

Palace of Westminster Restoration and Renewal Programme Independent Options Appraisal

Final Report

Volume 1

Chapter 2 – Glossary

This final report (the “Final Report”) has been prepared by Deloitte LLP (“Deloitte”) for The Corporate Officer of the House of Lords and Corporate Officer of the House of Commons (Acting Jointly) in accordance with the contract with them dated 23rd December 2013 (“the Contract”) and on the basis of the scope and limitations set out below.

No party other than The Corporate Officer of the House of Lords and Corporate Officer of the House of Commons (Acting Jointly) is entitled to rely on the Final Report for any purpose whatsoever and Deloitte LLP accepts no responsibility or liability or duty of care to any third party.

The Final Report has been prepared solely for the purposes of satisfying the ‘Core Objective’ of the Independent Options Appraisal as set out in the Contract i.e.: ‘an independently produced costed options appraisal of the Scenarios, in order to enable Parliament to reach a well-founded decision in principle on the means of restoring and renewing the Palace of Westminster while maintaining business continuity.’

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Term	Definition
Affordability	A key aspect of the Financial Case within the Business Case. Affordability tests whether proposed annual expenditure can be funded year to year i.e. a scenario may cost more in whole life cost terms, but may be more affordable in annual funding terms.
Assumed Restoration and Renewal Programme Start date: Q2 2020	The assumed start date for the Programme works (i.e. start works on site) is Q2 2020 as agreed with the SRO. This date represents the baseline for the Independent Options Appraisal against which all Scenario durations and costs are assessed.
Building Information Modelling (BIM)	A digital multi-dimensional computer aided design model linked to a database of programme information used to support integrated project delivery.
Business Continuity	Maintaining the core business functions of Parliament (including administrative and supportive roles) on a day-to-day basis.
CAGR	Compound Annual Growth Rate - The year on year growth rate over a specified period of time.
Capital expenditure	Capital Expenditure that creates assets which yield benefits over time, unlike operational expenditure which has an immediate pay-off, but leaves no lasting benefit. Constituent elements considered in this exercise include construction costs, construction delivery costs, programme management costs, risk, inflation, VAT and decant costs.
Challenge Panel	An independent challenge panel of Senior Partners and Directors from within the IOA Team's respective organisations and from Skanska UK Plc. Independent Members on this panel bring specific areas of subject matter expertise and their role is to challenge the thinking, assumptions, logic and emerging findings of the IOA team.
Client (for the IOA)	The Client for the Palace of Westminster Restoration and Renewal Programme Independent Options Appraisal, i.e. The Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords acting jointly.
Client Function	A body of full-time professional people working for and on behalf of Parliament, under the leadership and direction of the Sponsor Body, as its agent. This is an integral element of the Delivery Model.
Client's Programme Management Team (Client Programme Team or CPT)	The Client's team having responsibility for the management of the Independent Options Appraisal
Confidence	A measure of certainty around a chosen course of action, used to describe results from a statistical analysis shown at levels of P10, P50 and P90 (10% probability, 50% probability and 90% probability respectively).
Consultant	The organisation that has entered into Contract with the Client to deliver the Services. For the avoidance of doubt and for the purposes of the Contract, the use of the term Consultant includes all sub-consultants and other organisations that are engaged by the Consultant to assist with the delivery of the Services.
Consultant's Services	The scope of services that the Consultant provides to the Client, as described in Appendix G.1: The Scope of The Services.
Contract	The agreement between the Consultant and the Client in respect of the delivery of the Services.
Contract Change Note	A document setting out any necessary amendments to the main scope of services contract. All contract change notes are contained within Volume 3 of this report.
Critical Success Factors	The critical factors necessary for the Programme to achieve its objectives. These have not yet been defined by either Members or the Programme Board.
Decant	The process of relocating to and from accommodation or a temporary location. Under Options 2 and 3 significant accommodation is required to accommodate those functions within the PoW that would be moved to a new and temporary location for the duration of the works.
Decant Costs	Decant costs refers to the costs associated with the relocation process including acquisition of lease or freehold, rent and rates, fit out, soft and hard FM. These costs have been provided to the IOA Team by the Client Programme Team.
Decision in Principle	A decision made by Parliament in principle on the means of restoring and renewing the Palace of Westminster whilst maintaining the ongoing business of Parliament.
Delivery Options	<p>The three potential approaches to deliver the Restoration and Renewal programme whilst maintaining the Business of Parliament (as prescribed in Volume 3, Appendix G.1: The Scope of The Services):</p> <ul style="list-style-type: none"> • Delivery Option 1: A rolling programme of phased works over a significantly prolonged period of years but still working around the continued use of the PoW. • Delivery Option 2: A programme incorporating a partial decant of each House in turn to temporary accommodation and closure to Members and the public of broadly half the PoW in turn for a prolonged period. • Delivery Option 3: A programme incorporating a full decant of the PoW to temporary accommodation and closure to Members and the public of the entire PoW for a shorter period.

