Annual Report and Financial Statements

for the year ended 31 March 2023

HOUSES OF PARLIAMENT
R&R DELIVERY AUTHORITY

HC 1604

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Restoration and Renewal Delivery Authority Limited

Annual Report and Financial Statements

For the year ended 31 March 2023

Presented to Parliament pursuant to Schedule 2 of the
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HC 1604

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Table of Contents

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 2023.

The Restoration and Renewal (R&R) Delivery Authority was established under the Parliamentary Buildings (Restoration and Renewal) Act 2019 (the Act). 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.

Until 1 January 2023, the Delivery Authority reported to Parliament via the Parliamentary Works Sponsor Body (the Sponsor Body) which was established under the same Act. On 1 January 2023, following direction from the two Houses in July 2022, the Sponsor Body was abolished, with the sponsor function being transferred into Parliament, as a Parliamentary in-house Client Team in a new Joint Department of the two Houses.

The Sponsor Body had been responsible for owning the scope, budget and timescale of the R&R Programme and for providing strategic direction, setting the outcomes and monitoring performance. They have also had responsibility for the preparation of the proposals on which the Houses will vote under the Act and for ensuring good overall governance. All these functions have now transferred to the two Corporate Officers of the Houses of Parliament – the Clerk of the House (House of Commons) and the Clerk of the Parliaments (House of Lords), supported by the in-house Client Team. The Corporate Officers (acting jointly) are now the sole member and guarantor of the Delivery Authority.

Up until January 2023, the Delivery Authority's governance requirements were set by the R&R Act, and by two agreements - the Parliamentary Relationship Agreement ('PRA'), which governed the relationship between the Sponsor Body and the Houses of Parliament, and the Programme Delivery Agreement ('PDA'), which governed the Delivery Authority's relationship with the Sponsor Body.

Following the transition of the sponsor function to an in-house Client Team on 1 January 2023, the PRA was no longer required. Governance requirements for the Delivery Authority continue to be set by the R&R Act (as amended by a Statutory Instrument) and by a revised PDA which takes into account the broader governance changes.

In terms of funding, the Delivery Authority is funded by a Parliamentary Works Grant, reviewed and laid by the Parliamentary Works Estimates Commission. The Parliamentary Works Grant was previously administered by the Sponsor Body but following their abolition is now administered by the Corporate Officers of the House of Commons and House of Lords.

As a private limited company, the Delivery Authority prepares its accounts in accordance with the Companies Act 2006. 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 Government Financial Reporting Manual (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. More detailed information on the Restoration and Renewal Programme is available in the R&R Annual Progress Report which will also be laid before Parliament and published.

Chair's Foreword

Mike Brown CBE MVO

The challenge of maintaining and restoring the Palace of Westminster is huge. Currently there are dozens of major projects underway to repair and restore key buildings by in-house Parliamentary teams, but the work and investment required to keep Parliament safe for the future goes beyond current plans, with much more intrusive and disruptive works needed.

This year has been a year of change for the Programme, as Parliament agreed a new overarching governance structure as well as a new approach to the works. Delivery Authority colleagues have undertaken a significant amount of work to respond to this new direction and have made some impressive progress in developing and evaluating a new range of options for restoration of the Palace.

As these options go through the Parliamentary decision-making process over the coming months, focus will rightly turn to Phase 2 of the Programme (when main works start) and what further design, planning and enabling works need to be undertaken in order to ensure readiness for that stage.

The Board has been closely involved in the options development process, and has to consider our role in the new governance landscape. I am pleased to have engaged with Programme Board members to discuss how we can best work together to ensure that we can deliver this important and historic Programme.

Building on previous visits to the various regions and devolved nations, I have enjoyed participating in our continuing UK-wide programme of engagement over recent months. This has involved us visiting a number of regions in order to promote the Programme and the potential opportunities that will arise for local businesses and residents once works on the Palace start. There is great enthusiasm for the Programme, across the country. It will be an important project in supporting economic growth through the creation of jobs, skills and apprenticeships throughout the country. There is considerable support for preserving the historic Palace of Westminster for the nation and generations to come.

Finally, we have seen some changes to Board membership since April 2023, most notably with the departure of Non-Executive Director, Simon Wright OBE. I would like to thank Simon for his significant contribution over the past three years and would also like to thank all of my Board colleagues for their continued support this year. A huge thanks also to the whole Delivery Authority team who have achieved great progress. I look forward to the year ahead.

Signed

……………………………
Mike Brown CBE MVO
Chair
05 July 2023

Chief Executive Officer's Review

David Goldstone CBE

This year has seen a whole new governance structure established for the Restoration and Renewal Programme, as well as a new approach to the restoration works themselves.

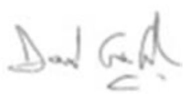
The organisation has responded to these changes with great positivity and has shown huge commitment, working at pace to develop a wide range of options for Parliament to consider. We have been able to build upon the design work that we had previously undertaken prior to 2022/23, and we have also had to be innovative in our approach in order to develop new options that meet the priorities agreed by Parliament in July 2022.

We have worked with our previous Sponsor Body, and now Client Team colleagues to develop a new Phase 1 Plan, which sets out the timeline for the remainder of this phase of the Programme before we get to Phase 2, when the main works start on-site. The revised Phase 1 Plan, agreed by the new R&R Client Board, incorporates the specific milestones and timelines that we are now working to over the coming 12 to 18 months. We remain reliant on decision-makers adhering to the agreed plan, particularly in relation to key decision-making points over this period.

Last summer saw our first actual works on the Palace of Westminster site, as we started our intrusive surveys programme. These surveys, which are complex pieces of work in their own right, are helping to inform our design and construction planning. We have undertaken approximately one hundred different types of survey to date, and on intrusive surveys specifically, have delivered over 7,500 hours of work in approximately 170 different spaces in the Palace. We have more planned for the coming year.

I am looking forward to what will be a crucial year ahead for the Programme and one in which we hope to get decisions about the way forward. I remain hugely grateful for the continued support of the Board and to all of my colleagues who continue to work tirelessly on this important and historic Programme.

Signed



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David Goldstone CBE
Chief Executive and Accounting Officer
05 July 2023

Strategic Report

Introduction

This year has been a year of change for the Restoration and Renewal Programme. In February 2022, the Commissions of both Houses decided to look at changes to the Programme including governance and the approach to works. New parameters were agreed by both Commissions, meeting together, in March 2022. In July 2022, following recommendations made by the House Commissions and debates taking place in both Houses, Parliament agreed a new mandate for the Programme and a new governance structure to oversee Phase 1 of the Programme (essentially the programme definition phase).

The Houses agreed changes to the overarching governance of the Programme and approved the abolition of the Sponsor Body, with a sponsorship function instead being established in-house as a joint department of the two Houses (the 'Client Team'). They also agreed that the House of Commons and House of Lords Commissions would together form a 'Client Board' and would jointly have oversight of the Programme. Supporting this would be a new Restoration and Renewal 'Programme Board', combining Parliamentary representation with independent major project and heritage conservation expertise.

With regard to the proposed works themselves, the Houses agreed that a wide range of options should be developed, encompassing possible scopes for the works, to reflect different levels of ambition, and a range of different approaches to delivering the works. It was agreed that the new approach should prioritise the following areas:

- Fire safety and protection
- Replacement of mechanical, electrical, drainage and plumbing, and data and communications systems
- Asbestos management and wider health and safety issues
- Conservation of the building fabric including stonework

The Delivery Authority as an entity remains largely unchanged, though we have clearly had to adjust our priorities to meet the new approach to the works that was agreed, and to provide support to the implementation of the new Programme governance.

Vision and values

The changes agreed by Parliament in 2022 prompted a re-assessment of the Programme's vision. The current vision, agreed by Parliament, is set out below:

Preserving the Palace of Westminster for future generations and ensuring the safety of all those who work in and visit the Palace, now and in the future.

The way in which we undertake our work is hugely important. Our values and behaviours were developed in collaboration with colleagues and set out the expectations of everyone who works for the Delivery Authority.

Progress against objectives

The Restoration and Renewal Programme remains 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.

Over the course of the last year, we have worked with the Sponsor Body/Client Team and Parliamentary colleagues more broadly to develop a new Phase 1 plan incorporating clear milestones for decision-making. Key milestones include the strategic objectives and options shortlist being agreed by summer 2023, before further work is undertaken to develop a single or smaller number of options to present to Parliament in a strategic case. Members of both Houses will be asked to vote on this strategic case before the end of 2023 to set the strategic direction of the Programme.

