Central Government Departments Code of Good Practice. I confirm that the Delivery Authority has complied with all the principles contained within the Code, but in common with last reporting period, implementation of such principles has been tailored to the particular nature of the Delivery Authority (as compared to the central government departments to which the Code is mainly aimed) and where supporting provisions directly relate to the operation of central government

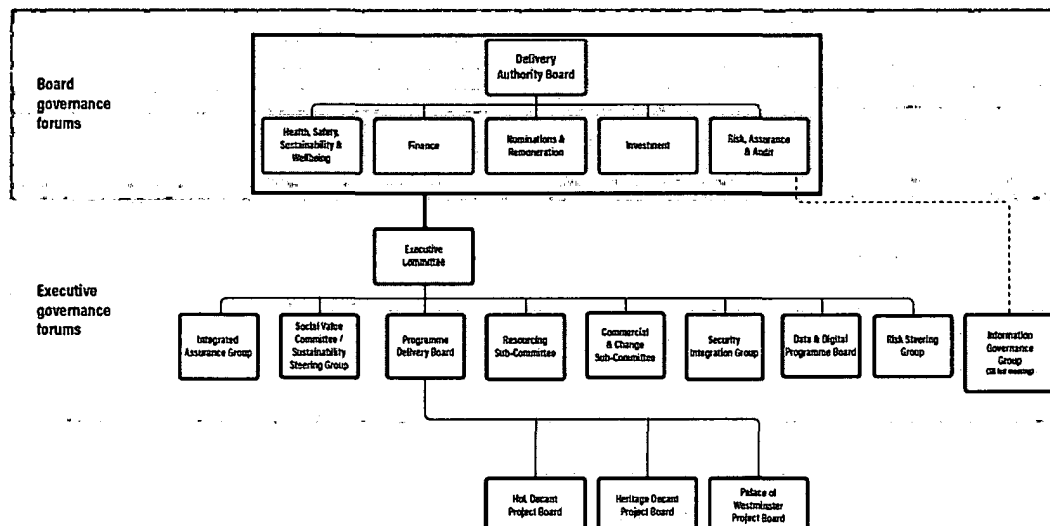
departments, alternative arrangements have been adopted by the Delivery Authority to ensure compliance.

### 2.3 Some examples of this tailored implementation are set out below:

- **Accountability:** The Code requires that the “minister in charge of the department is responsible and answerable to Parliament for the exercise of the powers on which the administration of that department depends”. The Delivery Authority does not have a minister in charge of its operation; the Board reports to the Board of the Sponsor Body, and by extension Parliament, through the provisions of the Programme Delivery Agreement (PDA), its Articles of Association and the Restoration & Renewal (R&R) Act
- **Management of Risk:** The Code requires that “the board should be supported by an internal audit service operating to Public Sector Internal Audit Standards”. The R&R Act contains specific auditing provisions which apply to the Delivery Authority. An Internal Audit Opinion is provided in section 9 of this Governance Statement
- **Arm’s length bodies:** The Code requires “Where part of the business of the department is conducted with and through arm’s length bodies (ALBs), the department’s board should ensure that there are robust governance arrangements with each ALB board. These arrangements should set out the terms of their relationship in accordance with the principles and standards set out in Partnerships between departments and arm’s length bodies: code of good practice”. As the Delivery Authority is not a government department, compliance with that code of practice would not be appropriate. Nonetheless, the Delivery Authority has in place various mechanisms when procuring arm’s length contracts and arrangements, including a Procurement Policy which governs this practice

## Governance Structure

2.4 The diagram below shows the Governance structure, subject to the adjustments that were made in February 2022, which are described later in section 2 of this Governance Statement. To note that the Finance Committee of the Board was newly constituted in July 2021.







### Governance Review

- 2.5 A review of internal governance and approvals within the Delivery Authority was commissioned by the Chief Executive Officer (CEO) and undertaken by the General Counsel and Company Secretary during 2021. The aim was to assess the Delivery Authority's meeting and governance structure and identify opportunities for refinement and optimisation, recognising the developing maturity of the organisation then still only just over a year post incorporation.
- 2.6 The review concluded that the governance of the Delivery Authority was sound, although it was recommended that the Delivery Authority streamline and reconfigure the meetings' structure reporting into the Board and its Committees to improve effectiveness. This recommendation is being implemented.

### In-year developments affecting the Programme

- 2.7 The practical outcome of changes proposed by the House Commissions, referred to in the Strategic Report, for the future governance and approach for the Restoration and Renewal programme remain unclear. The House Commissions' Joint Statement (see page 11 of the Strategic Report) provides an initial indication of the new approach to the works for the programme, and the Delivery Authority is working with the Sponsor Body and the House administrations to develop proposals for the new operating model and arrangements, to inform Parliament's decision on these. Once these are understood and agreed, the Delivery Authority's governance arrangements will be reviewed against any changed requirements and permanent governance changes may be made.
- 2.8 To ensure that any ongoing expenditure is value for money, and with going concern considerations in mind, immediately following the House Commissions' decisions a review of existing activities on a stop/pause/continue basis was undertaken in February 2022. Additional expenditure controls were introduced, including a suspension of certain financial delegations and recruitment freeze (a further review took place following receipt of a revised Task Brief from the Sponsor Body, as described at 2.10 below). The National Audit Office (NAO), HM Treasury, the Board and the Sponsor Body have been kept updated where appropriate.
- 2.9 Specific Board level actions were also taken, including:
- Weekly informal meetings of the Board were held during February and early March to ensure that it was able to actively consider its duties over this period and provide timely and informed input
  - The standing Board agenda has been restructured to better align to the circumstances and future priorities and to ensure focused discussion and oversight
  - Board Committee meetings have been streamlined in recognition of the cessation of a number of workstreams. The Investment, Finance, and Health, Safety, Wellbeing & Sustainability Committee (IC, FC and HSWSC) meetings are temporarily suspended,



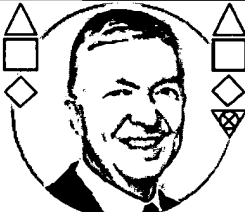
## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

and the Board has re-assumed those areas of responsibility previously delegated to the Committees

2.10 All of these actions have remained under review and, where appropriate, amended as further clarity about the Programme has emerged. For example, following receipt of the new Task Brief from the Sponsor Body in early March and approval of a revised budget, a further review of activities was undertaken, the additional expenditure controls removed and a small number of essential recruitments have commenced.

2.11 The remainder of my statement focuses on the operations under the original governance structure which has been in place during this financial year.

### 3 Board and Committees

| Non-Executive Directors                                                                                                                          |                                                                                                                                              |                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Mike Brown CBE MVO</b><br>Chair; Sponsor Body Appointed | <br><b>Anne Baldock</b><br>Senior Independent Director     | <br><b>Dr Stephen Duckworth OBE</b>                    | <br><b>Anne McMeel</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <br><b>Neil Sachdev MBE</b>                                   | <br><b>Dr Simon Thurley CBE</b><br>Sponsor Body Appointee | <br><b>Simon Wright OBE</b><br>Sponsor Body Appointee | <b>Key to Committees</b><br><div> Investment</div> <div> Health, Safety, Wellbeing and Sustainability</div> <div> Risk, Assurance and Audit</div> <div> Nominations &amp; Remuneration</div> <div> Finance Committee</div> <div> Chair of Committee</div> |
| Executive Directors                                                                                                                              |                                                                                                                                              |                                                                                                                                           | <div>April 2021</div> <div>March 2022</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <br><b>Tanya Coff</b><br>Chief Financial Officer              | <br><b>David Goldstone CBE</b><br>Chief Executive         | <br><b>Matthew White</b><br>Programme Director        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

3.1 The appointments to the Board of the Delivery Authority have remained unchanged during the reporting period. However, two Non-Executives' terms were due to end in May 2022. In order that the requirements of the R&R Act relating to Board membership



## HOUSES OF PARLIAMENT

### R&R DELIVERY AUTHORITY

continue to be met, a recruitment process took place and re-appointments were made in May.

- 3.2 A Finance Committee of the Board was established from July 2021 with a remit to report on financial performance, advise on financial strategy and policy, and make recommendations to the Board on any area within this remit where action or improvement is needed.
- 3.3 The limited changes to committee membership during the period followed the establishment of the Finance Committee and the reassignment of some Non-Executives between committees to optimise the allocation of relevant skills and achieve parity of workload between Non-Executives.
- 3.4 Throughout the reporting period the majority of Board and Committee meetings have been held virtually due to the Covid-19 pandemic restrictions, with in person meetings held when the restrictions allowed. The use of virtual meetings has not materially hindered the effectiveness of the Board meetings.
- 3.5 Information sharing sessions have continued to be held, to enable Board members to learn about the Restoration and Renewal Programme from a practical perspective. This ensures decisions are taken at Board level with suitable practical knowledge of the Programme.
- 3.6 Each member of the Board is appointed with full knowledge of their expected commitment to the Delivery Authority, and each committed sufficient time to the Delivery Authority to enable them to discharge their duties effectively.
- 3.7 During the reporting period, the Board has formally met 10 times. The attendance of each Director at the Board meetings and the Board Committee meetings is as follows:

|                             | DA BOARD | N&RC   | RAAC   | IC      | FC     | HSWSC   |
|-----------------------------|----------|--------|--------|---------|--------|---------|
| <b>Mike Brown</b>           | 10 of 10 | 4 of 4 |        |         | 4 of 4 | 4 of 4  |
| <b>Anne Baldock</b>         | 9 of 10  | 4 of 4 | 5 of 5 | 6 of 6  |        |         |
| <b>Dr Stephen Duckworth</b> | 10 of 10 | 4 of 4 |        | 6 of 6* |        | 4 of 4  |
| <b>Anne McMeel</b>          | 10 of 10 |        | 5 of 5 |         | 4 of 4 |         |
| <b>Neil Sachdev</b>         | 10 of 10 |        |        | 7 of 7  | 3 of 4 | 4 of 4  |
| <b>Simon Thurley</b>        | 10 of 10 |        | 5 of 5 |         |        |         |
| <b>Simon Wright</b>         | 10 of 10 |        |        | 7 of 7  |        |         |
| <b>Tanya Coff</b>           | 10 of 10 |        |        | 7 of 7  | 4 of 4 |         |
| <b>David Goldstone</b>      | 10 of 10 | 4 of 4 |        | 6 of 7  | 4 of 4 | 4 of 4  |
| <b>Matthew White</b>        | 9 of 10  |        |        | 5 of 7  | 3 of 4 | 4 of 4  |
| <b>HR Director</b>          | n/a      |        |        |         |        | 1 of 1* |

\*During their tenure as a Committee member.



3.8 In addition to attending the meetings of Committees for which they are Members:

- Mike Brown attended all the Investment Committee and Risk, Assurance & Audit Committee (RAAC) meetings
- David Goldstone attended 3 of the 4 RAAC meetings
- Tanya Coff and Matthew White attended all the RAAC meetings
- Stephen Duckworth attended one RAAC meeting
- Matthew White attended one Nominations & Remuneration Committee (N&RC) meeting

3.9 The Delivery Authority maintains a register of interests for directors. At the start of each Board and Board Committee meeting, the Chair asks directors to declare any changes to their interests. Additionally, the Company Secretary validates entries with respective directors every six months. The register was verified and updated at the end of March 2022. This process ensures that any conflict of interests and outside employments of our directors are declared and recorded.

3.10 Disclosure of the interests of three Board members were deemed to constitute a Related Party and as such are detailed in Note 13 to the financial statements on Related Parties.

3.11 The Board considered the following significant matters in the year:

- Executive Team Reporting
  - Received monthly Chief Executive, Chief Financial Officer (CFO) and Programme Reports which include an update on the status and mitigations of the key risks and a quarterly financial forecast
  - 2021/22 Corporate Objectives were approved and progress against them monitored
- Programme
  - Noted various scheme proposals, including an initial Essential Scheme Estimate and Continued Presence Assessment
  - Received the Sponsor Body's QEII Conference Centre refurbishment Option Selection Recommendation and approved the QEII Neighbour Agreements Strategy
- Business and Finance
  - Approved the 2020/21 Annual Report & Accounts, the 2022-24 Business Plan, the 2022/23 Budget and (following the House Commissions' decisions) the revised 2022/23 Budget for onward submission to the Sponsor Body
- Strategies
  - Approved strategies for Phase 2 Delivery; Data and Digital; Client Partners (key suppliers) Procurement; Main Works Insurance; and Equality, Diversity & Inclusion
- Governance and Policies



- Approved changes to the PDA following the annual review
- Approved the Terms of Reference for the new Finance Committee and slightly updated ones for the Health, Safety, Wellbeing & Sustainability Committee
- Approved temporary changes to Delivery Authority governance arrangements, following the February 2022 House Commissions' decisions
- Approved the Modern Slavery Statement, a suite of Anti-Fraud & Bribery related policies and delegation of approval of certain policies to Board Committees or the Executive Committee

3.12 All Board and Board Committee actions and decisions are recorded in trackers, and progress and closeout of actions is monitored and recorded.

#### Board effectiveness – improvement actions undertaken during the year

3.13 Informed by the recommendations of the reviews of the Board's effectiveness conducted in 2020 and early 2021, the Board secretariat manages a programme of activities to enhance the operational effectiveness of the meetings it supports. In last year's Statement, I reported on the implementation of certain recommendations and can confirm that the remaining recommendations were implemented during this reporting period. These included the introduction of a dedicated Board Portal Platform, and improvements to the template format of Board papers.