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Design Champion	The Design Champion should lead the development of the Programme Vision. The individual or firm carrying out this role will need to work closely alongside the Client team, the Programme Management office and the Design Team Lead to establish a design strategy. This strategy will inform the approach to managing design risk on the Programme, and the resultant briefs that are developed for each of the design disciplines.
Disruption	The potential detrimental impact on the business operations of Parliament as a direct result from decanting occupiers and functions from the PoW.
Do Minimum Scenario	A Scenario representing the minimum scope of work required to deliver the Restoration and Renewal Programme objectives. This Scenario informs the decision in principle and may also represent the Do Minimum Scenario in a downstream Outline Business Case.
Evaluation Criteria	Evaluation Criteria (consisting of Principal and sub-criteria) reflect the confirmed Programme objectives and are used as the basis of Scenario comparison.
Final Report	The report delivered to the Client on completion of delivering the Services (and by not later than eight months after the commencement of the Services), which complies with the requirements of the Services Information.
Facilities Management (FM) costs	Facilities management costs associated with running the Palace of Westminster
Full Business Case (FBC)	A detailed stage of HM Treasury Green Book Business Case process, which evaluates the costs, benefits and risks ahead of an investment decision. The FBC is completed before implementation of the works.
House of Commons (HoC)	House of Commons; where MPs represent the UK public.
House of Lords (HoL)	House of Lords; the second Chamber of UK Parliament.
Independence	Independence is the core Client objective for the IOA. For the purposes of the delivery of the Services, the term 'independence' is considered by the IOA team to mean: <ul style="list-style-type: none"> • Providing an objective evaluation of the evidence and information provided; • Using professional judgement in the interpretation of evidence and information provided; • Maintaining a willingness to stake the Consultant's professional reputation on the quality of deliverables; • Continually challenging stakeholder opinions; and • Ensuring and maintaining independence throughout sustained engagement with the stakeholders, the Client Programme Team and others within the Client organisation.
Independent Options Appraisal (IOA)	An independently produced, costed options appraisal of the Scenarios, to enable Parliament to reach a well-founded decision in principle on the means of restoring and renewing the Palace of Westminster whilst maintaining the ongoing business of Parliament; and to pave the way for an Outline Business Case that conforms to public sector good practice as set out in the HM Treasury Green Book.
Independent Options Appraisal Team (IOA Team)	The consortium of consultants employed to undertake the Independent Options Appraisal. The consortium consists of Deloitte LLP, AECOM and HOK.
Interim Report	The report delivered to the Client by the IOA Team in February 2014 with the principal purpose of informing shortlisting from a long list of nine potential Scenarios to a shortlist of five Scenarios.
Lower Range	A term used in the schedule section of this report to describe the shortest construction period that could be reasonably expected for a given Scenario. This has been established by statistical analysis of rate of expenditure, resource and delivery rate, as well as analysis of task durations using a typical sequence of works.
Master Data Assumptions List (MDAL)	A list of assumptions, exclusions and dependencies upon which the advice contained within this report is based. A number of these assumptions could have a significant impact and may be subject to change. Readers should familiarise themselves with these assumptions during the reading of this report. The MDAL can be found in Volume 2 Appendix E.7.
Medium Term Works Programme (MTWP)	An existing works programme established to address urgent issues at the PoW. The MTWP includes the medium term M&E services programme and also medium term works to the structure and fabric. It is due for completion prior to the commencement of the Restoration and Renewal programme in 2020. Works delivered within this programme are excluded from the PoW Programme.
Monte Carlo Simulation	An industry accepted statistical technique that has been applied to each Scenario to assess the likelihood of certain outcomes taking account of multiple risks of varying probability.
Most Likely	A term used in the schedule section of this report to describe the most likely construction period that could be reasonably expected for a given Scenario. This has been established by statistical analysis of rate of expenditure, resource and delivery rate, as well as analysis of task durations using a typical sequence of works.

