

GOVERNMENT MOTIONS RELATING TO THE RESTORATION AND RENEWAL OF THE PALACE OF WESTMINSTER

Memorandum by the Accounting Officer on financial consequences

Standing Order No 22C

1. Under Standing Order No 22C, a motion which if agreed would have a direct consequence of additional expenditure under the House of Commons: Administration Estimate estimated to be £50,000 or more shall not be considered by the House unless a memorandum setting out its expected financial consequences has been made available to the House by the Accounting Officer.

Scope of the memorandum

2. This memorandum therefore seeks to set out the expected financial consequences of the two motions relating to the Restoration and Renewal of the Palace of Westminster for the House of Commons: Administration Estimate. I offer no estimate of the possible costs of the programme of restoration and renewal envisaged in the No. 2 motion, under any of the three listed options, since it is envisaged in the motion that the costs of such a programme would be borne not on that Estimate but on an Estimate to be the responsibility of a specially created statutory body. Nor does the motion commit the House to funding a particular programme at any specific level.

Motion No. 1

3. Motion No. 1 suggests at paragraph 4 that "funding should be limited to facilitate essential work to the services in this Parliament". No authorisation is required from the House for essential work, which will by definition be planned for and carried out; this part of motion No. 1 does not therefore have financial consequences. Nor does this motion have immediate implications for the Northern Estate Programme or planned works on the Richmond House site, referred to at paragraph 7 below, although the House of Commons Commission will no doubt be reviewing the programme in the light of the outcome of the debate.
4. Paragraph 5 of motion No. 1 effectively postpones to an unknown date before June 2022 at the latest any decision as to whether a comprehensive programme of works should take place. If this were agreed, and no further work was carried out in the meantime, the further delay of up to four years in the actual commencement of the works envisaged would mean a substantial percentage increase in their costs, primarily because of inflation. It would also significantly increase the period at risk of the systems on which the Palace depends, which would be annually increasing risks of catastrophic failure. As the Public Accounts Committee reported in March 2017, "*the estimated costs for the programme are currently rising at a significant rate due to the delay in scheduling debates and votes on the floor of each House*" (HC 1005, Session 2016-17, para 11). To the extent that expenditure on a yet further medium-term rescue programme to keep the Palace going would even prove to be feasible, the additional costs might be of the order of £30/40 million at a rough estimate, as an addition to the programme referred to in paragraph 6 below. The greater likelihood in my judgement of significant costs arising for the House of Commons Administration Estimate from further delay would be from dealing with the many consequences of a future catastrophic system failure and subsequent emergency exit from the Palace.

Motion No. 2

Expenditure in 2019-20 and beyond

5. The No. 2 motion endorses the need for a comprehensive programme of work to repair the Palace of Westminster, and for a Sponsor Board and Delivery Authority to be established by legislation to take that work forward. If that is agreed, the vast bulk of the expenditure in future years on the Palace will fall not on the Administration Estimate but on the Estimate for the Sponsor Board/Delivery Authority.

Other estates expenditure

6. The costs of other major estates programmes around the Palace which fall on the House of Commons Administration Estimate already allowed for in forward planning are not directly affected by the No. 2 motion. That includes a further medium-term Mechanical and Electrical (M&E) rescue programme required over the next 6/7 years to mitigate the growing risk of catastrophic failure of time-expired systems before any decant, on a similar scale to the now completed £72 million Medium Term M&E Programme.

Northern Estate Programme and Richmond House

7. The Administration Estimate will in any event be funding substantial work on the Northern Estate Programme, including Richmond House, in 2018-19. This includes expenditure on design of an interim and contingency Chamber and associated spaces in Richmond House. It is not easy to quantify the additional cost of such works falling on the Administration Estimate in those years which would *not* be required were there to be no programme of Restoration and Renewal. Planning for the Northern Estate Programme and Richmond House has been undertaken on the basis of at least some decant from the Palace. The prospect of decant at some point of Members from the Palace requires a more thorough programme of refurbishment of office and meeting space than would be required for merely refurbishment of the Northern Estate. The costs of additional design and enabling works for 2018-19 attributable to an R&R 'overlay' are of the order of £18m. Thereafter I expect the expenditure on works attributable to a Palace decant to be borne by the Sponsor Board/Delivery Authority, once established by legislation as envisaged in the No. 2 motion.

Design etc.

8. The Administration Estimate will be used in 2018-19 as the vehicle for funding the House of Commons share of expenditure on design and other work to be carried out by the programme for both Houses by the shadow bodies and by their statutory successors. In 2018-19 £48m has already been provided for within the Administration Estimate for R&R. This provision was agreed in December based on a high level of uncertainty as to the direction of the programme, and is considered worst case. The assumption is that financial responsibility for such work would gradually be adopted by the Sponsor Board and Delivery Authority, and existing contracts gradually novated to it, so that these bodies would be fully in charge by the end of 2019.

Analysis of options

9. The No. 2 motion requires the shadow Sponsor Board and Delivery Authority to undertake a detailed analysis of the three options of full decant, partial decant, and retaining a parliamentary foothold in the Palace during a full decant and to prepare a business case for the recommended option for the approval of both Houses of Parliament. The options analysis work will be funded from the provision already allowed for within the 2018/19 Administration Estimate, and will be shared with the House of Lords.