#### Board effectiveness – March 2022 internal review

- 3.14 In March 2022 an internal review of the working of the Board was undertaken, which required responses from each director on a range of aspects relating to the depth and quality of the Board's interactions and relationships and the quality of information provided to support these activities.
- 3.15 Responses were largely positive and the Board was widely of the view that internal governance was good and that the information the Board received was appropriate to support the Board's functions, being provided in a timely manner (with a few justifiable exceptions) and covering appropriate matters. The Board was considered to be well managed, to effectively fulfil its mandate and to have an appropriate range of skills, with Members providing valuable insight and challenge. Areas for improvement and for additional focus have been collated and are being reviewed to improve governance going into the next financial year. The key items for attention are to:
- Have a continued focus on ensuring that meeting papers are timely, concise and clearly identify the key issues and decisions for Board consideration. This will maximise the time available for the Board to consider and discuss key items
  - Review the Board and Committees remits to support the new R&R operating model, once its confirmed
  - Hold an annual Board away day, potentially focussed on strategy and the business plan. The first is targeted for Autumn 2022



- Identify and exploit opportunities for the Board, and individual Board Members, to have greater impact within its remit, such as in influencing key stakeholders, considering R&R's economic and community impact, and influencing scheme options' development

3.16 The Board and its Committees usually meet in person. However, at times during the reporting period, meetings have been held virtually due to the Covid-19 pandemic restrictions; this has not materially hindered the effectiveness of the meetings.

### Board Committees

3.17 There are five Committees in place to support the Board and ensure a robust governance system is in place. These Committees are:

- Investment Committee (IC)
- Health, Safety, Wellbeing and Sustainability Committee (HSWSC)
- Risk, Assurance and Audit Committee (RAAC)
- Nominations & Remuneration Committee (NRC)
- Finance Committee (FC)

3.18 The Finance Committee was established in July 2021 as part of the continued development and maturing of the Delivery Authority governance, and to reflect the importance of effective financial control and performance to the success of the Programme to provide additional oversight and scrutiny of financial matters.

3.19 However, three of the committees – the HSWSC, IC and FC – were temporarily suspended in February 2022, following the House Commissions' decisions. Thereafter, the matters within their delegated remits were considered by the Board.

3.20 Each Committee's terms of reference outline its membership, purpose, responsibilities, and reporting procedures and were approved by the Board.

3.21 Each Committee is required to undertake a review of their effectiveness each year. These reviews were undertaken between January and March 2022 and focused on similar aspects to the Board effectiveness review, with the exception of the RAAC effectiveness review, which used an NAO audit committee effectiveness checklist. The key findings are provided in the following summary of the Board Committees.



# HOUSES OF PARLIAMENT

## R&R DELIVERY AUTHORITY

| Membership                                                              | Remit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Key matters considered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Governance effectiveness review outcomes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Risk, Assurance &amp; Audit Committee (RAAC)</b>                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Anne McMeel (Chair) + 2 other Non-Executives (NEDs)                     | <p>Advise and report to the Board on the adequacy of risk management, internal control, management effectiveness and governance arrangements to support the achievement of the strategic goals and objectives.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>Overseeing the relationship with the external auditor</li> <li>Overseeing security matters</li> <li>With Board and NRC, reviewing management of the Delivery Authority's corporate and programme performance framework</li> </ul> | <ul style="list-style-type: none"> <li>Received regular updates on strategic risk, security (physical and cyber), assurance, internal audit, information governance and legal compliance</li> <li>Endorsed the 2020/21 Annual Report &amp; Accounts, the integrated assurance plan, and the 2021-4 internal audit plans</li> <li>Received updates on NAO and Infrastructure Projects Authority (IPA) assurance activities</li> <li>Validated 2021/22 Performance Framework</li> <li>Validated year end position against 2020/21 framework</li> <li>Noted the quarterly Sponsors Representative Reports and Delivery Authority Management Responses to these</li> </ul> <p>Note: Reporting and attendance is in place between the Delivery Authority RAAC and Sponsor Body Audit &amp; Assurance Committee, and one informal meeting was held between the two committees, which focussed on shared strategic risks, the NAO Value for Money reviews and lessons learned from the 2020/21 Annual Report and Accounts process.</p> | <ul style="list-style-type: none"> <li>Meetings effective and well run</li> <li>Once R&amp;R's future operating framework is confirmed, consider enhancing communications between the RAAC and the Houses' audit committees</li> <li>Review RAAC's membership if the Delivery Authority's workload greatly increases</li> <li>RAAC Chair Anne McMeel will be the senior board member responsible for whistleblowing arrangements</li> <li>Reports' format and the assurance framework's scope and scale will be kept under review as the Delivery Authority and programme mature</li> <li>RAAC will receive an annual report on the sufficiency of the Delivery Authority's response to the Cabinet Office Counter Fraud Standards</li> </ul> |
| <b>Nominations &amp; Remuneration Committee (NRC)</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Anne Baldock (Chair), 1 other NED, Delivery Authority Board Chair, CEO. | <p>Decide on:</p> <ul style="list-style-type: none"> <li>Board nominations and appointments</li> <li>Board and Executive remuneration</li> <li>Performance related pay and discretionary</li> </ul>                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Performance review process</li> <li>Pensions and benefits policy</li> <li>Remuneration and performance policies and payments</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Meetings effective and well run</li> <li>The survey recommended (a) a limited update to the Terms of Reference, and (b)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



# HOUSES OF PARLIAMENT

## R&R DELIVERY AUTHORITY

|                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| An independent Member can be appointed; this has not been necessary to date.          | <p>performance awards, pensions and employee benefits</p> <ul style="list-style-type: none"> <li>• Special payments</li> <li>• Recruitment, retention and succession strategy for staff and Executive Directors</li> </ul> <p>Advise the Board on:</p> <ul style="list-style-type: none"> <li>• Board succession planning, evaluation, retention and development</li> <li>• Non-Executives' outside directorships and commitments</li> <li>• Board Committees' composition</li> <li>• Board Directors' contracts</li> <li>• Key HR policies</li> </ul> | <ul style="list-style-type: none"> <li>• Delivery Authority recruitment and Delivery Authority workforce composition</li> <li>• Recruitment approach for 2 NED posts with terms expiring in May 2022</li> <li>• Endorsed, prior to Board approval, an updated NRC Terms of Reference (ToR)*</li> </ul> <p>*The updated ToR includes additional delegated authority from the Board that allows the NRC to make decisions and grant approvals in its own right; consistent with the requirement for an NRC to provide independent oversight of areas within its remit</p> | some additions to the survey questionnaire and process for future effectiveness surveys for the Board and Committees                                                                                                                                        |
| <b>Investment Committee (temporarily suspended February 2022)</b>                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                             |
| Neil Sachdev MBE (Chair) + 2 other NEDs, CEO, CFO and Programme Director.             | <p>Advise and report to the Board to provide it with oversight and assurance of the Delivery Authority's exercising of budgeting, contingency management, commitment authority and procurement authority.</p> <p>If the IC is reinstated in the future, its ToR will be updated to remove the budgeting and contingency aspects taken on by the Finance Committee.</p>                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Regular updates on the Commercial KPIs and Commercial &amp; Contracts Sub-Committee approvals</li> <li>• Endorsed documents prior to Board approval: Client Partners Strategy and Procurement Strategy, QEII (House of Lords Decant) Procurement Strategy, programme insurance proposals, the intrusive surveys tender list, Data &amp; Digital and skills investment proposals, and the award of major task orders on existing contracts</li> </ul>                                                                           | <ul style="list-style-type: none"> <li>• Meetings effective and well run</li> <li>• Some duplication of effort between the IC and the Board</li> <li>• Adding Data &amp; Digital and contracting commercial expertise to the IC maybe beneficial</li> </ul> |
| <b>Finance Committee (established July 2021, temporarily suspended February 2022)</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                             |
| Mike Brown (Chair) + up to 6 Members including CEO and CFO. Majority should be NEDs.  | Report on financial performance, including business planning, budgeting and cashflow management; oversee delivery of value for money initiatives and savings realisation activities; and                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>• Endorsed prior to Board submission: quarterly financial forecasts, the 2022-24 Business Plan, prior to Board approval</li> <li>• Considered prior to Board submission: the Essential Scheme Estimate and</li> </ul>                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>• Meetings effective and well run, albeit some papers are overly detailed</li> <li>• Once the new Programme scope is agreed, consider what proportion of Finance Committee</li> </ul>                                |





# HOUSES OF PARLIAMENT

## R&R DELIVERY AUTHORITY

|                                                                                                                         |                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                         | advise on financial strategy and policy.                                                                                                       | Continued Presence Assessment <ul style="list-style-type: none"> <li>Updated on Programme Cost Estimate preparation and assurance</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | papers also warrant full Board input and, informed by this, review the need and terms of reference for the Committee                                                                                                                                                                                                                        |
| <b>Health, Safety, Wellbeing and Sustainability Committee (temporarily suspended February 2022)</b>                     |                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                             |
| Dr Stephen Duckworth OBE (Chair) + 1 NED, DA Board Chair, CEO, Programme Director, HSW Lead and Head of Sustainability. | All Health, Safety, Wellbeing and Sustainability matters related to the planning and delivery of the works to be undertaken for the Programme. | <ul style="list-style-type: none"> <li>Endorsed Health, Safety &amp; Wellbeing (HSW) training proposals, staff volunteering proposals, the net zero carbon strategy, and minor updates to the HSWSC ToR</li> <li>Noted the Intrusive Surveys CDM (Construction Design &amp; Management Regulations) and management arrangements, mental health action plan report, Trade Union engagement activities and proposed Health &amp; Safety performance reporting arrangements</li> <li>Noted the Executive level arrangements to coordinate and govern sustainability initiatives</li> <li>Noted the H&amp;S lessons learned from recent projects on the Parliamentary estate</li> </ul> | <ul style="list-style-type: none"> <li>Meetings effective, however the Committee's lack of approval authority seen as limiting</li> <li>Further attendance from Executives' direct reports would be beneficial</li> <li>An 'internal customer' (within the Delivery Authority) should be identified for sustainability proposals</li> </ul> |

### Whistleblowing

- 3.22 During the reporting period, one matter was dealt with under the terms of the organisation's whistleblowing policy. The independent investigation found no wrongdoing and there are a small number of recommendations that are being taken forward.

### Executive Team

- 3.23 The appointments to and operating model of the Executive Team of the Delivery Authority have remained unchanged during the reporting period. In January 2022 Matt White's employment contract changed from fixed term to permanent. His reappointment



to the Board has been approved by the Delivery Authority Board and as required by the Act, was subsequently approved by the Sponsor Board.

#### Relationship with the Sponsor Body

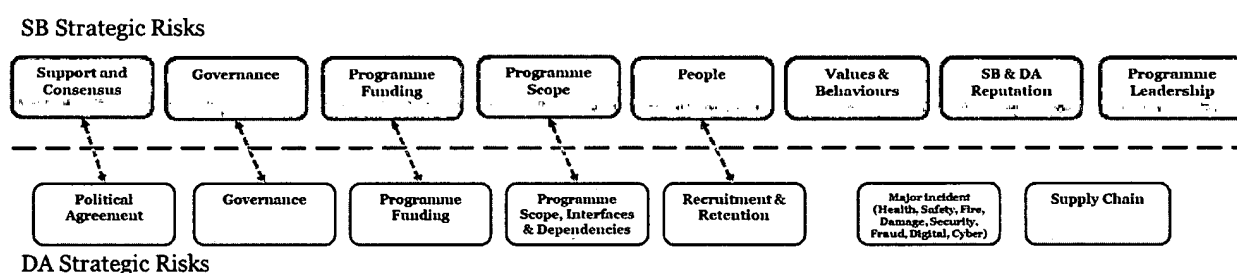
- 3.24 During the year, the relationship between the two entities has continued to be reviewed and revised where appropriate, including through the formal 12-monthly PDA review process. An updated PDA was entered into on 12 August 2021. A key focus has been to ensure collaborative working between the two entities but also appropriate separation in their operations where this is necessary and/or advantageous, for example to ensure proper oversight and scrutiny of the Delivery Authority by the Sponsor Body.
- 3.25 Future changes to the Parliamentary Relationship Agreement (PRA) and the changes to or ceasing of the PDA that will result from the House Commissions' decisions are still to be determined, and will therefore be reported on in next year's annual governance statement.

## 4 Strategic Risk Management

- 4.1 The Sponsor Body and Delivery Authority risk frameworks have been developed to align with current guidance from the HM Treasury and ISO 31000:2018 Risk Management.
- 4.2 The risk management framework for the Delivery Authority has continued to mature over the year, with the establishment of regular reviews of the strategic risks at Executive level and risk workshops with the Board. In addition, the strategic risks have been rationalised (for greater focus), enhanced risk reporting put in place (enabled by the new risk reporting system), and a strategic risk map developed which shows the severity, proximity and ownership of the various risks.
- 4.3 Separate risk appetites have been defined for the departments within each organisation; these are used to inform decision making and ensure the Sponsor Body and Delivery Authority are not taking on an unacceptable level of risk.
- 4.4 On a quarterly basis, the RAAC provides robust challenge to the risks and the mitigating actions being implemented - to provide assurance that the R&R Programme is managing risks effectively.
- 4.5 The overriding risk the R&R Programme has been faced with during this phase of works is the political appetite and acceptability of the programme of works, as reflected in the House Commissions' decisions. This provides the R&R Programme with a significant challenge. In order to manage this risk effectively, it has been sub-divided into the strategic risks which the Sponsor Body and the Delivery Authority, as the key parties within the R&R Programme, respectively own and mitigate.
- 4.6 The Delivery Authority has identified seven primary strategic risks, which it has ensured are aligned with the Sponsor Body strategic risks where appropriate. There are some



differences, due to the defined responsibilities for each organisation. Whilst there is a joint effort in mitigating the risks that are common across both organisations, each of the strategic risks has an individual owner identified at Executive level. The process for reviewing the strategic risks is well defined, with input from the Executive, RAAC and Board. Although the House Commission meetings in early February/March will affect the R&R Programme, there will still be key risks which are enduring through these and any subsequent changes.