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Net Present Whole Life Cost (NPC)	Whole life cost (including VAT) discounted by 3% per annum. This reflects the difference between the current and future value of money and is in accordance with HM Treasury Green Book guidance. This allows a like for like comparison between different scenarios having different whole life cost profile and is modelled over 60 years period for major infrastructure programmes. NPC excludes any cash value benefits (NB: the IOA team has not undertaken any analysis as part of this Final Report), where as a Net Present Value (NPV) does make allowances for cash value benefits/employment savings.
Nuisance	Nuisance arising from construction activity including noise, dust and vibration. In some cases Nuisance could lead to Disruption.
Operational Expenditure	The cost of operating and maintaining the building. Constituent elements include hard and soft facilities management costs, lifecycle replacement costs and general maintenance and utilities.
Operational risk and impact	The risk that the day to day business of Parliament may be disrupted through the realisation of a risk and the resultant impact that would be experienced.
Outcome Level	The required outcomes that could be realised by delivering the Programme. These are described at three different levels, A, B and C and are influenced by the scope and specification of physical works to be undertaken.
Outcome Level A	<ul style="list-style-type: none"> Ensures compliance with legislation. Maintains World Heritage and Grade 1 Listing status. Repairs or replaces systems to contemporary standards of design and quality, optimising costs and benefits over full system lifecycles. Meets built environment standards expected for public buildings.
Outcome Level B	<p>As Outcome Level A plus:</p> <ul style="list-style-type: none"> Meets any additional built environment policy objectives stated by the Houses. Provides facilities to meet the stated objectives of both Houses (such as inclusion, outreach and education). Defined improvements to amenities within the constraints of the present design. Future proofing of infrastructure and provision for change to the current occupation where the requirement can be only loosely anticipated, over an indefinite period.
Outcome Level C	<p>As Outcome Level A and B plus:</p> <ul style="list-style-type: none"> Significant defined improvements e.g. high performance and long life cycles appropriate to each system. Defined improvements to the amenities within the constraints of the present design and outside of the PoW site boundary.
Outcome Level C+	Outcomes that represent potential significant enhancements to amenity that are not currently included within the scope of the IOA. These were identified during a stakeholder workshop held in February 2014 and could not be included within the IOA Report due to time constraints, their potentially significant nature and the need to consult stakeholders. Consideration should be given to C+ Outcomes following completion of the IOA Report.
Outline Business Case (OBC)	An interim stage of HM Treasury Green Book Business Case process, which evaluates costs, benefits and risks ahead of an investment decision. The OBC is completed before engaging with the market to deliver a solution.
Outline Procurement Strategy	Potential approaches to the sourcing of goods and services for the delivery of the works.
P10 – P90 Confidence Levels	The range from 10% probability to 90% probability of realising specific outcomes.
Packaging Strategy	The approach to the packaging of elements of the Work Breakdown Structure for the purposes of procuring the work from and within a suitable market.
Palace of Westminster (PoW)	The premises subject to the Restoration and Renewal Programme. Buildings outside of the PoW are not considered within the IOA, other than where they are required to facilitate a delivery option.
Parliamentary Estates Directorate (PED)	The sub-division of the Parliamentary administration that is responsible for the maintenance and upkeep of the Client's Premises.
Phase 1 of the Independent Options Appraisal	The first phase of the Independent Options Appraisal, the principal purpose of which was to inform and facilitate the shortlisting of five Scenarios from a long list of nine.
Phase 2 of the Independent Options Appraisal	The second phase of the Independent Options Appraisal leading to the completion of the Final Report.
Pre Feasibility Study and Business Case (Oct 2012)	The report upon which the Strategic Case for the Restoration and Renewal programme is principally based.
Programme	The Palace of Westminster Restoration and Renewal Programme.
Programme Board	The executive body responsible for direction and oversight of the Programme.
Programme Objectives	A list of five strategic objectives that set the context for the delivery of the Restoration and Renewal programme.