Whilst the strategic case will present high-level design, cost and schedule information, it is not intended to set a final scope, budgetary envelope or timeline to be approved. A more detailed proposal, based on the strategic direction given by Parliament, will be put to Parliament for a vote sometime beyond 2023. The approval of this vote will mark the transition of the Programme from Phase 1 to Phase 2.

Our priorities for this Phase 1 period are broadly to support the successful transition to the new governance model; to develop options for restoration of the Palace from which Members can select a preferred way forward; and to start preparing for Phase 2, when construction works actually start on the Palace itself.

In September 2022 and once Parliament's direction for the future Programme was clear, we set ourselves five strategic objectives, under which all our work will take place in this first phase. These are reported below, along with the progress we have made against each one.

1 - Support the Transition Programme to both bring the sponsor function into a new in-house Joint Department and implement the new Programme governance structure

A significant amount of work has been required to take forward the decisions of the two Houses and, in July 2022, Parliament established a Transition Programme in order to deliver this. The Transition Programme, which included representatives from the House of Commons, House of Lords, Sponsor Body and Delivery Authority, ran until January 2023 and focused on four key project areas. These are set out below, along with an assessment of the work we have undertaken in relation to each.

New governance arrangements: The formation of the Restoration and Renewal Client and Programme Boards has been a matter for Parliament, but we fed into the planning stages for the new governance including consideration of the respective roles and responsibilities. As the new governance has been established, we have played a key role in the induction process for new Client and Programme Board members, producing board induction material, attending board induction sessions to talk about the work we are undertaking and taking members on tours of the Palace estate to demonstrate the complexities of the Programme and potential interventions that we are considering. We are attendees at all Client and Programme Board meetings and are continuing to develop our relationships with Board members as we progress through the new financial year.

Client Team establishment: This was a Parliament/Sponsor Body-led project area, though the Delivery Authority provided Human Resources support and advice throughout the process.

Changes to Sponsor Body and Delivery Authority: We provided support to the Sponsor Body ahead of their abolition on 1 January 2023 and assisted with any related matters such as data and digital transition. We also worked with the Sponsor Body, and since with the new Client Team, on their operating model with a view to identifying any consequential changes required to the Delivery Authority structure or functions.

New legal arrangements: A number of legal amendments were required as a result of transition and our Legal Team played an instrumental role in delivering these. Specifically, we agreed a new Programme Delivery Agreement (PDA) between the Delivery Authority and Parliament, made the necessary changes to our Articles of Association and made other necessary amendments such as updating our budgetary arrangements and lease arrangements. In addition, we played a significant role in the preparation of the new Statutory Instrument that amended the Act, working closely with our Parliamentary colleagues in order to ensure that the document was accurate and reflective of Parliament's intentions.

2 - Complete the programme of survey activity underway in the Palace and plan the future programme of survey activity in order to inform design and construction planning

We are making good progress with our programme of surveys and as at the end of March 2023, we had progressed just under 100 surveys in total.

Our surveys vary in type and involve a wide range of multi-disciplinary experts in design, engineering, conservation and construction. For the first time this year, we have conducted a series of intrusive surveys on the Palace estate, which were the result of over eighteen months of complex planning and procurement. The majority of our intrusive surveys have been undertaken in Parliamentary recess periods to minimise the possibility of disruption, but we have also utilised Parliamentary sitting-time wherever it has been possible to do so. In total, we carried out over 7,500 hours of intrusive survey work in 2022/23 as well as undertaking an extensive range of non-intrusive surveys.

Our surveys have looked at a variety of areas including ground conditions; heating and ventilation; archaeology; external fabric and stonework; and drainage. Although our surveys will not provide us with all of the answers for the onward restoration of the Palace, they are helping to shape the detailed plans for design and construction work and are enabling us to pull together the most accurate record of the Palace's condition that has ever existed. Our surveys plan is based on the principle of sampling, meaning that we do not need to survey all structural components of the Palace but instead choose a representative set of areas to provide a level of information that we need at any particular stage of planning. As the Programme develops and we move towards having a clear scope for the works, we will undertake structural surveys at a more granular level, so that survey activity will continue throughout Phase 1 and into Phase 2.

Case Study: Ground Condition Surveys

We have drilled 7 boreholes (around 25-70m deep) and excavation pits to determine the composition and strength of soil types to inform foundation design and potential new basement construction, to avoid future settlement of the Palace.

Planning and undertaking borehole drilling requires a complex set of permissions to be in place including coordination with in-house teams, planning consents, tree protection assessments, land licenses and checks with utility providers.

We have already made some interesting and useful discoveries as a result of these surveys - one borehole led to the discovery of a medieval river wall, likely to be at least 700 years old.

The output of these surveys is helping to inform future foundation locations and archaeological risks.

Case Study: Heating and Ventilation Surveys

The Palace has a network of historic ventilation flues and voids as a legacy from the 1840s, when David Boswell Reid devised the building's central air intake and smoke extraction system. The original routes were never logged, and no-one has attempted to map them before we started planning Restoration and Renewal works. As well as mapping more than 2,000 vertical shafts, smoke flues and ventilation channels (some up to 200m long), we are also undertaking surveys to gain further understanding on the heating and ventilation systems that exist.

The output of these surveys will be used to help us design the heating, cooling and fresh air ventilation plans for the Palace.

We have started building an initial 3D Building Information Model of the Palace, which is able to generate drawings and plans of any part of the building, as well as enable digital rehearsals prior to physical works taking place. This year, we have undertaken work to ensure that we can incorporate the outputs from our surveys into this model. The Building Information Model allows multiple teams of engineers to work on consistent data and importantly, allows the identification of potential issues before they emerge. We know from other major programmes that we have engaged with, that major efficiencies can be made through the full adoption of this approach.

We will be continuing our surveys and have a pipeline of activity planned. We will continue to use our expertise and engineering judgment to keep the quantity and scope of surveys under constant review.

In addition to building surveys, we have also been progressing plans to keep the Palace's Heritage Collections safe whilst the restoration work takes place. This has included surveying the collections, to ensure that we have documented an accurate inventory of items. We have undertaken significant activity of this type over the past year and have now completed approximately 7,000 unique records of heritage items. This is crucial work and key to ensuring the long-term safety of Parliament's extensive and historic Heritage Collections.

3 - Develop and evaluate a wide range of options for the works (including what the works will deliver and how they will be delivered)

We have developed a wide range of options which set out various methods of restoring the Palace as well as the various outcomes these could achieve. This follows the clear direction set by Parliament in summer 2022.

We developed six different outcome levels for the works, which were developed to provide a wide spectrum of levels of ambition for restoration and renewal of the Palace. In addition, we developed a longlist of almost twenty different construction scenarios (basically setting out how the construction works would be undertaken, including implications for potential temporary re-location of the Houses and other functions) before grouping these into six representative construction scenarios. Combining each of the six Outcome Levels with each of the six construction scenarios has led to the production, at a high-level, of thirty-six options.

We have been able to use much of our previous design work (which supported the design of the two schemes we were developing up until the Commissions' decisions in early 2022) to inform the options we have produced. This includes re-assessing over 1,750 technical reports that had been completed prior to January 2022 across a range of technical disciplines. In addition, our options development has been informed by:

- Design technical studies in the areas of fire protection; accessibility; security; conservation; accommodation; and mechanical and electrical
- Construction studies in the areas of marine works; temporary site facilities; basement and tunnelling optimisation; noise and vibration; archaeology impacts; utilities diversion; and works to a room
- Surveys - further details provided above under Strategic Objective 2

We have worked with our Parliamentary colleagues over the past year to ensure that the options we are presenting fit within the overarching Parliamentary Estate Development Framework. This wider framework sets out the long-term vision and masterplan for Parliament, being clear about works that have already taken place, the work that is currently ongoing and the future restoration works that will be delivered by the Delivery Authority.

We are always looking to identify ways to be creative or innovative in our design and construction approach. Our delivery partners bring with them extensive experience of other construction projects which we have used within our own options development work. In autumn 2022, we established a Construction Expert Panel and an Outcome Level Challenge Panel, both of which were made up of leading industry experts and whose role it was to specifically advise and challenge on various areas of the options we have developed including fire engineering, building services, conservation and construction implementation and schedule.