- 4.7 The Delivery Authority's seven strategic risks are described below, together with the activities undertaken to mitigate these risks. However, with the exception of risk six, which has stabilised overall (with reductions in some aspects and increases in others), all of the risks have in part crystallised as a result of the House Commission meetings in early February.

| DA Strategic risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Key Mitigations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. Political Agreement</b></p> <p>Due to the lack of a clear political sponsor, the heightened political focus on the works, and the emerging plans, costs and timescales being shared, there is a risk of diminished political endorsement/appetite for the programme and/or a lack of advocacy from key approving and consenting bodies. This would lead to the programme being unable to gain the key decisions required or the approval of key deliverables, preventing delivery of proposals that can gain approval.</p> | <p>Mitigations completed prior to the House Commissions' decisions include:</p> <ul style="list-style-type: none"><li>• Regular engagement with the Commissions and Parliamentary teams was carried out to brief them and give opportunity to provide input into the proposals being developed.</li><li>• Establishment of the steering group and Tier 2 groups which sat below.</li></ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"><li>• The establishment of a new Joint Committee is planned, and the Commissions are to meet jointly until that is in place, with appropriate involvement from the Delivery Authority and Sponsor Body.</li><li>• Establishment of a new operating framework with Parliamentary teams and a new sponsor function which supports a more iterative process for developing R&amp;R proposals.</li><li>• Working with the Sponsor Body and Parliamentary teams to establish collaborative workstreams.</li></ul> |



## HOUSES OF PARLIAMENT

### R&R DELIVERY AUTHORITY

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2. Governance</b><br><br>Due to the uncertainty of a new operating framework, the complexity of Parliamentary governance and approvals processes, the differences in governance between the 'Act' and Parliamentary 'Business As Usual', and the uncertainty surrounding the Commissions' decisions, there is a risk that key decisions are delayed/take longer than expected or significant, additional unplanned work is required. This would lead to delayed decisions and/or significant re-work, preventing delivery of proposals and funding that can gain approval. | <p>Mitigations completed prior to the House Commissions' decisions include:</p> <ul style="list-style-type: none"><li>• A Sponsor Body-led governance review was undertaken, the results of which established a new Steering Group and a revised structure for engagement. Tier 2 groups were formed to sit below the Steering Group.</li><li>• A political oversight group was created to give better direction.</li></ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"><li>• The establishment of a new Joint Committee is planned, and the Commissions are to meet jointly until that is in place, with appropriate involvement from the Delivery Authority and Sponsor Body.</li><li>• Establishment of a new operating framework with Parliamentary teams and a new sponsor function which supports a more iterative process for developing R&amp;R proposals.</li><li>• Working with the Sponsor Body and Parliamentary teams to establish collaborative workstreams.</li></ul>                                                                                                   |
| <b>3. Programme Funding</b><br><br>Due to the current economic uncertainty or a future significant event i.e. war/pandemic/austerity, there is a risk that:<br>1) Funding may not be agreed in line with planned timescales, 2) Funding is agreed but Parliament retains ownership of contingency without clear change control governance, 3) The funding levels may be challenged in the future. This would lead to programme delays, inefficiencies and/or change in scope.                                                                                                 | <p>Mitigations completed prior to the House Commissions' decisions include:</p> <ul style="list-style-type: none"><li>• The Programme Business Case was being prepared to seek approval for a funding package, and the arrangements by which funding including contingency would be managed.</li><li>• The Delivery Authority was supporting the Sponsor Body in preparations for discussions with the HM Treasury and IPA to agree the governance approach to funding approval and oversight. A fallback plan for any changes or extensions to Phase 1 were in the process of being developed with the different functions across the Delivery Authority.</li></ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"><li>• Agreement of the 2022/23 Budget following on from the short-term task brief issued from the Sponsor Body.</li><li>• Establishment of a new operating framework with Parliamentary teams and a new sponsor function which supports a more iterative process for developing R&amp;R proposals, including future arrangements for approvals and funding.</li></ul> |
| <b>4. Programme Scope, Interfaces and Dependencies</b><br><br>Due to lack of certainty on the programme scope and delivery parameters, or ineffective engagement with interfacing teams in Parliament, there is a risk that significant additional work is required. This would lead to delay, potential misalignment of outcomes and benefits and decreased confidence in the Programme's capability.                                                                                                                                                                        | <p>Mitigations completed prior to the House Commissions' meetings include:</p> <ul style="list-style-type: none"><li>• Establishment of the Steering Group which was to agree user requirements.</li><li>• Active management of interfaces and dependencies with House administration teams.</li><li>• Support provided to the House of Commons in developing their Strategic Outline Case for the House of Commons decant project.</li></ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"><li>• Agreement of the short-term task brief issued by the Sponsor Body to progress work, including closer alignment with House Parliamentary projects.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                            |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>• Establishment of a new operating framework with Parliamentary teams and a new sponsor function which supports a more iterative process for developing R&amp;R proposals.</li> <li>• Working with the Sponsor Body and Parliamentary teams to establish collaborative workstreams.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>5. Recruitment &amp; Retention</b></p> <p>Due to the uncertainty following the Commissions' decisions, there is a risk that the programme will be unable to retain or attract the key skills required to deliver the works. This would lead to delay, rework and a decreased confidence in the programme's capability.</p>                                                                                                                                                                                                                                                                     | <p>Mitigations completed prior to the House Commission meetings include:</p> <ul style="list-style-type: none"> <li>• Developed employee value proposition which formed part of the wider attraction strategy.</li> <li>• Creation of talent pools.</li> </ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"> <li>• Calling out recruitment and retention risks in Budget submissions and other papers to the Houses.</li> <li>• Collaborative work with the Sponsor Body and Parliamentary teams to resolve the current uncertainty as quickly as possible</li> <li>• Implementation of a talent retention process.</li> <li>• Understand insights from employee engagement survey and action as appropriate.</li> </ul>                                                                                                                                                                                             |
| <p><b>6. Major incident (Health, Safety, Fire, Damage, Security, Fraud, Digital, Cyber)</b></p> <p>Due to the inherent risk of a catastrophic event, processes not being followed, lack of clear roles and responsibilities, unfriendly actors, there is a risk of a major incident. This would lead to injury, work stoppage, damage to structures and/or heritage artefacts, financial loss and reputational damage.</p>                                                                                                                                                                           | <p>Mitigations completed prior to the House Commissions' decisions include:</p> <ul style="list-style-type: none"> <li>• A joint Crisis Response exercise with the Sponsor Body was completed. This enabled the Crisis Response Plan and roles to be confirmed.</li> <li>• Cyber certification was achieved, and cyber awareness training rolled out across the organisation.</li> </ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"> <li>• Maintaining the Crisis Response Plan.</li> <li>• Development of the Cyber Security implementation plan.</li> </ul>                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>7. Supply Chain</b></p> <p>Due to a decline in certain traditional and unique skills required from the UK labour market to deliver our programme of works, and the lack of confidence in political agreement and governance challenges, there is a risk that the interest and capability of the market, including securing UK wide suppliers, is insufficient. This would lead to the required skills and materials being unavailable when needed, impacting cost, time and quality and resulting in a potential inability to do the works in line with the methods currently anticipated.</p> | <p>Mitigations completed prior to the House Commissions' decisions include:</p> <ul style="list-style-type: none"> <li>• Supply chain skills group was established.</li> <li>• Market engagement report produced.</li> <li>• Heritage Client Group was established to better plan and coordinate heritage works coming to the market, and to engage the market.</li> <li>• Programme of UK wide visits to devolved and regional administrations initiated and progressed, working with the Chambers of Commerce.</li> </ul> <p>Mitigations now being considered include:</p> <ul style="list-style-type: none"> <li>• Open communication with existing and potential future suppliers to keep them informed of developments.</li> <li>• Completion of a market capacity report.</li> <li>• Continuing engagement with Heritage Client Group to establish priority actions.</li> <li>• Review routes to market and mitigating actions with RAAC.</li> </ul> |



4.8 We are now working through the impacts of the House Commissions' decisions, such as:

- Scope uncertainty due to the revised parameters set out by the Joint Commission (see under 'In-year developments affecting the Programme', in the Strategic Report)
- Changes in operational governance as a new sponsor function is established
- The impact the uncertainty will have on the workforce and the heightened challenge the R&R Programme will have to attract and retain the key skills required. Having had to release some suppliers and people, the Delivery Authority will need to rebuild capacity (incurring delay and cost) once the new programme direction is agreed

4.9 These considerations will be a focus for the next Financial Year, meaning that some of the mitigations currently in progress will be paused and reviewed to see if they are still relevant for the change in context.

## 5 Internal Control

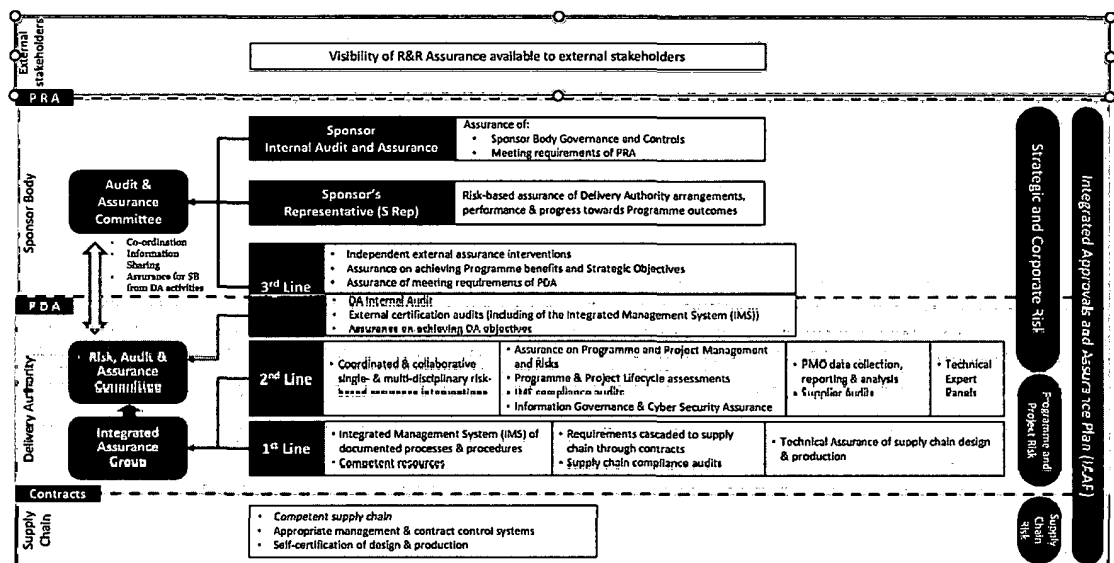
- 5.1 The Delivery Authority's internal controls are designed to assure delivery of our organisational and programme objectives in a compliant, effective and efficient manner, while safeguarding the funds and assets in accordance with HM Treasury's 'Managing Public Money'.
- 5.2 The development of our Integrated Management System (IMS) helps to identify our key control frameworks and how the business will operate. Our policies, strategies, plans, processes, procedures, forms, work instructions and guidance documents go through a detailed review process, are quality and compliance checked prior to approval and are maintained in line with our document control procedures.
- 5.3 The IMS helps to make sure that our activities are carried out in a consistent and efficient manner, complying with the Programme Delivery Agreement (PDA), other Sponsor and Parliamentary requirements, and legal and regulatory requirements. The Delivery Authority also maintains risk registers at corporate, programme, and individual project levels, as referred to in section 4, above.

## 6 Three Lines of Defence

- 6.1 Integrated Assurance in the Sponsor Body and the Delivery Authority is structured in line with the "three lines of defence model", based on HM Treasury's guidance on assurance frameworks and the Institute of Internal Auditors (IIA).
- 6.2 The Integrated Assurance model spans throughout the R&R Sponsor Body and the Delivery Authority organisation, with complementary lines of assurance across the "three lines". The "three lines" provide progressively greater degrees of independence in their assurance activities. Within the Delivery Authority, the Quality & Assurance function has transferred from the Programme Director to the Chief Financial Officer; ensuring independence from programme delivery.



- 6.3 The arrangements described in this section and section 7, will be reviewed and updated as necessary once the future operating framework following from the House Commissions' decisions is clarified.
- 6.4 The framework of assurance that was applied through the year until March 2022 is illustrated in the diagram below.