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Quantitative Risk Analysis	The use of Monte Carlo Risk Simulation Modelling technique that utilises computational algorithms to generate multiple iterations of the cost model to factor risks. This technique has been used to establish the confidence levels applied to the cost of each Scenario.
Revenue income	Income received for example from the catering, film and TV rights and merchandising. Projected changes in revenue income associated with a particular scenario are modelled as a benefit and offset expenditure.
Risk	Risk is defined as known and quantifiable factors that might impact the achievement of the Programme objectives and is measured by likelihood and impact against cost and time variables.
Scenario E1A	Enabled (E) 1A - A rolling programme of repair and replacement works of total duration most likely to be 32 years but still working around the continued use of the Palace of Westminster. At completion Outcome Level A will have been achieved. Enabled refers to the need to remove three significant constraints that to date prevent the Programme being completed. The enabling assumptions are: (1) accepting that all activities within the Palace will need to be moved on a phased basis (12 phases) to temporary locations elsewhere within the Palace boundary (this includes at least one Chamber), (2) clearing the entire basement of all existing staff and providing contractor's access throughout. (3) Accepting a very prolonged period of significant Disruption and Nuisance whilst the works are completed.
Scenarios (Long List)	A product of the three Potential Delivery Outcome Levels and three Potential Delivery Options. The long list of Scenarios comprises nine potential Scenarios.
Scenarios (shortlist)	A shortlist of five Scenarios that are considered more likely to meet the Programme Objectives also having regard to the retention of (a) a Do Minimum Scenario E1A and (b) retaining only those Scenarios that are materially different from one another. This is to inform a decision in principle and an Outline Business Case.
Soft Landings	Soft Landings means designers and constructors stay involved with buildings beyond practical completion. The idea behind this is that this continued involvement will assist the client during the first months of operation and beyond, to help fine-tune and de-bug systems, and ensure the occupiers understand how to control and best use their building. The introduction of Soft Landings on Government projects will become a requirement in 2016.
Schedule	The result of planning a sequence of time based tasks and activities in a logical manner to describe when the activity will be undertaken. It also defines the overall period needed to complete the work.
SMART	Specific Measurable Appropriate Realistic and Timely measures.
Sponsor Body	The group responsible for leadership and direction of the R&R programme which may include politicians representing the ownership of Parliament.
Stakeholders	Those persons or organisations having an interest (direct or indirect) in the Programme and the outcomes of the Programme.
Strategic 2020 Schedule	A plan of the activities required leading up to the preferred start date of Q2 2020, used to illustrate a number of significant activities that would need to be progressed before a decision in principle is made by Members. The Plan also illustrates a number of significant risks and uncertainties associated with meeting a Q2 2020 start date.
Temporary Accommodation	The accommodation required to House those functions currently located within the PoW that would be displaced during the Programme. The temporary accommodation would be located outside the footprint of the PoW except in respect of Scenario E1A where temporary churn space will be within the PoW footprint.
The Palace of Westminster Restoration and Renewal Programme	The Programme has been established to address the significant work required to preserve the Palace of Westminster and ensure it can continue to serve as home for the UK Parliament in the 21st century.
Timeline	A period of time expressed in years that defines how long each scenario could take to be delivered.
Treasury Green Book	HM Treasury guidance for public sector bodies on how to appraise proposals before committing funds to a policy, programme or project.
Upper Range	A term used in the schedule section of this report to describe the longest construction period that could be reasonably expected for a given Scenario. This has been established by statistical analysis of spend rate, resource and delivery rate, as well as analysis of task durations using a typical sequence of works.
Value for money	Value for money is articulated through the application of the agreed Evaluation Criteria (and relative weightings of these) to each of the Scenarios. As the Evaluation Criteria are a direct product of the Programme Objectives, those scenarios scoring more highly against this balanced scorecard are more likely to meet the programme objectives and therefore more likely to represent greater value for money. As the weightings have yet to be agreed, no VFM conclusions can be finalised at this stage.
Whole Life Cost	The sum of Capital Expenditure (CAPEX) and Operational Expenditure (OPEX) modelled over a consistent 60 year period, allowing a like for like comparison to be made.
Workstrand Reports	Studies produced by each of the Workstrand leads identifying the policies, strategies and or preferences for each of the subject areas. Where relevant they also described the future end state conditions mapped to Outcome Levels. These were used to identify the potential works required for each Scenario.