We have also engaged with a wide range of other heritage projects over the course of the last year, again with a view to learning lessons and best practice which can be applied to our Programme going forward. Heritage programmes visited in the UK include Buckingham Palace Reservicing, Manchester Town Hall, Salisbury Cathedral, Lincoln Cathedral and Durham Cathedral. We have also continued to liaise with our international Parliamentary partners who are undertaking similar programmes and a small delegation undertook a very useful visit to the Canadian Parliament in Ottawa last year, which is currently undergoing a restoration programme with many similarities to that which we are planning here.

All the options we have developed have been assessed against a set of evaluation criteria, which were agreed by the R&R Client Board. These cover a range of areas as follows:

- Safety and security risk
- Economy
- Duration
- Heritage
- Wider legacy implications
- Deliverability

- Disruption

Towards the end of the reporting period, we started to engage the R&R Programme Board on the output of our options development and assessment work, including high-level cost and schedule information. Further detail about the options decision-making process is set out under Strategic Objective 4 below.

The options development and assessment work has been detailed and thorough with significant internal assurance activity being undertaken throughout, despite being completed in a short timeframe. In addition, an external assurance review commissioned by the Client Team concluded that the approach taken has been credible and robust and that key risks have been identified and are being appropriately managed.

Whichever delivery option is selected will require periods during the R&R Programme when a temporary transfer to alternative working arrangements for Palace users will be required. Prior to the Programme reset in 2022, both the Delivery Authority and Parliament had undertaken work to look at temporary accommodation requirements and potential solutions. This year, we commenced work to bring this detail together into a single study. We have undertaken work to compile existing estate-wide information to better understand the accommodation requirements and spatial demand for each House, along with any bicameral requirements. We are collaborating with Parliamentary colleagues to further develop this work in order to develop a Palace and estate-wide accommodation model which can be used to integrate with future delivery and construction phasing.

4 - Support the R&R Client Team with the development of a strategic case and with member/official engagement

During this current Phase 1 we are working with Parliament, through the R&R Programme Board to commence short-listing of options (i.e., taking the broad range of options outlined above and narrowing them down to a shorter list), prior to seeking agreement to a final shortlist to inform the strategic case.

Once the R&R Programme Board has decided on a smaller number of options for consideration, we will work to develop these options in further detail and will support the R&R Client Team to develop a preferred way forward. Any preferred option/s will form part of a strategic case, which Members of both Houses will be asked to vote on before the end of 2023 to set the strategic direction of the Programme.

Our options assessment pack was a key input to the shortlisting process which commenced, in earnest, just before the end of the 2022/23 financial year. We are continuing to support the shortlisting process in the early part of the 2023/24 financial year.

In the meantime, we have also commenced work on the inputs that will be needed to support the Client Team's development of the strategic case later in 2023. We have worked closely with the Client Team and broader Parliamentary colleagues to ensure that the work that we are undertaking aligns with their expectations and needs.

Engaging with Members of both Houses and the wider Parliamentary community will be a continuous activity throughout this period, and it is an area in which we are supporting the Client

Team. Specific work has included contributing to the new Communications and Engagement Strategy and undertaking engagement activity directly, including through individual meetings with Members, attendance at the Houses' Committee meetings or joining the member engagement exhibition stands in both the House of Commons and House of Lords.

5 - Lead the Delivery Authority through the transition period and develop the corporate capability ready to deliver Phase 2 of the Programme

Further to Parliament setting a new mandate for the Programme, we played an integral role, working with the Sponsor Body, to develop a revised Phase 1 Plan setting out the timeline, milestones and decision-making framework up to obtaining Parliamentary approval of the detailed and costed proposals under the Act. This was a totally new approach compared with what we had been working to prior to March 2022, and required a significant degree of engagement with our Parliamentary colleagues in order to reach agreement. The agreed Plan is what we are now working to over the coming 12 to 18 months.

We are also looking ahead to when restoration works start in earnest on the Palace estate and have undertaken work to ensure our readiness to deliver Phase 2 of the Programme. As part of this, we have developed an initial draft Phase 2 Delivery Strategy, setting out how the Programme itself will be delivered, and why the Programme is being delivered in this way. This will be one of the key inputs to the strategic case that goes to Parliament later this year.

Effectively leading the Delivery Authority through last year's period of change has been an area of focus, particularly for the organisation's leadership team. The first quarter of 2022/23 was an uncertain time for the Programme and ensuring that colleagues felt informed about the developments and had the support they needed to deal with the changes as they affected them was paramount. Fortunately, we did not see a huge loss of skills and expertise as a result of the changes, though we continue to flag this as a risk if the current Phase 1 timeline is not adhered to, particularly in terms of the agreed decision-making points.

We completed all actions from our Colleague Survey Action Plan and have continued to monitor colleague engagement through regular Pulse surveys. Equality, Diversity and Inclusion (EDI) also remains central to the way we operate, and we have made good progress this year against delivering on specific actions outlined in our published EDI Strategy. Further information on people matters is provided in our Remuneration and Employee Report at page 47 below.

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. After a pause following last year's Programme re-set, we have re-started our programme of UK-wide engagement. Between January and March 2023, we held roundtables in the North West, North East, East Midlands, and East of England. The purpose of these has been to promote awareness of the Programme and to explore the opportunities and benefits that the R&R Programme can bring to local residents and businesses. We will be continuing this engagement, including re-engaging the devolved nations over the coming months.

We are committed to offering apprenticeships and internships as part of the Programme. At the end of March 2023, we had 10 apprentices (plus 1 who started with us on 17 April 2023) and 1 intern (with 1 under recruitment) employed by the Delivery Authority, and a further 8 apprentices working across our delivery partners.

We continue to support a number of volunteering initiatives. Since November 2021, colleagues have undertaken over five hundred hours of volunteering activities. In the past 12 months, volunteering activities have included community infrastructure development at a Community Centre, and managing habitat development in multiple wildlife conservation areas. We also encourage colleagues to do individual volunteering activities of their own volition. These have included careers talks at Secondary Schools and Sixth Form Colleges across several London Boroughs on subjects such as 'Women in Science, Technology, Engineering and Maths' and 'Future Careers in Sustainability'.

Our Data and Digital Advisory Group, comprised of three leading industry experts, has played an important role this year in scrutinising our approach to data and digital investment, and advising our Board accordingly. We successfully transitioned to a new Digital Services Supplier last autumn and reduced our Data and Digital operating spend by approximately £4m this year and are on track to deliver further savings going forward.

More broadly, we have continued to develop our financial maturity, and in particular have undertaken work to improve the quality of our financial planning and forecasting. We have seen improvements in this area though there is more we can do, and we will continue to work on this as we move forward.

Financial results

The Delivery Authority continues to be funded by a Parliamentary Works Grant, which is reviewed and laid by the Parliamentary Works Estimates Commission. This is administered by the Corporate Officers of the House of Commons and House of Lords, (previously administered by the Sponsor Body prior to 1 January 2023).

Revenue (Resource Departmental Expenditure Limit) expenditure in 2022/23 was £71m, with income of £0.6m received for services provided to the Sponsor Body and subsequently Client Team, for example data and digital support. The main areas of spend reflect the work required to progress the five objectives outlined above. In particular, spend has been concentrated on design and construction technical studies, alongside expenditure on surveys to support options development and inform design and construction planning. Expenditure in areas such as data and digital and programme and corporate capability enabled the Delivery Authority to deliver it's legal and governance requirements, support the Transition Programme, and be appropriately prepared for the next phase to deliver work to restore the palace.

In addition to revenue spend, there was also £4m of capital additions in year, largely relating to technical accounting adjustments required to account for the leasing of office space previously undertaken by the Sponsor Body.

Expenditure in 2022/23 was expected to step-up from the £106m spent in 2021/22 as the Programme moved towards business case approval and the start of Phase 2 and on-site construction activity. However, in response to the Commissions' decisions in early 2022 the budget was significantly reduced, and contractor resources quickly demobilised. In collaboration with the Sponsor Body, we also undertook a series of financial 'deep dive' reviews, scrutinising and challenging our forecast expenditure to deliver ongoing savings.