## 7 Integrated Approvals & Assurance Plan

- 7.1 The Sponsor Body holds an Integrated Approvals & Assurance Plan (IAAP) that identifies the approvals required during Phase 1 of the Programme, the timescales and the assurance required.
- 7.2 During the course of the year, the Delivery Authority has developed an Assurance Map; this has focussed on the assurance being provided across the organisation's strategic risks, Primary Performance Milestones and business delivery functions for each of the Three Lines of Defence. The map minimises the risk of duplication or over-assuring, as well as identifying any gaps where additional assurance may be required.
- 7.3 The Assurance Map is supported by the Integrated Assurance Plan which is a record of both the planned and completed assurance activities within the organisation, including those of both the Programme Assurance and Internal Audit teams. This helps to plan the timing of assurance activities to provide the most benefit to the organisation.
- 7.4 The results of assurance activities from all assurance providers across the business are summarised and reviewed each month, with key findings and escalations being reported to the Executive teams and the Risk, Audit and Assurance Committee.



## 8 Management Assurance

- 8.1 The Delivery Authority continues to check and validate its governance processes, including through the annual questionnaires to Executive Directors on governance and compliance.
- 8.2 The responses to the governance questionnaire – which covered areas such as risk management, use of resources, processes and controls, and culture and capabilities – indicate good confidence in the control environment, with the majority of responses being ‘fully or largely appropriate and confident’. Areas identified for improvement included corporate risk reporting, succession planning, employee assistance provision, payment processes, volume of governance process, and reporting on mandatory training attendance. A number of these improvements are already underway.
- 8.3 The responses to the compliance questionnaire – which asked whether there had been any instances such as commercial claims, legal proceedings for discriminatory practices, or legal breaches notifiable to external authorities – were all negative except two: a PAYE claim for IR35 underpayments (settled during the year after being disclosed as a contingent liability in last year’s accounts), and a claim by an unsuccessful tenderer that alleged a breach of UK procurement rules (this is ongoing).
- 8.4 These responses reflect the fact that since completion of the equivalent questionnaires last year, various control improvements have been implemented, including: an organisation-wide legal compliance plan; updated induction training; new compliance training; strengthened financial planning and supplier performance management arrangements; a new Programme-wide risk system (Active Risk Management); and an Integrated Assurance Plan that covers risk, assurance and internal audit activities and avoids duplication between these. The legal compliance activities have included conducting and responding to a gap analysis of our arrangements and processes against the Cabinet Office Counter Fraud Functional Standard and initiating appropriate additional measures, such as Anti-Bribery & Corruption training for all personnel.

## 9 Internal Audit opinion

- 9.1 In compiling this governance statement I have also been informed by the work of Internal Audit. In his annual report, the Head of Internal Audit stated the following:

*In conclusion the 2021/22 financial year was one of development, growth and maturity, both for the Internal Audit team and the organisation as a whole. While systems and processes across the business are not operating at the same level as a more mature organisation, nor would they be expected to be, they have evolved during the year from those the business created at its inception. Improvements recommended by Internal Audit, be that through formal reporting or more informally, have been generally well received by management and acted upon. I can therefore provide reasonable assurance on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control, and can confirm that controls are*





*satisfactory for such a relatively new and still maturing organisation and, where areas of possible weakness were identified, management have agreed to timely action plans to improve the overall control environment.*

## **10 Information Governance**

- 10.1 Programme information governance continues to be overseen by the Information Governance Group, a joint Delivery Authority/Sponsor Body monthly board focussing on operational performance, change initiatives, strategy and policy. Programme information risks overseen this year have included reduction of major cyber vulnerabilities associated with Delivery Authority establishment, Parliamentary requests for information process effectiveness, WhatsApp usage, and internal and external audit outcomes.
- 10.2 Key elements of the Information Governance Strategy (IGS) have been delivered in the past year, including development of robust Information Asset Registers and Records of Processing Activity (a requirement of the Data Protection Act) for both the Delivery Authority and Sponsor Body, review of key policies (including Acceptable Use and Data Security Incident Management), and twice-yearly assurance to the Information Authority of both Houses of Parliament.
- 10.3 Key elements of the Cyber Security Strategy delivered in the year include mandatory Cyber Security training for all staff, the establishment of the Cyber Security Operations Centre, the Secure Software Development Lifecycle and a holistic security awareness campaign aligned with the office move.
- 10.4 Significant progress has been made in measuring supply chain information risk; management information is available to evidence Delivery Authority mitigations. This capability is already supporting the Intrusive Surveys project.
- 10.5 Areas of focus are now Parliamentary Protective Marking Scheme awareness and compliance, a data governance framework and the Information Asset Owner community. When review and update of the PRA, PDA and Data Sharing Agreement resumes, an update to the IGS will be undertaken to reflect governance and sponsorship changes in this space.
- 10.6 All changes, new systems and solutions require accreditation at an appropriate level. The approach to assessing risk and obtaining approval varies depending on the potential business impact of the solution, the type of data being processed and whether it is a solution that is specific to Programme data only.

## **11 External Assurance**

- 11.1 The Parliamentary Buildings Act (Restoration and Renewal) 2019 (Clause 25 (7) and (8)) sets out that the Comptroller and Auditor General shall be responsible for the auditing of



the R&R Sponsor Body and Delivery Authority accounts. The NAO has also committed to conducting value for money reviews of the Programme as it does for major Government Programmes. To date the NAO's reviews have focussed on risks to delivery.

- 11.2 The NAO published a review of the Programme in April 2020, which described the risks to securing value for money for the programme and recommended how these risks can be reduced and the potential impact of not doing so. The NAO published an update to this report in January 2022 which highlighted continued risks, included a challenging timeline and the need to clarify dependencies. This was followed by a 14 March Public Accounts Committee hearing at which the report's findings were discussed and noted. The main focus of the hearing was on the in-year Houses Commissions' decisions, the initial estimates of Cost and Schedule published in January 2022, the analysis of Continued Presence and the relationships with Parliament. The Public Accounts Committee held a follow up-session on 12 May 2022.
- 11.3 The Programme welcomes further reviews by the NAO on behalf of Parliament over the coming years to ensure value for money is delivered for the taxpayer, and will continue to work with the NAO to apply lessons learned from NAO reviews of other projects and programmes, as well as in relation to the NAO's role as the external auditor for the Delivery Authority.
- 11.4 The R&R Programme also benefits from external support from the IPA. The Programme is following IPA best practice by instigating 'Gateway' reviews ahead of key Programme decisions and milestones; these reviews have provided independent reports to the Sponsor Body CEO as Accounting Officer.
- 11.5 There have been two Infrastructure and Projects Authority (IPA) Project Assessment Reviews of the Programme in the last year; one in April 2021 that focussed on Organisational Capability and Capacity and one in December 2021 focussed on the Approach to the Programme Business Case. Both of these reviews gave the programme an amber rating. The December review complimented the progress made since April 2021 and the approach taken to the Programme Business Case. The recommendations, which have all been accepted, were focussed on the need for clarity in the enabling projects (House of Commons Decant and the mandate for the Heritage Collections Decant) and clarity in how the choices in the Business Case are articulated for Parliamentary colleagues. These recommendations echo the issues and risks highlighted in the Sponsor Body monthly and quarterly reports.
- 11.6 The Delivery Authority has been supporting the Sponsor Body in ensuring that the recommendations from these reviews and the lessons learned from other projects are incorporated in the Delivery Authority's workplans.



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

Signed

.....  
David Goldstone CBE  
Chief Executive and Accounting Officer  
05 July 2022



## **Remuneration and Employee Report**

### **Introduction**

This report has been prepared in accordance with the requirements of the Companies Act 2006. It complies with the Government Financial Reporting Manual where appropriate and applicable and includes additional disclosures for transparency.

### **Remuneration policy**

In accordance with Schedule 2 of the Restoration and Renewal Act, the Delivery Authority can appoint employees on such terms and conditions as it may determine. In setting the Remuneration Policy, the Board determined that the Delivery Authority should, with consideration of it being a public body, provide a stable pay and reward framework that will attract and retain high-calibre employees necessary to enable the organisation to achieve its strategic priorities and fulfil its remit.

We undertake benchmarking of pay and reward structures, looking at key comparators (for example for other major programmes and project environments) in relevant private and public sector settings. Salaries for employees of the Delivery Authority are generally positioned at median to upper quartile across relevant comparators. We recognise that a market premium may be necessary for highly specialised, technical posts and/or where skills are in short supply.

To optimise operational flexibility, we have a broad band pay structure which is reflective of the relatively flat organisation structure. In recognition of the need to have an adjusted starting salary range for apprenticeship roles, because individuals are learning on the job and developing the required skills while in the role, we introduced a new Apprentice pay band in June 2021. The minimum salary for our Apprentices is set at the real Living Wage.

In line with our commitment to transparency, the pay and grading ranges, for employees below Board Directors and the Executive Team, are published on our website. The following table shows the current salary ranges and the number of people at each grade:

| <b>Grade</b>      | <b>Minimum</b>                                                 | <b>Maximum</b> | <b>No. of people at<br/>31 March 2022</b> |
|-------------------|----------------------------------------------------------------|----------------|-------------------------------------------|
| <b>4</b>          | £90,000                                                        | £135,000       | 21                                        |
| <b>3</b>          | £60,000                                                        | £95,000        | 35                                        |
| <b>2</b>          | £40,000                                                        | £65,000        | 27                                        |
| <b>1</b>          | £25,000                                                        | £45,000        | 49                                        |
| <b>Apprentice</b> | London based roles: £21,458<br>Non-London based roles: £19,305 |                | 6                                         |



## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

## **Components of employee remuneration**

### **Salary**

The basic salary for employees is determined by considering each person's responsibilities, skills, and experience, together with relevant market benchmarking analysis. All salaries will be reviewed each year and any changes will be effective from 1 April.

Except for increases for our apprentices in January 2022, in line with the increase in the real Living Wage, there was no general pay increase in the period under review.

### **Life Assurance**

All employees receive life assurance as a standard benefit. The value of life assurance is not disclosed in the remuneration tables because it is not treated by HM Revenue & Customs as a taxable emolument.

### **Pension**

Employees of the Delivery Authority are eligible to participate in a defined contribution pension scheme, which is managed on our behalf by Aviva. Employees are automatically enrolled in the pension scheme on their first day of employment unless they decide to opt out. Contributions are made via salary sacrifice arrangements and are matched by the Delivery Authority on a 2:1 basis (to a maximum of 10%). The total of the employee's salary sacrifice and the Delivery Authority's contribution is paid into the pension scheme as an employer's contribution.

Pensions for those who were seconded from the House of Lords and House of Commons during the period were covered by the provisions of the Civil Service Pension Scheme. The liability rests with their employer, and not the Delivery Authority.

No Non-Executive Director received a pension benefit from the Delivery Authority for the period under review.

### **Performance Awards**

We do not provide a long-term incentive plan scheme for any of our employees. All employees, including the Executive Directors, are entitled to be considered for a discretionary performance award as part of their remuneration package. This allows for recognition of performance in any year without raising base salary levels. The performance award is calculated based on a percentage of salary, and it is non-pensionable. Any performance award is wholly discretionary and is subject to the outcome of the organisation's performance against its agreed target measures, as well as individual delivery against personal objectives, which includes an assessment of how an employee has performed based on our values and behaviours.

Considering the Covid-19 pandemic and its ongoing economic impact, and the fact that we were a newly incorporated organisation, the decision was taken to generally defer discretionary performance awards related to the period ending 31 March 2021. Consideration of 2020/21 performance will be undertaken alongside decisions on performance awards relating to the period 2021/22. Any discretionary performance awards will be paid in 2022/23.



## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

### Fair Pay Disclosure

#### **Audited information**

We believe in fair pay. We track this through monitoring a fair pay ratio, comparing the highest-paid individual in the company and the median remuneration of the rest of the company. The calculation and presentation of the data is in line with the Financial Reporting Manual. Remuneration comprises salary and allowances. There is no performance pay. For comparison purposes, the annualised remuneration figure excludes any pension benefits.

The latest fair pay disclosure data is shown below. All remuneration figures disclosed are annualised:

|                                              | 2021/22 | 2020/21 (restated) | % Change |
|----------------------------------------------|---------|--------------------|----------|
| Highest paid director's remuneration (£)     | 300,000 | 300,000            | 0        |
| Average employee remuneration (£)            | 68,611  | 76,369             | (10)     |
| 25 <sup>th</sup> Percentile remuneration (£) | 37,000  | 38,000             | (3)      |
| Median remuneration (£)                      | 60,000  | 62,000             | (3)      |
| 75 <sup>th</sup> Percentile remuneration (£) | 85,000  | 97,900             | (13)     |
| 25th Percentile remuneration ratio           | 8.11    | 7.89               | 3        |
| Median remuneration ratio                    | 5.00    | 4.84               | 3        |
| 75th Percentile remuneration ratio           | 3.53    | 3.06               | 15       |

The median remuneration, 25<sup>th</sup> percentile pay remuneration and 75<sup>th</sup> percentile pay remuneration excludes the highest paid director and is based on annualised, full-time equivalent remuneration as at the end of the financial year. Non-Executive Directors have been excluded from the fair pay disclosure for both years.

The highest paid director as at 31 March 2022 was the Chief Executive. At this date the remuneration ranged from £21,548 to £300,000 (2020/21 range: £20,000 to £300,000).

The 2020/21 median annualised remuneration has been restated to include interim employees covering staff vacancies.

The reduction in remuneration across all percentiles from 2020/21 to 2021/22 is a result of initial recruitment focusing on more senior posts and recruitment of permanent employees reducing interim staff levels.

### **Remuneration Tables**

#### **Audited information**

Details of remuneration received by members of the Board and the Executive Team are set out in the following tables and notes.

The Non-Executive Members of the Delivery Authority Board received no additional remuneration or benefits beyond their fees. The Non-Executive Board Members have provision of IT equipment if required.



**Table 1: Delivery Authority Non-Executive Board Member remuneration:**

| Name                 | Title                  | Fees Paid<br>2021/22<br>(£000) | Fees Paid<br>2020/21<br>(£000) |
|----------------------|------------------------|--------------------------------|--------------------------------|
| Mike Brown           | Chairman               | 250                            | 182<br>(250)                   |
| Anne Baldock         | Non-Executive Director | 30                             | 26<br>(30)                     |
| Dr Stephen Duckworth | Non-Executive Director | 30                             | 26<br>(30)                     |
| Anne McMeel          | Non-Executive Director | 30                             | 26<br>(30)                     |
| Neil Sachdev         | Non-Executive Director | 30                             | 26<br>(30)                     |
| Simon Thurley        | Non-Executive Director | 22<br>(25)                     | 18<br>(20)                     |
| Simon Wright         | Non-Executive Director | 22<br>(25)                     | 18<br>(20)                     |

**Notes to Non-Executive Remuneration:**

1. Fees paid 2020/21 reflects the date of appointment of Non-Executive Directors, save in the case of Mike Brown for whom remuneration commenced in July 2020 (his date of appointment was 1 May 2020). The full year equivalent is in brackets.
2. Dr Simon Thurley and Simon Wright each had an increase to their respective annual fee from £20,000 to £25,000. This change took effect from 1 November 2021, following their re-appointment as Sponsor Body nominated Non-Executive Directors. This reflects their additional responsibilities on the Delivery Authority Board. However, it is lower than other Non-Executive Directors who also chair Delivery Authority Board Committees. There were no other changes to the fees for Non-Executive Directors for the year under review.

**Table 2: Delivery Authority Executive Board Member remuneration:**

| Name            | Job Title               | Basic Salary<br>(£000) |           | Pension Benefit<br>(£000) |         | Total Remuneration<br>(£000) |         |
|-----------------|-------------------------|------------------------|-----------|---------------------------|---------|------------------------------|---------|
|                 |                         | 2021/22                | 2020/21   | 2021/22                   | 2020/21 | 2021/22                      | 2020/21 |
| David Goldstone | Chief Executive         | 300                    | 225 (300) | 24                        | 18      | 324                          | 243     |
| Tanya Coff      | Chief Financial Officer | 220                    | 70 (220)  | 22                        | 7       | 242                          | 77      |
| Matthew White   | Programme Director      | 220                    | 202 (220) | 13                        | 9       | 233                          | 211     |



**Table 3: Remuneration of other members of the Executive Committee who are not Board Directors:**

| Name           | Job Title                 | Basic Salary<br>(£000) |           | Pension Benefit<br>(£000) |         | Total Remuneration<br>(£000) |         |
|----------------|---------------------------|------------------------|-----------|---------------------------|---------|------------------------------|---------|
|                |                           | 2021/22                | 2020/21   | 2021/22                   | 2020/21 | 2021/22                      | 2020/21 |
| Martin Bellamy | Chief Information Officer | 200                    | 24 (200)  | 12                        | 1       | 212                          | 25      |
| Janet Campbell | HR Director               | 170                    | 99 (170)  | 10                        | 6       | 180                          | 105     |
| Andy Haynes    | Commercial Director       | 200                    | 117 (200) | 20                        | 12      | 220                          | 129     |
| Jane Mee       | General Counsel           | 210                    | 67 (210)  | 13                        | 4       | 223                          | 71      |

**Notes to Executive Remuneration:**

1. Basic salary for 2020/21 reflects the date of appointment for each Executive Director, save for David Goldstone for whom remuneration commenced in July 2020 (his date of appointment was 16 April 2020). The full year equivalent is in brackets.
2. Pension Benefits represent the Delivery Authority's contributions to employee pension schemes.
3. No other benefits in kind were paid during 2020/21 and 2021/22.

## Terms of appointment

No Directors left the Board during the period under review. The Non-Executive directors are all engaged under service contracts for a defined period of no more than three years. Their time commitment averages three to four days per month (except for the Chair whose time commitment is, on average, 12 days per month).

In January 2022 Matthew White's employment contract changed from fixed term to permanent. His reappointment to the Board has been approved by the Delivery Authority Board and as required by the Act, his re-appointment was subsequently approved by the Sponsor Board. All other Executive Directors are permanent employees. Their contracts of employment have no fixed end date, but certain termination provisions may be exercised (in certain circumstances on specified notice) by the Board.

## Employee numbers and costs

### Audited information

Audited employee numbers and costs appear in Note 3 of the financial statements.





## Employee turnover

Total employee turnover is shown in the table below. There were no exit payments for the year under review.

| Grade        | Turnover     |
|--------------|--------------|
| 5            | 0%           |
| 4            | 12.9%        |
| 3            | 22.2%        |
| 2            | 14.3%        |
| 1            | 9.9%         |
| <b>Total</b> | <b>12.9%</b> |

## Consultancy

The Delivery Authority has engaged suppliers to provide professional services during the period, which meet the definition of consultancy as per the published Public Expenditure System guidance. The value of these services is £67.09m (£43.60m in 2020/21), as disclosed in Note 4 to the financial statements.

## Off-payroll engagements

As well as the direct employees detailed on page 45 during the period we also employed workers on interim contracts. Details of the cost of these other employees is disclosed in Note 3 to the financial statements, and further detail on the off-payroll engagements of interim employees is disclosed below. All interim contractors have been treated as inside the scope of IR35 legislation, aside from as detailed below.

Where professional services have been delivered by suppliers, their staff are not included in the employee numbers reported in Note 3 and have been treated as outside the scope of IR35 legislation following management's assessment of these contracts.

The data for off-payroll engagements for the year under review is shown in the table on the following page:



# HOUSES OF PARLIAMENT

## R&R DELIVERY AUTHORITY

|                                                                                     |    |
|-------------------------------------------------------------------------------------|----|
| Off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater |    |
| Number of existing engagements as of 31 March 2022                                  | 26 |
| Of which:                                                                           |    |
| Number that have existed for less than one year at time of reporting                | 11 |
| Number that have existed for between one and two years at time of reporting         | 15 |
| 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                | -  |

|                                                                                                                   |    |
|-------------------------------------------------------------------------------------------------------------------|----|
| All off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater |    |
| Number of new engagements between 1 April 2021 and 31 March 2022                                                  | 18 |
| Number of the above which were not subject to off-payroll legislation                                             | -  |
| Number of the above which were subject to off-payroll legislation and assessed as being within the scope of IR35* | 16 |
| Number of the above which were subject to off-payroll legislation and assessed as being outside the scope of IR35 | 2  |
| The number that were engaged directly (via PSC contracted to the department) and are on the departmental payroll  | -  |
| The number that saw a change to IR35 status following a consistency review                                        | -  |

|                                                                                                                                                                                                                                   |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022                                                                      |    |
| Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year                                                                                   | -  |
| 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 | 14 |

\*In 2020/21 a contingent liability in relation to tax liabilities for off-payroll workers was declared. This liability was assessed at £0.26m and has been paid to HMRC. Further details can be found in Note 14 to the financial statements (Losses & Special Payments).

## Our Employees

### Values and Behaviours

Our Values - *we act with integrity; we are inspiring; we achieve together, and we can be ourselves* - were created following a period of extensive and positive engagement across the Programme. These Values play an important part in inspiring and motivating everyone who works at the Delivery Authority and reflect our desire to create a culture that will be instrumental in us achieving the Programme vision. Our Behaviours set expectations of how we 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.



## Equality, diversity and inclusion

We published our Equality, Diversity and Inclusion (EDI) Strategy in January 2022. This sets out our EDI objectives and how we will achieve them, which is a requirement against the Public Sector Equality Duty (PSED) (which arises from the Equality Act 2010). The 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.

During the year under review, we had some significant achievements – such as; achieving Silver in the Mind Workplace Wellbeing Index, scoring 62.5% in our first submission of the Business Disability Forum’s Smart Self-Assessment (against a target of 60%), creating and advancing our celebration and awareness raising events such as Black History Month and LGBT History Month. ‘Ensuring the Programme promotes inclusivity’ is an area of strength identified in our recent employee engagement survey.

Our focus area of providing age inclusive opportunities has seen an increase in 16–24-year-olds in our workforce, up from 4% to 7% and an increase in those aged 65+ to 3% (up from 2%). Other focus areas such as increasing representation of Black colleagues has remained static at 2%.

Gender diversity across employees and Non-Executive Directors of the Delivery Authority is unchanged at 57% female representation and 43% male representation. The gender split for our Board and Executive Directors, as well as the rest of our directly employed workforce, is as follows:

|                                 | Male      | Female    |
|---------------------------------|-----------|-----------|
| <b>Non-Executive Directors</b>  | 5         | 2         |
| <b>Executive Directors</b>      | 2         | 1         |
| <b>Executive (not on Board)</b> | 2         | 2         |
| <b>Other direct employees</b>   | 55        | 83        |
| <b>Total</b>                    | <b>64</b> | <b>88</b> |

While the Delivery Authority does not meet the requirements to publish its gender pay data under the provisions of the Equality Act 2010, we are committed to the highest standards of transparency and have therefore chosen to disclose our gender pay gap, setting out the difference in average hourly pay between men and women. Our first Gender Pay Gap report, which covers the snapshot date of 31 March 2021, shows a mean gender pay gap of 25.86% and median of 9.50%. We did not have sufficient data to report on our ethnicity pay gap for the snapshot date of 31 March 2021.

The full EDI Annual Report, available on our website, provides further diversity data.

## 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. By way of example, our Smart Working principles and approach to returning to the office and working in a hybrid way was informed by the output from a series of colleague-led workshops.



## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

We had an excellent response to our first employee engagement survey. The overall response rate was 81% (against a benchmarked target of 65-70%). The average score from the survey of 7.7/10 suggests that the organisation is currently doing a good job of maintaining employee engagement, but we recognise that there is scope for further improvement. Many areas are highlighted as strengths, for example management capability, pride, alignment with purpose and values, teamwork, employee voice, respectful workplace. Notably, there were some very positive scores relating to having open, and honest communication with managers, and how the organisation prioritises a working environment in which there is equal treatment of all individuals from all backgrounds. Areas we need to look into more deeply and potentially improve on are collaboration between teams, workload management, and protecting wellbeing. We are developing an organisation-wide action plan through team feedback and planning sessions.

### **Sickness absence**

Our aim is to treat employees who are ill with sympathy and fairness, while encouraging them to take the time needed to recover their health. We introduced our employee self-service portal during the year and use this to track sickness absence. In 2021/22 the number of working days lost was 1.4 days per employee (we do not have comparative data for the 2020/21 reporting period).

### **Supporting our employees throughout the pandemic**

Throughout the period under review, we continued with a wide range of practical and wellbeing support for our employees. This included:

#### **Practical support**

- Financial support for workstation equipment to enable safe and comfortable remote working
- Flexibility by agreement with line managers on hours and work patterns
- Risk assessments and virtual display screen equipment evaluations
- Workplace adjustments (e.g., assistive technology)
- Virtual physiotherapy sessions, accessed via self-referral

#### **Wellbeing support**

- A network of 32 Positive Mental Health Ambassadors (PMHAs), and a weekly “Tea and Talk” session that enabled casual, non-work conversation, and a way for employees to remain connected while working remotely
- Regular reminders on support mechanisms such as our PMHAs and Employee Assistance Service (which is open 24 hours a day)
- A weekly “Wellbeing Wednesday” slot which includes tips on physical health, mental wellbeing, and relaxation
- Employee led interest groups and virtual activities such as Book Club, quiz nights and virtual Tai Chi

Our extensive support is well-signposted through a range of organisational-wide communication channels.



## Employment policies and processes

We are committed to ensuring that our employees are treated fairly, with dignity and respect. We implemented family-friendly policies (maternity, paternity, adoption, and shared parental leave) and these are inclusive and reflective of modern families. Our Performance and Development Review (PDR) process was updated to include an assessment of individual performance against our Values and Behaviours.

We have 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.

## Organisational Development and Learning

We strive to ensure our organisational culture is inclusive. We encourage continuous learning, and we are committed to enabling colleagues to be the best they can be. Colleagues are encouraged to take ownership of their personal learning and development, and we aim to support this throughout their time at the Delivery Authority.

### Learning and Development

Colleagues and their managers engage in regular performance and development conversations and work collaboratively to develop and agree Personal Development plans in line with our PDR process.

We review organisational wide Learning and Development current and future needs and plan our approach to meet these. We believe that developing skills for the future is an integral part of everything we do and look for different funding opportunities to enable this to happen, such as through the apprenticeship levy.

### Leadership and Culture

We have created a Leadership Community to strengthen the collective leadership of the Delivery Authority. This community of senior leaders will support and enable change, and lead on further embedding our Values and Behaviours across the Programme. As well as offering peer support to each other and mentoring colleagues, this group are also involved in leading operational workstreams, as delegated from the Executive Team.