Reflective of the re-focus of activities, operating expenditure and capital additions of £75m in 2022/23 was £31m (29%) lower than 2021/22. Notably, this included a reduction in design spend, to focus on only essential design activity which was option neutral, and the pausing of work on House of Lords Decant and Heritage Collections Decant. Significant savings have also been made through the reviewing of supply chain resources across the Delivery Authority, and re-procurement and rationalisation of the Data & Digital supplier base.

We would expect a step up in expenditure in the coming year as we embark on further work to support the preparation of a detailed and costed business case.

Our full financial performance data is contained within our financial statements and supporting notes on pages 63 to 85 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. We also want to ensure that we generate long-term positive impacts for the environment, communities and businesses that contribute to long term wellbeing and resilience of people and the planet.

In 2022, our Board approved our Social Value Strategy, which sets out the Programme's approach to social value in three core areas:

- Creating a Lasting Legacy (jobs, training and skills, safety and accessibility)
- Sustaining Cultural Significance (heritage and conservation)
- Acting on Climate Change (environment including carbon and climate resilience)

At the start of 2023, we presented the Programme's approach to social value at our regional roundtable meetings. The feedback was largely positive, especially regarding the level of ambition around delivering a net zero Programme.

We will be developing our Carbon Strategy, setting appropriate targets for the Programme that are aligned with the Parliamentary Estate's ambitions as well as Government policy and emerging best practice. A circular economy standard has also been developed to embed resource efficiency in our activities such as design and procurement of products and services.

The Palace of Westminster needs to be 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. We have established a structure to integrate climate risk assessments as part of the overall risk management process and have also assigned a climate risk lead at the executive level.

Climate change risks for both the organisation and programme delivery have been included in the Programme's risk registers and are reviewed periodically. This is aligned with guidance from the Task force for Climate-Related Financial Disclosures (TCFD).

Utilities and Carbon Reporting

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

	2022/23	2022/23 (per occupant)	2021/22 (restated)	2021/22 (per occupant)
Gas consumptions kWh	116,863	491	153,846	585
Electricity consumption kWh	102,592	431	159,135	605
Water consumptions m^3	409	1.7	521	2.0
Scope 1: direct tCO_2e	21		28	
Scope 2: indirect tCO_2e	20		34	
Scope 3: Business Travel tCO_2e	11.7		-	
Total expenditure on energy	£11k		£41k	
Total expenditure on business travel	£23k		£1k	

In 2022/23, the electricity and water consumption have been calculated from submeter readings provided by the building manager. Updated meter readings have also been provided for 2021/22 so these numbers have been restated. The gas consumption has been apportioned by applying the ratio of floor area occupied by the Delivery Authority to the total area of the building.

Reductions in energy and water use have been achieved in this financial year, which is due to the full-year impact of the move to the new office premises, which are significantly more efficient than the previous facility.

Total waste (recycled, incinerated, landfill)

	2022/23 (tonnes)	2021/22 (tonnes) (restated)
Total Waste	5.1	2.7
Total Waste Recycled	2.3	1.4
Total Waste for Incineration	2.8	1.3
Total Waste to Landfill	0.0	0.0

We have established a waste procedure to ensure that we manage waste responsibly. Waste minimisation and recycling communications are shared with colleagues and building users. Regular compliance checks are also in place to ensure that our ‘waste duty of care’ is also met by our suppliers who work on site. Pollution prevention measures are in place and there were no reported environmental incidents during the reporting year.

Total waste was higher in 2022/23 than 2021/22 due to lower office occupancy in 2021/22 as a result of Covid-19. 2021/22 figures have been updated to more accurately reflect the Delivery Authority’s relevant share of waste disposal in shared office accommodation.

HOUSES OF PARLIAMENT
R&R DELIVERY AUTHORITY

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 (see 'Principal risks and uncertainties' section on page 22 and 'Likely future developments in the business' section on page 25)
- The interest of the organisation's employees (see Remuneration and Employee Report on page 47)
- The need to foster the company's relationships with suppliers and others (see reporting around UK-wide engagement under Strategic Objective 5 on page 18)
- The impact of the organisation's operations on the community and the environment (see 'Sustainability' section on pages 20-21)
- The desirability of the organisation maintaining a reputation for high standards of conduct (see 'Management Assurance' section in the Governance Statement on page 43)

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 paragraphs 3.8 and 3.13).

Appropriate input from and oversight by the Board, consistent with the duties of the directors, has been provided throughout the reporting period in relation to the proposed changes to the Programme and the governance changes that followed.

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

This year is critical to the Delivery Authority and the successful progression of the programme of works. The overriding risk the Delivery Authority continues to face during this phase is the political appetite for and acceptability of the proposals, and the consequences if the new governance arrangements are not able to support and enable effective and timely decision-making.

Our overall approach to risk management has further matured during this year. We have established a Corporate Risk Group, comprised of Executive Committee members, which meets monthly to review strategic and corporate risks, ensuring that the right risks are recorded and that appropriate mitigations are in place and being adequately progressed.

We continued to focus on the following seven strategic risks throughout the course of 2022/23:

- Political agreement
- Governance
- Funding
- Programme scope, interfaces and dependencies
- Recruitment and retention
- Major incident
- Supply chain

All of these risks inform the overarching Programme risks, owned by the R&R Programme Board. In an indication of our developing risk management maturity, we have also developed risk tolerance levels for each of the seven strategic risks.

Further information on strategic risk management can be found in section 4 of the Governance Statement.

Signed on behalf of the Board

……………………………….

David Goldstone CBE
Chief Executive and Accounting Officer
05 July 2023

Directors' Report

The Directors of the Delivery Authority present their Directors' Report and financial statements for the year ended 31 March 2023.

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 5.

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 14 to the financial statements.

Financial results

During the year the Delivery Authority has incurred £71m of operating expenditure, funded by £71m of grant funding alongside a small element of recovery of recharges from the Sponsor Body (and subsequently House of Commons on behalf of the Client Team) in line with these costs. This results in a zero-profit position for the year which was as anticipated. There were also £4m of capital additions in-year.

The total costs incurred were £5m lower than the original budget. This reduction arose predominantly as a result of our focus on targeting savings in-year. Further detail is contained within our Strategic Report at page 19 and within the Financial Statements at pages 63 to 67 below.

Financial risk management objectives and policies

Prior to last year's governance changes, the Delivery Authority was funded by monies received from the Sponsor Body. Subsequent to the abolition of the Sponsor Body, the Delivery Authority is funded by a Parliamentary Works Grant, reviewed and laid by the Parliamentary Works Estimates Commission. The Parliamentary Works Grant was previously administered by the Sponsor Body, but following their abolition is now administered by the Corporate Officers of the House of Commons and House of Lords.

Under both arrangements, the Delivery Authority is funded by amounts voted annually via Parliament and is exposed to limited financial risk. 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.

Likely future developments in the business

The Delivery Authority will continue to focus on more detailed development of options, once the shortlisting process has progressed. We will also continue to plan for early and enabling works to ensure that we can be in a position to move to main works as soon as possible after a Parliamentary vote on detailed and costed proposals.

The Phase 1 Plan, as referred to on page 12, sets out the agreed decision-making points in relation to the Programme and the associated timescale. We are reliant on decision-makers adhering to this timescale and any significant deviation would likely have an impact on the work and the resourcing of the Delivery Authority - we will keep this under review as we move through the remainder of this year.

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 a notional fee to the Parliamentary Works Grant. 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 £72,800. 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 has maintained its Disability Confident Employer status. We actively work to ensure that our recruitment process is fully inclusive and accessible, including offering an interview to disabled applicants who meet the minimum criteria for the role. In the period under review, we have put in place several workplace adjustments to remove or mitigate physical and/or digital barriers experienced, and to facilitate a positive and inclusive working environment, where all colleagues can work at their best.

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.

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 judgements 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 2023

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 existing corporate governance practices

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 as part of continual improvement during the course of the year. Such improvements covered procurement procedures, financial reporting, compliance reporting and training, cyber security controls, risk monitoring and review arrangements, and policies and guidance in several key areas.