Signed

.....  
David Goldstone CBE  
Chief Executive and Accounting Officer  
05 July 2022



## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE SOLE MEMBER OF THE RESTORATION AND RENEWAL DELIVERY AUTHORITY LIMITED AND TO THE HOUSES OF PARLIAMENT**

### **Opinion on financial statements**

I certify I have audited the financial statements of The Restoration and Renewal Delivery Authority Limited (the Delivery Authority) for the year ended 31 March 2022 under the Parliamentary Buildings (Restoration and Renewal) Act 2019. The financial statements comprise the Delivery Authority's:

- Balance Sheet as at 31 March 2022;
- Income Statement, Cash Flow Statement, and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the Delivery Authority's affairs as at 31 March 2022 and its net income for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on regularity**

In my opinion, in all material respects, 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 Delivery Authority 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 Delivery Authority'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 Delivery Authority'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 directors and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

## **Other Information**

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The directors and Accounting Officer are 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 the part of the Remuneration and Employee Report to be audited has been properly prepared in accordance with the Parliamentary Works Sponsor Body's directions issued under the Parliamentary Buildings (Restoration and Renewal) Act 2019.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Delivery Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

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
- certain disclosures of remuneration specified by the Parliamentary Works Sponsor Body and HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Employee Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance; or
- I have not received all of the information and explanations I require for my audit.

## **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' and Accounting Officer's responsibilities in respect of the Strategic report, the Directors' report and the financial statements, the directors and Accounting Officer are 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 directors and Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Delivery Authority'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 Board and the Accounting Officer either anticipates that the services provided by the Delivery Authority will not continue to be provided in the future, or has no realistic alternative to do so.

## **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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

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





## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

#### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Delivery Authority's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Delivery Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Delivery Authority'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 Delivery Authority's controls relating to the Delivery Authority's compliance with the Companies Act 2006, the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Programme Delivery Agreement with the Parliamentary Works Sponsor Body 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 a result of these procedures, I considered the opportunities and incentives that may exist within the Delivery Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Delivery Authority's framework of authority as well as other legal and regulatory frameworks in which the Delivery Authority operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Delivery Authority. The key laws and regulations I considered in this context included the Companies Act 2006, the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Programme Delivery Agreement with the Parliamentary Works Sponsor Body, Managing Public Money, employment law and tax legislation.

#### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;



## **HOUSES OF PARLIAMENT**

### **R&R DELIVERY AUTHORITY**

- enquiring of management, the Risk, Assurance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements 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.

#### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions 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.

**Gareth Davies**

**Date**

08 July 2022

**Comptroller and Auditor General (Statutory Auditor)**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

**Income Statement**  
For the year ended 31 March 2022

|                                       |             | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|---------------------------------------|-------------|-----------------------------------|-----------------------------------|
|                                       | <b>Note</b> |                                   |                                   |
| <b>Income</b>                         |             |                                   |                                   |
| Grant Income                          | 2           | (105,595)                         | (74,203)                          |
| Other Income                          | 2           | (960)                             | (854)                             |
| <b>Total Income</b>                   |             | <b>(106,555)</b>                  | <b>(75,057)</b>                   |
| <b>Operating Expenditure</b>          |             |                                   |                                   |
| Employee costs                        | 3           | 15,155                            | 10,152                            |
| Purchases of goods and services       | 4           | 86,061                            | 61,996                            |
| Other expenses                        | 4           | 2,474                             | 2,201                             |
| Non-cash items                        | 4           | 2,865                             | 708                               |
| <b>Total operating expenditure</b>    |             | <b>106,555</b>                    | <b>75,057</b>                     |
| <b>Net Income</b>                     |             | <b>-</b>                          | <b>-</b>                          |
| <b>Total comprehensive net income</b> |             | <b>-</b>                          | <b>-</b>                          |

Due to the incorporation of the Delivery Authority in 2020, all figures contained in the financial statements for 2020/21 represent the period from 1 May 2020 – 31 March 2021 (i.e. 11 months' of activity).

The Notes on pages 64 to 78 form part of these accounts.



# HOUSES OF PARLIAMENT

## R&R DELIVERY AUTHORITY

### Balance Sheet

As at 31 March 2022

|      |                                              | 31 March<br>2022<br>£000 | 31 March<br>2021<br>£000 |
|------|----------------------------------------------|--------------------------|--------------------------|
| Note |                                              |                          |                          |
|      | <b>Non-current assets</b>                    |                          |                          |
|      | Property, plant, and equipment               | 7                        | 5                        |
|      | Intangible assets                            | 5                        | 3,572                    |
|      | <b>Total non-current assets</b>              | <b>3,579</b>             | <b>4,515</b>             |
|      | <b>Current assets</b>                        |                          |                          |
|      | Trade and other receivables                  | 7                        | 257                      |
|      | Accrued income                               | 8                        | -                        |
|      | Cash and cash equivalents                    | 9                        | 6,115                    |
|      | <b>Total current assets</b>                  | <b>6,372</b>             | <b>20,270</b>            |
|      | <b>Total assets</b>                          | <b>9,951</b>             | <b>24,785</b>            |
|      | <b>Current liabilities</b>                   |                          |                          |
|      | Trade and other payables                     | 10                       | (8,151)                  |
|      | Provisions                                   | 12                       | (1,800)                  |
|      | <b>Total current liabilities</b>             | <b>(9,951)</b>           | <b>(24,785)</b>          |
|      | <b>Total assets less current liabilities</b> | <b>-</b>                 | <b>-</b>                 |
|      | <b>Taxpayers' equity and other reserves</b>  |                          |                          |
|      | General fund                                 | -                        | -                        |
|      | <b>Total equity</b>                          | <b>-</b>                 | <b>-</b>                 |

Under the Parliamentary Buildings (Restoration and Renewal) Act 2019, Schedule 2, paragraph 9 (9), the Delivery Authority is exempt from the requirements of Part 16 of the Companies Act 2006 (Audit). They are subject to audit by the Comptroller & Auditor General under Schedule 2 of the Parliamentary Buildings (Restoration and Renewal) Act 2019.

The Notes on pages 64 to 78 form part of these accounts.

The financial statements were approved by the Board on 27 June 2022, and were signed on its behalf by:

David Goldstone CBE  
Chief Executive and Accounting Officer



## Cash Flow Statement

For the year ended 31 March 2022

|                                                                           |                                                              | 31 March<br>2022<br>£000 | 31 March<br>2021<br>£000 |
|---------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------|--------------------------|
| Note                                                                      |                                                              |                          |                          |
| <b>Cash flows from operating activities</b>                               |                                                              |                          |                          |
|                                                                           | Net expenditure                                              | -                        | -                        |
|                                                                           | Adjustments for non-cash transactions:                       |                          |                          |
|                                                                           | Non-cash costs                                               | 4 2,865                  | 708                      |
|                                                                           | Decrease/(Increase) in trade and other receivables           | 7 1,634                  | (1,891)                  |
|                                                                           | Decrease/(Increase) in accrued income                        | 8 854                    | (854)                    |
|                                                                           | (Decrease)/Increase in trade and other payables              | 10 (16,634)              | 24,785                   |
|                                                                           | <b>Net cash inflows/(outflows) from operating activities</b> | <b>(11,281)</b>          | <b>22,748</b>            |
| <b>Cash flows from investing activities</b>                               |                                                              |                          |                          |
|                                                                           | Purchase of property, plant, and equipment                   | (4)                      | (6)                      |
|                                                                           | Purchase of intangible assets                                | 5 (125)                  | (5,217)                  |
|                                                                           | <b>Net cash outflows from investing activities</b>           | <b>(129)</b>             | <b>(5,223)</b>           |
| <b>Net increase/(decrease) in cash and cash equivalents in the period</b> |                                                              |                          |                          |
|                                                                           |                                                              | <b>(11,410)</b>          | <b>17,525</b>            |
| <b>Cash and cash equivalents at the beginning of the period</b>           |                                                              |                          |                          |
|                                                                           |                                                              | <b>17,525</b>            | -                        |
| <b>Cash and cash equivalents at the end of the period</b>                 |                                                              |                          |                          |
|                                                                           |                                                              | <b>6,115</b>             | <b>17,525</b>            |

The Notes on pages 64 to 78 form part of these accounts.



## **Statement of Changes in Equity**

For the year ended 31 March 2022

|                                        | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|----------------------------------------|-----------------------------------|-----------------------------------|
| <b>General fund</b>                    |                                   |                                   |
| <b>Opening balance at 1 April</b>      | -                                 | -                                 |
| Comprehensive net income during period | -                                 | -                                 |
| <b>Closing balance as at 31 March</b>  | -                                 | -                                 |

The organisation's only reserve is the general fund, which has a zero balance at the end of this period as grant funding received is recognised as income to the extent that expenditure has been incurred during the year. Funding received in excess of expenditure for the year is recognised as deferred income.



## **Notes to the financial statements**

### **1 Accounting policies**

#### **1.1 Basis of preparation**

The Restoration and Renewal Delivery Authority Limited (Delivery Authority) is a private company limited by guarantee, and is consolidated within the accounts of its parent and sole member, the Parliamentary Works Sponsor Body (Sponsor Body).

As a private limited company, the Delivery Authority prepares its accounts in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. Additional disclosures are made following a direction by the Sponsor Body that the Delivery Authority follows the 'Corporate Governance in Central Government Departments: Code of Good Practice' in the preparation of this report and accounts, and also to incorporate additional disclosures as requested by the Sponsor Body to ensure further transparency, including the inclusion of a Remuneration and Employee Report.

This Annual Report and Accounts relates to the Delivery Authority's 2021/22 financial year, commencing on 1 April 2021 and ending on 31 March 2022.

The policies adopted by the Delivery Authority 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 on a going concern basis as outlined in section 1.4 and 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 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 2022, and for amounts reported for income and expenses during the period. In the process of applying the Delivery Authority's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

These accounts have been prepared under the assumption that the Delivery Authority is a going concern. Further information on this assessment is included in Accounting Policies, section 1.4.

During the significant majority of the year, the Delivery Authority's expenditure related to the preparation of a detailed and costed plan for the proposed restoration and renewal works to the Palace of Westminster, and the associated enabling projects. Management have assessed this expenditure and determined that current work 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 section 1.5 and 1.6). Initial work undertaken to respond to the Commissions' revised parameters in February and March 2022 also falls into this classification.

#### **1.4 Going concern**

In February 2022, the House of Commons Commission proposed a number of changes to the overarching governance and approach of the Restoration and Renewal Programme. Shortly after this, these changes were endorsed by the House of Lords Commission and at a specially convened Joint Commission meeting in March.

Whilst the Commissions have determined there should be changes to the way in which the sponsorship of the Programme is provided, they have been clear about the continuing need for the restoration works, and for a Delivery Authority. As the Delivery Authority will continue to exist, albeit with current uncertainty regarding the scope of operational activity, responsibilities, and relationship with its sponsoring body, it remains appropriate to adopt the going concern basis for the preparation of the 2021/22 financial statements.

Funding for the Delivery Authority remains provided in accordance with the mechanisms described within the Parliamentary Buildings (Restoration and Renewal) Act 2019 and within the Programme Delivery Agreement (PDA) held between the Delivery Authority and Sponsor Body. This permits the Sponsor Body to fund the Delivery Authority's activities via funding voted by Parliament annually in Supply and Appropriation Acts. The Main Estimate for 2022/23 was approved by the Estimates Commission on 26 April 2022 and laid in Parliament on 17 May 2022.

The Balance Sheet position shows that the Delivery Authority has sufficient funds to meet its commitments and to continue to operate as a going concern for at least 12 months after the accounts signing date.

#### **1.5 Property, plant and equipment**

Property, plant and equipment (PPE) is initially recognised at cost if it is intended for use on a continuing basis and its original carrying value, on an individual or asset pool basis where appropriate, exceeds the relevant capitalisation threshold of £2,500. Costs comprise the amount of cash paid to acquire the asset and includes all costs directly attributable to bringing them into working condition.

##### **Valuation of PPE**

PPE is carried at the lower of cost and fair value except for assets under construction which are held at cost – for clarity, there are no assets under construction held at the end of the financial year.

##### **Depreciation of PPE**

Depreciation is calculated to write down the costs of the assets to their estimated residual value on a straight-line basis over their expected useful lives.





## **1.6 Intangible non-current assets**

An intangible asset is an asset that is not physical in nature. In the Delivery Authority, intangible assets consist of the organisation's IT infrastructure.

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 annually at each financial year end, as well as the appropriateness of the historic cost method as a proxy for fair value.

Intangible assets are capitalised on an individual or asset pool basis where appropriate, where their cost exceeds the relevant capitalisation threshold of £2,500 and are amortised on a straight-line basis over their useful economic life of 5 years, with amortisation commencing in the month of acquisition.

Where the Delivery Authority 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 Delivery Authority can develop its own software, or the use of digital processing capability), then these are not capitalised as the Delivery Authority has no legal title to, or rights to control of, the underlying assets associated with these services.

Where the company has 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 Delivery Authority has adopted IFRS 16, in line with Companies Act requirements.

At the inception of a contract the Delivery Authority assesses whether a contract contains a lease. A contract contains a lease if the contract conveys the right for the Delivery Authority to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Delivery Authority assesses whether:

- the asset is greater in value than the Delivery Authority's capitalisation threshold, which is £2,500.
- the contract involves the use of an identified asset, which is physically distinct or represents substantially all of the capacity of a distinct asset and there are no substantive substitution rights.
- the contract conveys the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.
- the lessee has the right to direct the use of the asset.

The Delivery Authority has assessed all of its contracts and determined that it does not have any leases as defined by IFRS 16.



**1.8 New accounting standards issued**

The Delivery Authority has determined that it has no contracts that will be impacted by the implementation of IFRS 17 from 1 January 2023, which requires insurance contract liabilities to be calculated as the present value of future insurance cash flows with a provision for risk.

**1.9 Grants and deferred income**

All expenditure is financed by funding obtained from the Sponsor Body, which in turn is obtained from Parliament through the annual Appropriation Act. This funding is treated as grant income in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' as management have determined that the Delivery Authority has an entitlement to this income where it has incurred costs in the delivery of its objectives.

The Delivery Authority therefore recognises the funding received from the Sponsor Body as grant income in the Income Statement to the extent that it has financed the Delivery Authority's expenditure during the financial year. Where the amount of funding obtained exceeds the Delivery Authority's expenditure (due to underspends against the agreed budget), this difference is recognised in the Balance Sheet as deferred income.

Where the income has been used to fund capital purchases, income is recognised in the Income Statement in line with the depreciated/amortised amounts. The remainder is deferred as part of the overall deferred income balance, separately identified in the Notes to the Balance Sheet.

**1.10 Employee costs**

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

Employees of the Delivery Authority are eligible to participate in a Defined Contribution pension scheme, which is managed on the Company's behalf by Aviva. Employees are automatically enrolled in the pension scheme on their first day of employment unless they decide to opt out. The costs of the Delivery Authority's employer's contributions to this scheme are expensed during the period.

**1.11 Survey Costs**

The Delivery Authority has undertaken various surveys assessing the condition of the Palace of Westminster estate and the QEII centre to support and inform the design of future works. The surveys are industry standard assessments which are aimed at establishing the current state of the Palace and informing the extent of restoration required, and to inform design options for the QEII as a potential decant location.

Where survey costs meet the definition of an asset under IAS 16 Property, Plant and Equipment, or IAS 38 Intangible Assets, these costs would ordinarily be capitalised. The Delivery Authority determines on a survey-by-survey basis whether any costs should be capitalised. No surveys carried out in 2021/22 have met the capitalisation recognition



criteria; the surveys have been considered equivalent to 'research costs' and therefore expensed in operating expenditure.

#### **1.12 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.

#### **1.13 Taxation**

The Delivery Authority does not generate any profits and therefore its Corporation Tax return will be a nil return, as its activities are all funded by the Sponsor Body, and its recharges to the Sponsor Body for services provided are at cost with zero profit markup. Its deferred tax balance is therefore also a zero balance. The Delivery Authority has been made dormant for Corporation Tax.

The main activities of the Delivery Authority 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.

The recharges for services provided to the Sponsor Body are classed as trading for the purposes of VAT and will attract output tax; this output tax is largely offset by the input tax recovered on the amounts initially incurred.

#### **1.14 Financial instruments, assets and liabilities**

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 Balance Sheet when the Delivery Authority becomes a party to the contractual provisions of an instrument, in accordance with IFRS 9.

The Delivery Authority holds financial assets (see Notes 7, 8 and 9) in the following categories:

- Cash and cash equivalents – these 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. The carrying amount of these assets approximates to their Fair Value.

The Delivery Authority 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 Delivery Authority 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 recognised for expenditure incurred for goods and services delivered prior to the financial year end and that have not been invoiced. The Delivery Authority has a £2,500 de minimis (minimum) accrued expenditure threshold; this is deemed appropriate to ensure



that the accounts are materially correct, whilst keeping the workload associated with producing the annual accounts proportionate with the value they provide. Management is satisfied that this is appropriate in ensuring that accrued expenditure is materially correct and that the use of this de minimis value is therefore appropriate in this financial year. Management will continue to review the accruals de minimis policy each year.

#### **1.15 Recharges**

The House of Commons recharges costs to the Delivery Authority on a quarterly basis. These costs include seconded employee costs and miscellaneous recharges where certain works are carried out on behalf of the Delivery Authority (for example, surveys). These costs are expensed by the Delivery Authority except where they related to capital assets.

The House of Commons also charged the Sponsor Body for the occupation of premises at 7 Millbank and 64 Victoria Street within the financial year, as per the Agreement to Occupy agreement. The Sponsor Body subsequently recharges an appropriate percentage of this cost to the Delivery Authority, as described below. This recharge arrangement remained consistent for the occupation of both 7 Millbank and 64 Victoria Street.

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 for premises costs at 7 Millbank and 64 Victoria Street and, in management's view, using the floor space area has been considered as an appropriate basis of recharging those costs. This cost is expensed by the Delivery Authority.

The Delivery Authority recharges the Sponsor Body for Digital and Corporate costs, including hosting and maintenance of the Finance and HR system, as well as the provision of various corporate support services such as HR, Procurement and Accounts Payable support. The costs of these services are recharged by the Delivery Authority to the Sponsor Body at cost, as agreed by management.

These recharges to the Sponsor Body are treated by the Delivery Authority as income for services supplied in accordance with IFRS 15, reported under 'Other Income' in the Income Statement.

#### **1.16 Provisions**

The Delivery Authority makes provision for liabilities and charges in accordance with IAS 37 where a legal or constructive liability (i.e., a present obligation arising from past events) exists, the transfer of economic benefits is probable, and a reasonable estimate can be made.

Provisions for liabilities are based on reliable estimates of the expenditure required to settle future legal or constructive obligations that exist. Provisions are charged to the Income Statement and released when the transfer of economic benefit to settle the obligation is made.



## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

### 2. Income

|                                   | 31 March<br>2022<br>£000 | 31 March<br>2021<br>£000 |
|-----------------------------------|--------------------------|--------------------------|
| <b>Total Income</b>               |                          |                          |
| Deferred income released          | (10,949)                 | -                        |
| Funds received from Sponsor Body  | (98,500)                 | (85,152)                 |
| Deferred Income - Capital funding | 3,579                    | 4,515                    |
| Deferred Income - Revenue funding | 275                      | 6,434                    |
| <b>Total Grant income</b>         | <b>(105,595)</b>         | <b>(74,203)</b>          |
| <b>Recharges to Sponsor Body</b>  | <b>(960)</b>             | <b>(854)</b>             |
| <b>Total Income</b>               | <b>(106,555)</b>         | <b>(75,057)</b>          |

### 3. Employee costs

The cost of people employed by the Delivery Authority is disclosed in the table below. The Delivery Authority is recharged the full costs of all employees seconded for the period of their secondment. The costs shown below also include irrecoverable VAT suffered on seconded and interim employees.

|                             | 31 March<br>2022<br>£000 | 31 March<br>2021<br>£000 |
|-----------------------------|--------------------------|--------------------------|
| <b>Employee Costs</b>       |                          |                          |
| Basic pay                   | 7,870                    | 2,294                    |
| National Insurance          | 926                      | 266                      |
| Pension                     | 633                      | 157                      |
| Apprenticeship Levy         | 24                       | -                        |
| Other staff costs           | 48                       | -                        |
| Other staff benefits        | 36                       | 53                       |
| Secondments                 | 298                      | 1,921                    |
| Interim staff               | 5,320                    | 5,461                    |
| <b>Total Employee Costs</b> | <b>15,155</b>            | <b>10,152</b>            |

### Employee numbers

The Delivery Authority employs a mixture of people, comprising direct employees, seconded employees and individuals engaged on interim contracts. Over the course of the year, as planned,



# HOUSES OF PARLIAMENT

## R&R DELIVERY AUTHORITY

the number of direct employees has increased, with a reduced dependence on seconded and interim individuals.

The average and closing numbers of full time equivalent (FTE) persons employed was as follows:

|                                            | 1 April 2021 – 31 March 2022 |             | 1 May 2020 – 31 March 2021 |             |
|--------------------------------------------|------------------------------|-------------|----------------------------|-------------|
| Type                                       | Average FTE                  | Closing FTE | Average FTE                | Closing FTE |
| Direct (excluding Non-Executive Directors) | 110                          | 143         | 27                         | 72          |
| Seconded                                   | 3                            | 2           | 33                         | 8           |
| Interim                                    | 28                           | 22          | 30                         | 28          |
| <b>Total</b>                               | <b>141</b>                   | <b>167</b>  | <b>90</b>                  | <b>108</b>  |

### 4. Expenditure

|                                                | 31 March<br>2022<br>£000 | 31 March<br>2021<br>Restated<br>£000 |
|------------------------------------------------|--------------------------|--------------------------------------|
| <b>Employee costs</b>                          | <b>15,155</b>            | <b>10,152</b>                        |
| Professional fees*                             | 67,085                   | 43,600                               |
| Surveys**                                      | 4,351                    | 210                                  |
| Other outsourced services                      | 248                      | 65                                   |
| IT development, maintenance, and support       | 10,576                   | 15,629                               |
| IT purchases (including hardware and software) | 3,313                    | 2,166                                |
| Legal costs                                    | 488                      | 326                                  |
| <b>Purchase of goods and services</b>          | <b>86,061</b>            | <b>61,996</b>                        |
| Premises costs                                 | 1,731                    | 1,789                                |
| Insurance costs                                | 40                       | 23                                   |
| Learning and Development                       | 104                      | 8                                    |
| Other costs                                    | 599                      | 381                                  |
| <b>Other expenditure</b>                       | <b>2,474</b>             | <b>2,201</b>                         |
| Depreciation and amortisation                  | 1,065                    | 708                                  |
| Provision expense (see note 12)                | 1,800                    | -                                    |
| <b>Non-cash items</b>                          | <b>2,865</b>             | <b>708</b>                           |
| <b>Total expenditure</b>                       | <b>106,555</b>           | <b>75,057</b>                        |

The audit fees for the financial statements totalled £0.07m (2020/21: £0.07m) and this cost has been met by the Sponsor Body and is accounted for in the Sponsor Body financial statements. No non-audit services have been provided by the NAO.



## HOUSES OF PARLIAMENT

### R&R DELIVERY AUTHORITY

The 2020/21 expenditure restatement relates solely to the grouping of expenditure items. IT maintenance (£2.49m in 2020/21), and Other IT support and maintenance (£0.08m in 2020/21) are now included within the IT development, maintenance, and support. Other Professional fees (£0.02m in 2020/21) is now included in Professional fees.

\*Professional fees primarily consist of the costs of services provided by our integrated delivery partner, (£20.83m) (2020/21: £21.45m), and design services (£37.42m) (2020/21: £19.10m). The remaining professional fees relate to various lower-value services procured from suppliers during the year, such as digital systems and process design support.

\*\* Surveys costs include supply chain payments for undertaking surveys. They exclude associated employee and project management costs, which are included within employee and professional services costs.

## 5. Intangible assets

All the Delivery Authority's intangible assets are IT infrastructure.

|                                    | <b>31 March<br/>2022<br/>Total<br/>£000</b> | <b>31 March<br/>2021<br/>Total<br/>£000</b> |
|------------------------------------|---------------------------------------------|---------------------------------------------|
| <b>Intangible assets</b>           |                                             |                                             |
| <b>Cost or valuation</b>           |                                             |                                             |
| As at 1 April                      | 5,217                                       | -                                           |
| Additions                          | 125                                         | 5,217                                       |
| <b>As at 31 March</b>              | <b>5,342</b>                                | <b>5,217</b>                                |
| <b>Amortisation</b>                |                                             |                                             |
| As at 1 April                      | (707)                                       | -                                           |
| Charged in period                  | (1,063)                                     | (707)                                       |
| <b>As at 31 March</b>              | <b>(1,770)</b>                              | <b>(707)</b>                                |
| <b>Carrying amount at 31 March</b> | <b>3,572</b>                                | <b>4,510</b>                                |



## 6. Financial Instruments

As the cash requirements of the Delivery Authority are met through grant funding received from its parent, 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 majority of financial instruments relate to contracts for non-financial items in line with the expected purchase and usage requirements and the Delivery Authority is therefore exposed to minimal credit, liquidity or market risk.

### **Liquidity Risk**

The Delivery Authority is financed by resources voted annually by Parliament. As such it is not exposed to significant liquidity risks.

### **Interest Rate Risk**

All of the Delivery Authority's financial assets and liabilities carry fixed or nil rates of interest and so it is therefore not exposed to significant interest rate risk.

### **Foreign Currency Risk**

Foreign currency does not form part of the Delivery Authority's assets or liabilities and as such it is not exposed to any significant exchange risks.

### **Fair Values**

The fair values of the Delivery Authority's primary financial assets and liabilities as at 31 March 2022 are the same as the book values shown in the Balance Sheet.