1.4 Whilst I believe the Delivery Authority's current governance arrangements are appropriate, they have been reviewed and where appropriate updated (for example, in relation to the previous roles of the Sponsor Body) following the enactment of secondary legislation ('the Statutory Instrument, or SI') which amended the Parliamentary Buildings (Restoration and Renewal) Act 2019 ('the R&R Act'). The SI (The Parliamentary Works Sponsor Body (Abolition) Regulations 2022) came into force on 1 January 2023. It abolished the Sponsor Body, replacing it as member and Guarantor of the Delivery Authority with the Corporate Officers of the House of Commons and House of Lords acting jointly ('the Corporate Officers'). Therefore, during the period relevant to this statement the Delivery Authority has been subject to a change in ownership. The implications of this from a governance perspective are set out in paragraph 2.4 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 the PDA 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 the 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:

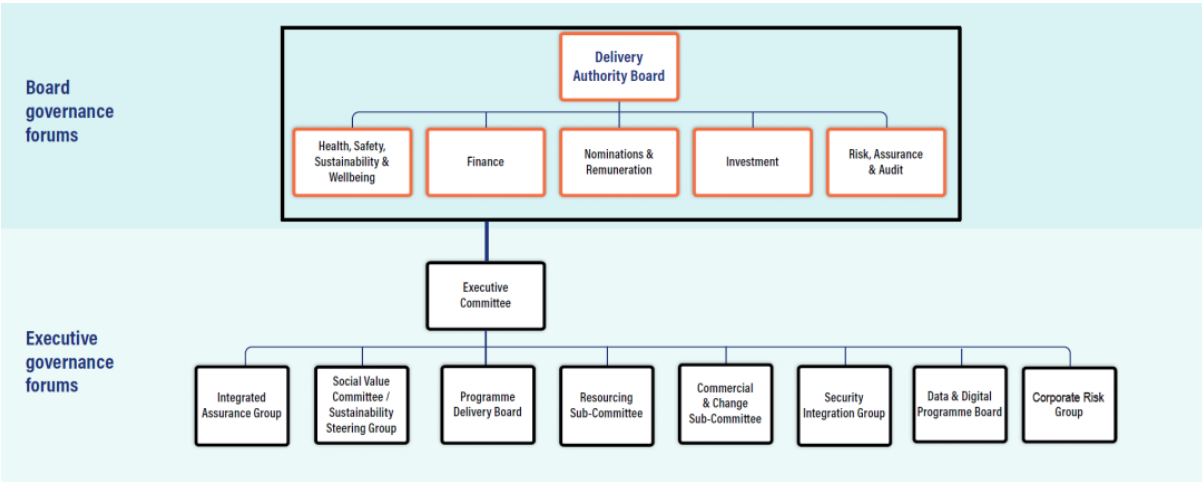
- Accountability: The Code requires that the "minister in charge of the department is responsible and answerable to Parliament for the exercise of the powers on which the administration of that department depends". The Delivery Authority does not have a minister in charge of its operation, however equivalent oversight is afforded as follows:
  - The Board of the Delivery Authority is accountable to the Corporate Officers. Prior to the SI coming into force, the Board of the Delivery Authority was accountable to the Board of the Sponsor Body
  - The Articles of Association have been amended to reflect the changes effected by the SI, as has the Programme Delivery Agreement (PDA), which is now between the Delivery Authority and the Corporate Officers (replacing the Sponsor Body) and which governs the relationship of the parties. Formerly the PDA was a flow down of requirements agreed between the Sponsor Body and the Corporate Officers in the Programme Relationship Agreement ('the PRA') which terminated upon the abolition of the Sponsor Body. The PDA has been updated to reflect the new arrangements and capture some requirements formerly set out in the PRA
  - Arrangements within Parliament for the Programme, including those relating to Programme governance, in recognition of the transfer of duties to the Corporate Officers, have been implemented in accordance with the recommendations of a joint report by Commissions of the House of Commons and the House of Lords (Restoration and Renewal of the Palace of Westminster - a new mandate, dated 14 June 2022)

- 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 paragraph 8.1 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 PDA sets out the terms of the relationship with the Corporate Officers (as did the previous PDA with the Sponsor Body) and the Delivery Authority conducts its procurement activity in accordance with its Procurement Code, which is approved by the Board of the Delivery Authority.

Governance Structure

2.4 The diagram below shows the Delivery Authority's Governance structure. Given the changes to the R&R Programme announced by the House Commissions in early February 2022, the Finance; Investment and Health, Safety, Wellbeing & Sustainability Committees (the FC, IC and HSWSC respectively) were stood down for part of the period; further details are provided at 3.12.



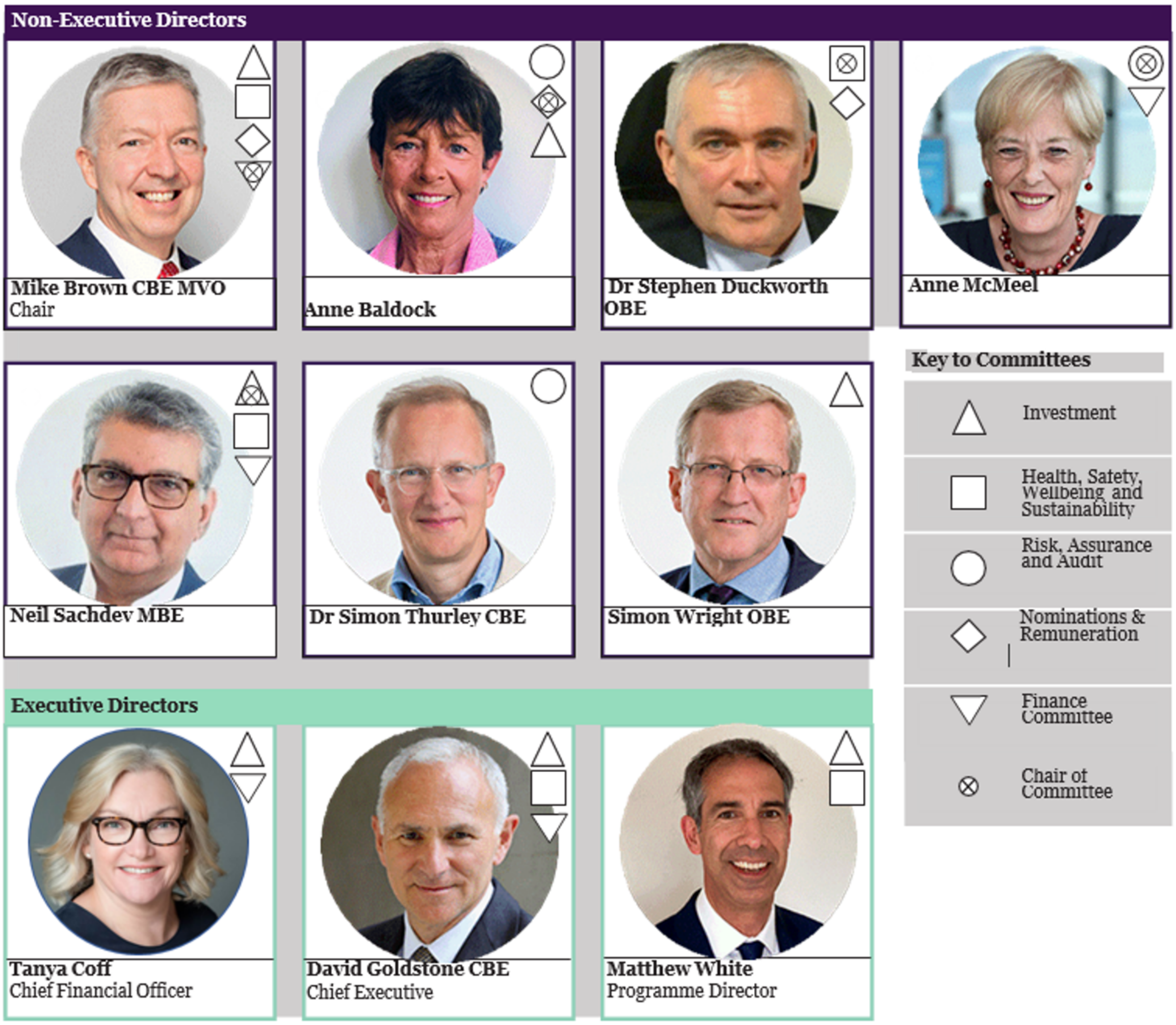
In-year developments affecting the Programme

2.5 The Strategic Report sets out the in-year changes to both the overarching governance of the Programme as well as the new approach to the works. On a day-to-day basis many of the activities formerly undertaken by the Sponsor Body are facilitated by the newly established 'Client Team', a new Joint Department within Parliament ('the Client Team'), established by the Corporate Officers. It is through its interaction with the Client Team that the Delivery Authority progresses matters relating to the Programme. In accordance with the joint report of the Commissions referred to on page 11 of the Strategic Report, Programme and Client Boards have also been established.

2.6 Throughout the course of the year, a wide range of new delivery options have been developed and assessed by the Delivery Authority, against a set of evaluation criteria agreed by the Client Board. The Delivery Authority Board has reviewed and commented on this work as it has progressed.

2.7 Similarly, the Board has been appraised of the approach and development of the new R&R governance arrangements and is progressing consideration of how its role aligns to the new governance arrangements.

3 Board and Committees



3.1 The appointments to the Board of the Delivery Authority have remained unchanged during the reporting period. Following the expiry of their terms, and an open recruitment process which was run by the Delivery Authority, Stephen Duckworth and Neil Sachdev were in May 2022 re-appointed for further 3-year terms, ending in May 2025. Shortly after the end of the reporting period, the Delivery Authority re-appointed Anne McMeel and Anne Baldock as Non-Executive Directors for a further 3 years until May 2026. Mike Brown was reappointed as Chair of the Delivery Authority by the Corporate Officers for a further 3 years until May 2026. The Corporate Officers exercised their right under the R&R Act to re-appoint Simon Thurley as a Non-Executive Director to the DA Board. The term of Simon Wright, whose appointment was made by the Sponsor Body, came to an end in April 2023.

3.2 Informal Board sessions have continued to be held, particularly focussed on the emerging delivery options assessment and the plans for engagement on this, including with Programme Board Members and wider Parliamentary engagement.

3.3 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.

3.4 During the reporting period, the Board has formally met 10 times. The attendance of each Director at the Board meetings and the meetings of the Board Committees of which they are Members is as follows:

	DA BOARD	NRC	RAAC	IC	FC	HSWSC
Mike Brown	10 of 10	5 of 5			1 of 1	2 of 2
Anne Baldock	10 of 10	5 of 5	5 of 5	1 of 1		
Dr Stephen Duckworth	10 of 10	5 of 5				2 of 2
Anne McMeel	9 of 10		5 of 5		1 of 1	
Neil Sachdev	10 of 10			1 of 1	0 of 1	2 of 2
Simon Thurley	10 of 10		5 of 5			
Simon Wright	9 of 10			1 of 1		
Tanya Coff	9 of 10			0 of 1	0 of 1	
David Goldstone	10 of 10	3 of 5		1 of 1	1 of 1	1 of 2
Matthew White	9 of 10			1 of 1		2 of 2

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

- Mike Brown attended 1 Investment Committee meeting and 4 of the 5 Risk, Assurance & Audit Committee (RAAC) meetings
- David Goldstone, Tanya Coff and Matthew White attended all the RAAC meetings

3.6 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 2023. This process ensures that any conflict of interests and outside employments of our directors are declared and recorded.

3.7 Disclosure of the interests of two Board members were deemed to constitute a Related Party and as such are detailed in Note 14 to the financial statements on Related Parties.

Name of Director	Name of company or organisation	Position held	Type of interest e.g. pay, fees, shareholding	Other relevant information
Anne McMeel	Transport for London	Board Member	Fees	None

David Goldstone	Major Projects Association	Director	n/a	None

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

- Executive Team Reporting
    - Regular updates on organisational, financial and R&R programme development and performance including but not limited to the status and mitigations of the key risks, periodic financial forecasts, Health & Safety, People matters, Security, Data & Digital, Commercial and Legal matters
    - Approved 2022/23 Corporate Objectives and monitored progress against them
    - Approved the updated risk appetite statement and strategic risks

- Programme
    - The new Phase 1 Plan and associated Delivery Authority Task Brief
    - Information on delivery options assessment - the criteria, process, outputs and associated Parliamentary engagement - was brought to the Board on multiple occasions through the year for review, comment and input
    - The critical health and safety risks and the approach to monitoring contractors' health and safety performance

- Business and Finance
    - The 2021/22 Annual Report & Accounts, the 2022/23 Supplementary Estimate Adjustment, the 2023/24 Corporate Plan and Organisational Performance Framework, and the 2023/24 Budget, prior to submission through the Parliamentary governance process
    - The revisions to the Agreement To Occupy 64 Victoria Street

- Governance, policies and strategies
    - The DA corporate governance changes associated with the new Statutory Instrument, including the revisions to the PDA
    - The delegations of the HSWSC, FC and IC
    - Actions required following a whistleblowing incident
    - An updated Procurement Code, the annual Modern Slavery Statement, the Social Value Strategy and revised Health, Safety, Wellbeing; Risk Management; Information Security and Data Protection policies
    - New life assurance arrangements for DA colleagues
    - The findings of an independent review of the Board's effectiveness

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

Board Committees

3.10 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)

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

3.12 Given the changes to the R&R Programme announced by the House Commissions in early February 2022, on 11 February 2022 the Delivery Authority Board revoked delegations to three of its standing committees - the HSWSC, FC and IC. These committees were temporarily stood down, with all matters within their delegated remits considered by the Board. The Risk, Assurance & Audit Committee and Nominations & Remuneration Committee were unaffected. The HSWSC's delegations were reinstated in November 2022, in recognition of the increasing volume of work (including intrusive surveys) taking place in the Palace of Westminster, and those of the FC and IC were reinstated in January 2023, following the SI coming into force. The HSWSC is planned to meet at least quarterly, while the FC and IC are to meet when the Board considers there are matters within the remit of the Committees which require their consideration. Examples might include budgets, commercial strategies and major procurements.

3.13 Each Committee that is operating is required to undertake a review of its effectiveness each year. Reflecting the period of stand down, reviews were not required for the IC, FC and HSWSC. The NRC effectiveness review was conducted in February 2023 and focused on similar aspects to the Board effectiveness review described at paragraph 3.16 below, while the RAAC effectiveness review used the same NAO audit committee effectiveness checklist as in the previous year. The key findings are provided in the following summary of the Board Committees.

Membership	**Remit**	**Key matters considered**	**Governance effectiveness review outcomes**
Risk, Assurance & Audit Committee (RAAC)			
Anne McMeel (Chair) + 2 other Non-Executives (NEDs)	Advise and report to the Board on the adequacy of risk management, internal control, management effectiveness and governance arrangements to support the achievement	• Security (physical and cyber) assurance • Strategic risk, risk tolerances, risk appetite and an updated risk management policy	• Progress has been made on two of the recommendations from the March 2022 review: (1) the first annual report on the

	of the strategic goals and objectives. This includes: • Overseeing the relationship with the external auditor • Overseeing security matters • With Board and NRC, reviewing management of the Delivery Authority's corporate and programme performance framework	• Internal audit charter, plans and activities • A new assurance framework, aligned to the new R&R governance model • Assurance plans and activities, including integrated planning with internal audit • Legal compliance, including counter fraud • Information governance • Annual Reports & Accounts • Organisational performance measures (for 2023/24) and year end position (2022/23) • 2022/23 Annual Audit Committee Report to the Board • A whistleblowing investigation report (see 3.20 for more details)	sufficiency of the DA's response to the Cabinet Office Counter Fraud Standards was provided to the RAAC in September and (2) to reflect the new R&R governance model, RAAC communications with the Houses' audit committees are now in place, replacing those with the Sponsor Body Audit & Assurance Committee • A light touch effectiveness review was done in November 2022, with no new recommendations • The next review will be in November 2023
Nominations & Remuneration Committee (NRC)			
Anne Baldock (Chair), 1 other NED, Delivery Authority Board Chair, CEO, HR Director. An independent Member can be appointed; this has not been necessary to date.	Decide on: • Board nominations and appointments • Board and Executive remuneration • Performance related pay and discretionary performance awards, pensions and benefits • Special payments • Recruitment, retention and succession strategy for colleagues including Executive Directors Advise the Board on: • Board succession planning, evaluation, retention and development • Board Committees' composition	• Performance review process • Pensions and benefits policy • Remuneration and performance policies and payments • Delivery Authority workforce recruitment and composition • Non-executive directors' recruitment • 2021/22 EDI and Remuneration Reports and 2022/23 EDI Action Plan and Gender & Ethnicity Pay Gap Report	• The Terms of Reference will be reviewed in light of the Socia Board effectiveness review findings and the outcomes of the March 2023 NRC effectiveness review