## 7. Trade and other receivables

|                                          | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Trade and other receivables</b>       |                                   |                                   |
| Receivables                              | -                                 | 1,380                             |
| Prepayments                              | 257                               | 511                               |
| <b>Total trade and other receivables</b> | <b>257</b>                        | <b>1,891</b>                      |





**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**

**8. Accrued Income**

|                                           | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|-------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Accrued Income</b>                     |                                   |                                   |
| Balance as at 1 <sup>st</sup> April       | 854                               | -                                 |
| Income from recharges accrued in the year | 960                               | 854                               |
| Accrued Income received in the year       | (1,814)                           | -                                 |
| <b>Balance as at 31 March</b>             | <b>-</b>                          | <b>854</b>                        |

**9. Cash and Cash Equivalents**

|                                          | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Cash and cash equivalents</b>         |                                   |                                   |
| Balance as at 1 <sup>st</sup> April      | 17,525                            | -                                 |
| Net change in cash and cash equivalents  | (11,410)                          | 17,525                            |
| <b>Balance as at 31 March</b>            | <b>6,115</b>                      | <b>17,525</b>                     |
| <br>The following balances were held at: |                                   |                                   |
| Government Banking Service (GBS)         | 6,115                             | 17,525                            |
| <b>Balance as at 31 March</b>            | <b>6,115</b>                      | <b>17,525</b>                     |

**10. Trade and other payables**

|                                            | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|--------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Amounts falling due within one year</b> |                                   |                                   |
| Trade payables                             | (499)                             | (695)                             |
| Other payables                             | (487)                             | (324)                             |
| Accruals                                   | (3,311)                           | (12,817)                          |
| Deferred Income - Capital funding          | (3,579)                           | (4,515)                           |
| Deferred Income - Revenue funding          | (275)                             | (6,434)                           |
| <b>Total trade and other payables</b>      | <b>(8,151)</b>                    | <b>(24,785)</b>                   |



## 11. Contingent liabilities

There is a contingent liability in relation to the Delivery Authority's accommodation costs. The Delivery Authority is recharged accommodation costs by the Sponsor Body, who in turn are charged by the House of Commons under an Agreement to Occupy entered into on 18 October 2021.

The House of Commons are currently in discussion with HMRC relating to the VAT treatment of these recharges; if HMRC reject their claim to recover VAT on these charges then these may be passed on to the Sponsor Body and to the Delivery Authority. The probability of this occurring is assessed as low, but this would have a financial cost of approximately £0.25m.

## 12. Provisions

|                                                   | 31 March<br>2022<br>Employee<br>benefits<br>£000 | 31 March<br>2022<br>Supplier<br>payment<br>£000 | 31 March<br>2022<br>Total<br>£000 | 31 March<br>2021<br>Total<br>£000 |
|---------------------------------------------------|--------------------------------------------------|-------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Provisions</b>                                 |                                                  |                                                 |                                   |                                   |
| Balance as at 1 <sup>st</sup> April               | -                                                | -                                               | -                                 | -                                 |
| Provided in year                                  | (1,100)                                          | (700)                                           | (1,800)                           | -                                 |
| Provisions not required written back              | -                                                | -                                               | -                                 | -                                 |
| Provisions utilised in the year                   | -                                                | -                                               | -                                 | -                                 |
| <b>Balance at 31 March</b>                        | <b>(1,100)</b>                                   | <b>(700)</b>                                    | <b>(1,800)</b>                    | <b>-</b>                          |
| <b>Analysed as:</b>                               |                                                  |                                                 |                                   |                                   |
| Not later than one year                           | (1,100)                                          | (700)                                           | (1,800)                           | -                                 |
| Later than one year and not later than five years | -                                                | -                                               | -                                 | -                                 |
| Later than five years                             | -                                                | -                                               | -                                 | -                                 |
| <b>Balance at 31 March</b>                        | <b>(1,100)</b>                                   | <b>(700)</b>                                    | <b>(1,800)</b>                    | <b>-</b>                          |

The provision of £1.80m relates to two separate amounts, comprising of:

- a) a provision relating to performance-related payments. As detailed in the Remuneration and Employee Report, the Delivery Authority operates a discretionary scheme which allows for recognition of performance in any year without raising base salary levels. Any discretionary awards paid are subject to individual and the organisation's performance. The Remuneration and Employee Report also notes that the Delivery Authority decided to generally defer discretionary performance awards related to the period ending 31 March 2021 (recognised as a contingent liability in 2020/21). Consideration of 2020/21 performance will be undertaken alongside decision on performance awards relating to the period 2021/22.

The Nominations and Remuneration Committee has approved the principle of performance related payments but has not yet approved individual awards, which will be considered



during 2022/23. The provision amount of £1.10m is 9% of direct employee costs since the incorporation of the Delivery Authority in April 2020.

- b) an amount for supplier costs where the application for payment remained under review at year end. Validation of the application for payment has now been undertaken and agreed with the supplier.

### 13. Related Party transactions

Related Parties are defined under IAS 24 as either the individuals who exercise control or influence over an entity, or other entities that meet certain criteria such as being part of the same Group.

IAS 24 requires companies to disclose, in respect of individuals, any management compensation, and this requirement has been fulfilled in the Remuneration and Employee Report.

IAS 24 also requires companies to disclose, in respect of entities, any relationships and transactions between Related Parties.

The Sponsor Body is a Related Party of the Delivery Authority because it is the Delivery Authority's parent. In the period, the following transactions have been undertaken between the organisations:

- The Sponsor Body has provided grant funding to the Delivery Authority in return for the delivery of its objectives under the Programme Delivery Agreement, totalling £109.45m (£85.15m in 2020/21). This funding has been recognised as income in the Income Statement to the extent that it has been offset by costs incurred, with the remainder taken to deferred income, as detailed in Note 2.
- The Delivery Authority has provided services to the Sponsor Body costing £0.96m (£0.85m in 2020/21), specifically IT support services and other corporate support (for HR, Commercial and Finance services). These costs have been charged to the Sponsor Body at a zero markup, with the recharges appearing in the Income Statement.
- The Sponsor Body has recharged £1.70m (£1.89m in 2020/21), of premises costs to the Delivery Authority, which represent the Delivery Authority's share of the Group's premises in the period, and which have been recognised in the Delivery Authority's Income Statement.

The House of Commons and House of Lords are also Related Parties of the Delivery Authority as they exercise control and influence over the Delivery Authority, given that Parliament votes annually on the Sponsor Body's budget. The House of Commons also provides services to the Delivery Authority; in the period, the following transactions have been undertaken between the organisations:

- The House of Commons recharged £0.29m (£5.90m in 2020/21), of costs to the Delivery Authority. These costs have all been expensed by the Delivery Authority in its Income Statement.
- The House of Lords recharged £0.05m of costs to the Delivery Authority during the period (£0.10m in 2020/21), relating to a single member of seconded staff.



## HOUSES OF PARLIAMENT R&R DELIVERY AUTHORITY

Other than their remuneration and business-relates expenses, none of the Board Members or Executive have undertaken any material transactions with related parties during the year, except as disclosed below.

| Name of related party      | Expenditure                                                                                        | Transaction amount (£'000) 2021/22 | Transaction amount (£'000) 2020/21 | Name & Position in DA | Position held at related party                  |
|----------------------------|----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-----------------------|-------------------------------------------------|
| Mott MacDonald             | The Delivery Authority incurred spend on professional services fees with the Mott MacDonald Group. | 168                                | 650                                | Mike Brown, Chair     | Independent Member of the Shareholder Committee |
| Transport for London       | The Delivery Authority seconded staff from Transport for London.                                   | 118                                | -                                  | Anne McMeel, Director | Board Member                                    |
| Major Projects Association | The Delivery Authority pays a membership fee to the Major Projects Association.                    | 13                                 | -                                  | David Goldstone, CEO  | Director                                        |

### 14. Losses and special payments

#### Audited information

Managing Public Money requires the Delivery Authority to provide a statement showing losses and special payments by value and by type where they exceed £300,000 in total and those that, individually, exceed £300,000.

Situations where recurring or individual circumstances result in multiple losses of equivalent nature are grouped together, for instance the loss of IT equipment. This group is subsequently counted as one case.

There were no individual losses of more than £300,000 but for completeness relevant information on losses is disclosed below.



### **Losses Statement**

|                              | <b>31 March<br/>2022</b> | <b>31 March<br/>2021</b> |
|------------------------------|--------------------------|--------------------------|
| <b>Losses</b>                |                          |                          |
| Total number of cases        | 6                        | -                        |
| Total value of losses (£000) | 337                      | -                        |

Losses incurred in the year include £0.26m in relation to tax liabilities for off-payroll workers. This amount was disclosed as a Contingent Liability in last year's accounts and followed a review of all contracts in 2020/21, including novated contracts. No penalties were incurred in relation to this payment due to proactive engagement with HMRC. There were smaller losses, totalling £0.007m, related primarily to losses of IT equipment.

Other losses have been incurred following the Commissions' decisions in February 2022 which have required an in-year re-assessment of activity. £0.06m relates to recruitment activity including contractually obligated payments to individuals, to whom offers had been made that were then withdrawn, to whom an amount in lieu of their contractual notice period has been paid. A further £0.01m relates to abortive costs for regional supplier and market engagement events.

Given current uncertainty over the scope of the future works to the Palace of Westminster, there is a chance that some expenditure incurred to date may at a later date be considered a constructive loss. However, without a confirmed scope of works it is not currently possible to make this assessment, and it remains the view of management that all spend incurred to date has been in line with the mandate for the Restoration and Renewal Programme and requirements instructed to the Delivery Authority at the time incurred, and is likely to be of value in informing future design options.

### **Special payments**

There were no special payments made in the 12 months to 31 March 2022 (2020/21: £nil).

## **15. Capital or Other Financial Commitments**

### **Capital commitments**

The Delivery Authority has no contractual capital commitments as at 31 March 2022 not otherwise included in these financial statements (£nil as at 31 March 2021).

### **Other Financial Commitments**

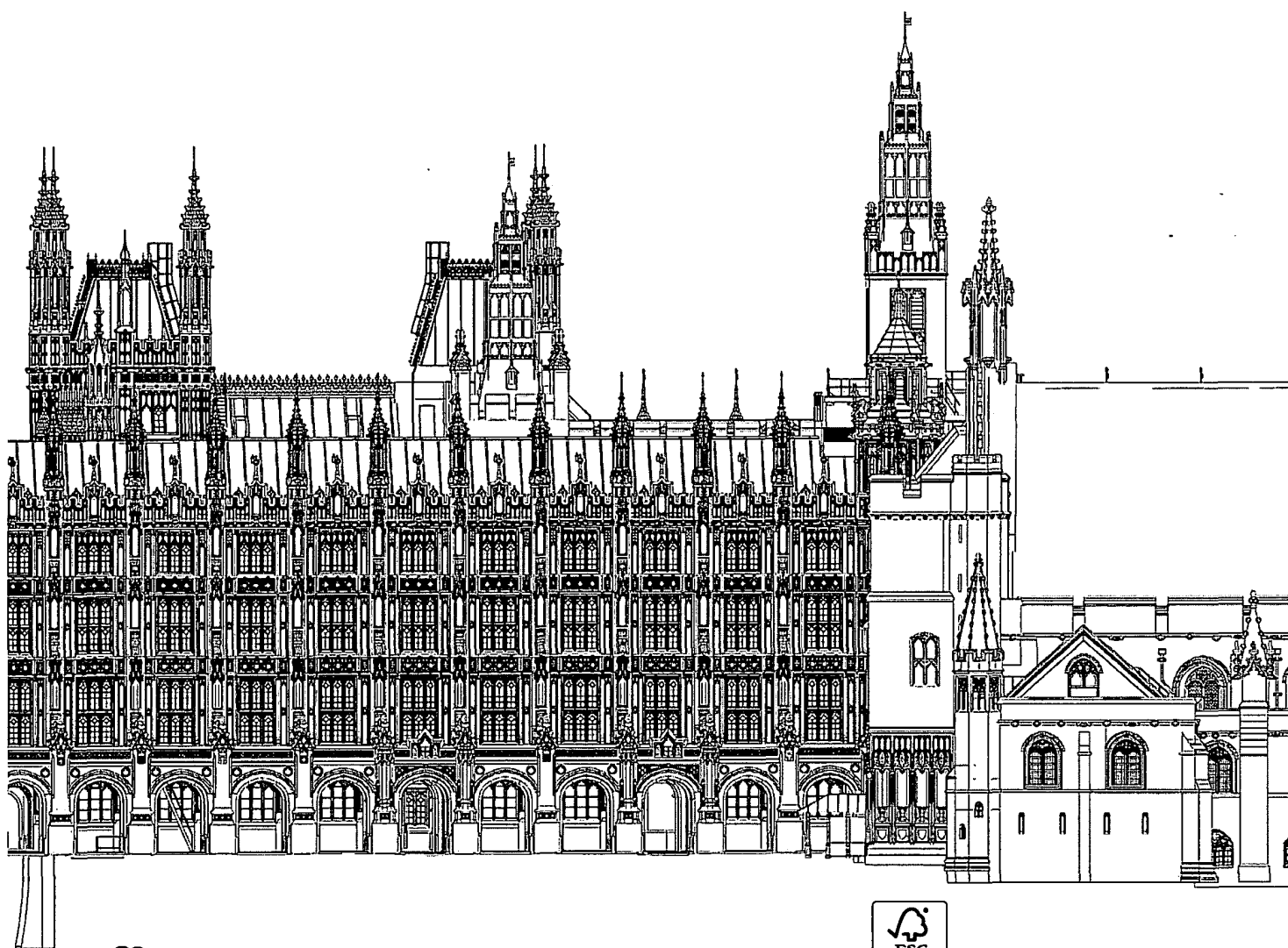
The Delivery Authority has not entered into any other non-cancellable contracts as at 31 March 2022 (nil as at 31 March 2021).



## **16. Events after reporting period**

The financial statements were authorised for issue on the date they were certified by the Comptroller & Auditor General.

There were no material events after the reporting period.



**HOUSES OF PARLIAMENT**  
**R&R DELIVERY AUTHORITY**



**HC 518**

PPMS CLASSIFICATION: UNRESTRICTED