	• Board Directors' contracts and outside directorships and commitments • Key HR policies		
Investment Committee (after a temporary suspension since February 2022, the IC was reinstated (with revised delegations) in January 2023)			
Neil Sachdev MBE (Chair) + 2 other NEDs, CEO, CFO and Programme Director.	Advise the Board on: • commercial and procurement policy, strategy, governance and procedure • major contract commitments, and the contractual pipeline, commercial and contract management • supplier contract incentive arrangements	• Initial Draft Phase 2 Delivery Strategy	No effectiveness review held in this period because the committee was only reinstated in January 2023
Finance Committee (after a temporary suspension since February 2022, the FC was reinstated (with revised delegations) in January 2023)			
Mike Brown (Chair) + up to 6 Members including CEO. Majority should be NEDs.	Advise the Board on: financial strategy and policy; financial performance, including business planning, budgeting and cashflow management; and the delivery of value for money initiatives and savings realisation activities.	• 2023/24 budget	• No effectiveness review held in this period because the committee was only reinstated in January 2023
Health, Safety, Wellbeing and Sustainability Committee (reinstated from 8 November 2022)			
Dr Stephen Duckworth OBE (Chair) + 1 NED, DA Board Chair, CEO, Programme Director.	Advise the Board on all Health, Safety, Wellbeing and Sustainability matters related to the planning and delivery of the works to be undertaken for the Programme. This includes having oversight of the Company's HSWS policies, strategy, procedures, risks and performance and does not relieve the Board and the executive directors of their respective responsibilities for Health and Safety matters.	• Sustainability activities and health and safety performance • Updated critical health and safety risks • Social Value Strategy • Climate change adaptation proposals • Mandatory sustainability reporting proposals	• No effectiveness review held in this period because the committee only reinstated in November 2022 • In response to the last (February 2022) review's findings, Executives' direct reports now attend more often (for specific items), the Programme Director provides oversight of sustainability proposals and the committee's terms

			of reference have been reviewed

3.14 A Data & Digital (D&D) Advisory Group comprising three external D&D industry experts was established in May 2022 and met five times during the period. The group, which is not a formal Board Committee, has a remit to advise the Board and the RAAC on the appropriateness of the D&D strategy and arrangements. The group is chaired by the Delivery Authority Chair and was established to address a perceived gap in Board capability in this area. The Chief Executive and (since September) the Chair of the Investment Committee are also members of this forum however, as with the Board Committees, other Board Members can attend if they wish. During the period the group considered matters such as the Data & Digital strategy, business plan, budget, organisation and supply base; cyber security arrangements and key D&D projects.

Board effectiveness – improvement actions undertaken during the year

3.15 Informed by the recommendations of regular reviews of the Board's effectiveness, conducted by the Secretariat or an independent external party, the Board Secretariat manages a programme of activities to enhance the operational effectiveness of the Board and its Committees. During the course of this reporting period these have included facilitating Board site visits to the Palace of Westminster, providing further opportunities for the Board and its Members to maximise their impact within the Board's remit in relation to activities such as scheme options' development.

Board effectiveness – March 2023 external review

3.16 The last independent external review of the Board's effectiveness was conducted in December 2020. Following the changes brought in by the SI, the Chair and Board considered that a further external effectiveness review was timely. For continuity the review was again conducted by governance specialist Socia, who reported to the Board on 27 March, when the review findings and recommendations were discussed.

3.17 Socia's key overall findings were that "(*1) the current operation of the Delivery Authority Board meets the overall requirements of the Corporate Governance Code as it applies to this organisation, and (2) the Board takes its governance responsibilities seriously and has built a comprehensive governance system since the inception of the Board in 2020".* Socia also concluded that consistent and useful information is provided to the Board and its Committees.

3.18 Socia's key recommendations, to be progressed in the coming year, were *to "clarify the Board's role in the wider R&R governance system, simplify the governance burden at the Delivery Authority and enhance the Board's scrutiny of strategy and risk*".

3.19 Invariably, the Board and its Committees meet in person, albeit with some individual members attending virtually at times. Occasionally during the reporting period, shorter meetings have been held wholly virtually. This has not materially hindered the effectiveness of the meetings.

Whistleblowing

3.20 During the reporting period, one matter was dealt with under the terms of the organisation's whistleblowing policy. The matter was subject to external independent investigation, overseen by the General Counsel. The investigation did not find evidence to support the matters raised. As the NED with responsibility for whistleblowing, the Chair of the RAAC was briefed about the investigation. The RAAC considered the investigation report, and it and the Board agreed a number of actions, the implementation of which the RAAC is monitoring.

Executive Team

3.21 The appointments to and operating model of the Executive Team of the Delivery Authority have remained unchanged during the reporting period. Following agreement of the split of communications responsibilities between Parliament, the Client Team and the Delivery Authority a Communications and External Affairs Director, who will be a member of the Executive Team, is being recruited.

3.22 Following the conclusion of an internal governance review in 2021/22, progress in implementing the Executive governance-related recommendations of the review was assessed this year. Feedback was sought on the effectiveness of the various Executive governance forums in place. Key themes of this feedback were to ensure that forum remits (in terms of decision-making) are clear, agendas are well managed to allow for effective discussion and decision-making, and the right colleagues attend to support this.

Relationship with the Sponsor Body and Client Team

3.23 Until the Sponsor Body was abolished on 1 January 2023, a key focus continued to be to ensure collaborative working between the Delivery Authority and the Sponsor Body, and also appropriate separation in their operations where this was necessary and/or advantageous, for example to ensure proper oversight and scrutiny of the Delivery Authority by the Sponsor Body.

3.24 Since 1 January 2023, the responsibilities of the Sponsor Body in relation to oversight and scrutiny of the Delivery Authority, and strategic direction have been assumed by the Client Team. Collaborative working between the two bodies has continued.

4 Strategic Risk Management

4.1 The Delivery Authority risk framework has been developed to align with current guidance from HM Treasury and ISO 31000:2018 Risk Management.

4.2 Over the year, as part of the commitment to continuous improvement, risk tolerances have been established for the strategic risks and regular deep dives on these risks have been conducted at Executive level, to challenge the risks and agree the key mitigation measures. In addition, a Corporate Risk Group (comprised of Executive Committee members) has been established to review and discuss strategic and corporate risks, a revised format for programme risks has been developed, and a full refresh of the Delivery Authority risk register, policy, strategy and risk appetite statement has taken place in light of the House Commissions' decisions in February 2022. These developments have supported improved maturity in the Delivery Authority's risk management framework and have been presented to and discussed with the Board.

4.3 On a quarterly basis, the RAAC continues to offer robust challenge to the risks and the mitigating actions being implemented - to provide assurance that the Delivery Authority is managing risks effectively.

4.4 This year is critical to the Delivery Authority and the successful progression of the programme of works. The overriding risk the Delivery Authority continues to face during this phase is the political appetite for and acceptability of the proposals, and the consequences if the new governance arrangements are not able to support and enable effective and timely decision-making.

4.5 The Delivery Authority has identified seven primary strategic risks, which are described below, together with the key activities either completed or in progress to mitigate them. The process for reviewing the strategic risks is well defined, with input from the Executive, RAAC and Board. The risks are unchanged from last year, save for minor wording changes to the Supply Chain and Recruitment & Retention risks, and the mitigations have been updated to reflect the current position.

4.6 These strategic risks inform the R&R Programme Risks, which are owned by the R&R Programme Board and which the Delivery Authority will work closely with the Client Team to mitigate.

<table>
<tr><th>DA Strategic risks</th><th>Key Mitigations</th></tr>
<tr><td>1. Political Agreement

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 &/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.</td><td>The DA has supported the Client Team in implementing the following key mitigations:
The Client Board is in place and has agreed the plans through to a Strategic Case being brought back to the Houses.
The Programme Board has been established and has commenced work on the Delivery Options in order to make the required recommendations for short listing and the subsequent Strategic Case.
Parliamentary engagement has commenced and will continue through the forthcoming year.</td></tr>
<tr><td>2. Governance

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', 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.</td><td>The DA has supported the Client Team in implementing the following key mitigations:
The Client Board is in place and has agreed the plans through to a Strategic Case being brought back to the Houses.
The Programme Board has been established and has commenced work on the Delivery Options in order to make the required recommendations for short listing and the subsequent Strategic Case.</td></tr>
<tr><td>3. Funding

Due to the current economic uncertainty, lack of decision making (linked to SR1 & 2), lack of confidence in the DA or a future significant event i.e. war/pandemic/austerity, there is a risk that; 1) Funding may not be agreed in line with planned timescales, 2) Funding is agreed but Parliament does not approve at the requested levels, 3) The Funding levels may be challenged in the future. This would lead to programme delays, inefficiencies and/or change in scope.</td><td>In place/ongoing:
Ongoing management of the agreed budget for the Financial Year to demonstrate the DA's financial control and credibility and to increase confidence with the client.
Support the Client Team to develop the Funding model for the Strategic Case.
Mature the short list estimate through to Strategic Case and detailed proposals, with particular focus on cost benchmarks, risk provisions and management costs.
Planned:
Reintroduce medium-term financial planning.
Production of a Value for Money model for Phase 1.</td></tr>
<tr><td>4. Programme Scope, Interfaces and Dependencies</td><td>In place / Ongoing:</td></tr>
</table>

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.	• A Delivery Options Pack has been produced which presents a broad range of delivery options in line with agreed parameters which have been assessed by agreed evaluation criteria. • Briefing material is presented in a non-technical manner to enable the Programme Board to recommend a short list of options. • Develop a narrative that links Strategic Estates planned works with R&R future works. Planned: • Develop an understanding as to the planned future state of the structure and systems to inform R&R scope. • Undertake feasibility and optioneering for temporary decant space accommodation. • Develop a package of early and enabling works which is relevant for most delivery options.
5. Recruitment & Retention Due to the uncertainty of the long-term viability of the programme and the current competitive, candidate-driven market, 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 decreased capacity and capability within the DA, delay, loss of knowledge, rework and decreased confidence in the programme.	In place/ongoing: • Ongoing succession planning and creation of talent pools for roles as required. • Continue to create Learning & Development opportunities. • Appropriate internal communications on an ongoing basis and as any changes are implemented. • Periodic salary benchmarking against external market. • Reviewing attraction strategy for external recruits. • Reviewing feedback from exit interviews to understand employees' reasons for leaving. Planned: • Longer term for Phase 2, review and improve employee transfer process from Parliament.
6. Major incident (Health, Safety, Fire, Damage, Security, Fraud, Digital, Cyber) 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.	In place/ongoing: • Develop and maintain the Emergency Management Plan and Business Continuity Plans. • Cyber Essentials accreditation and certification achieved annually. • Established trust based on digital certificates to prove identity and encryption to secure digital communications. • Anti-Fraud and Bribery awareness module rolled out and completed. Workstreams to mature cultural awareness and risk assessments to be rolled out in 2023/24.
7. Supply Chain Due to the likely scarcity of certain rare and in demand skills required for our programme of works, and the potential lack of confidence in political agreement and governance challenges (see Risks 1 & 2), there is a risk that the interest, capacity and capability of the market, including securing	In place/ongoing: • Continuing engagement with heritage client group (or similar) to establish priority actions, e.g. targeted training. • Developing and maintaining a credible and published pipeline of work. • Open communication with existing and potential future suppliers to keep them informed of developments. • Completion of market capacity reports.

UK wide suppliers, is insufficient. This would lead to the required skills, organisations and materials being unavailable when needed, impacting cost, time and quality and resulting in a potential inability to complete the programme.	• Establish market understanding and acceptance of our supplier engagement approach, standards and requirements.

4.7 With the new Client and Programme Boards now formed, the focus for the next Financial Year will be to support them in their understanding of the risks and what is required in order to mitigate them. This will be key to the success of the new governance structure and the R&R Programme as a whole. All the strategic risks, and in particular the Political Uncertainty risk, will also be reviewed in light of the need for a General Election in 2024, which is likely to impact timescales.

5 Internal Control

5.1 The Delivery Authority's internal controls are designed to ensure 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'.

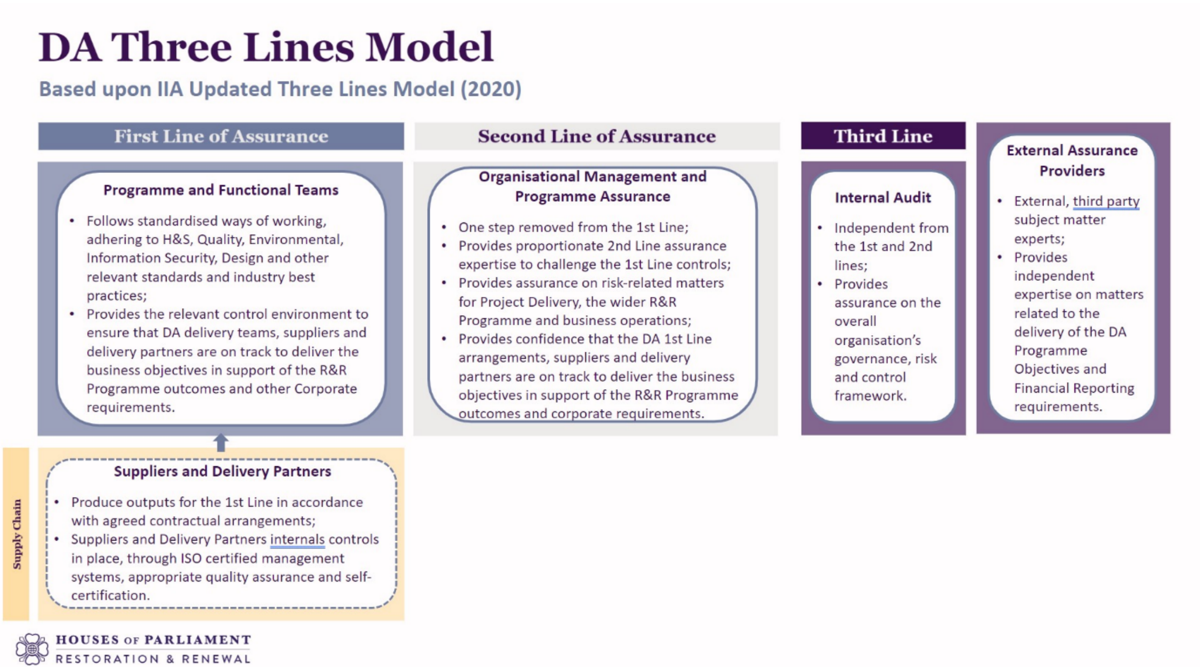
5.2 The development of our Integrated Management System (IMS) helps to identify our key control frameworks and how the business will operate. Our policies, strategies, plans, processes, procedures, templates, work instructions and guidance documents go through a detailed review process, are quality and compliance checked prior to approval and are maintained in line with our document control procedures. During the period, proposals have been approved to rationalise the policies framework, and this is ongoing.

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 Client Team and Parliamentary requirements, and legal and regulatory requirements. The Delivery Authority also maintains risk registers at strategic, corporate, programme, and individual project levels, as referred to in section 4, above.

6 Integrated Assurance

6.1 Integrated Assurance in the Delivery Authority is structured in line with the Institute of Internal Auditors' "Three Lines Model", and good practice within the Government's Orange Book and Functional Standard for Project Delivery, covering portfolio, programme and project management.

6.2 The Integrated Assurance model was updated in 2022 as part of a review of the overall audit and assurance arrangements in preparation for the new Programme governance structure. The DA's Three Lines of Assurance span the entire organisation and its suppliers and are illustrated below.



6.3 The DA maintains an Integrated Assurance Plan (IAP) 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.

6.4 The results of assurance activities are reported to the Integrated Assurance Group each month. Key findings and any areas for escalation are reported to the Executive Committee and the Risk, Assurance & Audit Committee.

6.5 Further assurance activities undertaken by the Client Team, such as continued technical assurance of Delivery Authority activity by Client-Representatives (C-Reps) and external 'gateway type' reviews of programme management, are considered to be external assurance to the DA but do feed into the overall view of assurance.

6.6 The Client Team also own a risk-based R&R Integrated Approvals and Assurance Plan, which is managed in conjunction with the Delivery Authority and regularly reviewed by both parties to minimise the risk of duplication or assurance gaps.

7 Management Assurance

7.1 The Delivery Authority continues to check and validate its governance processes, including through the annual questionnaires to Executive Directors on governance and compliance.

7.2 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 colleague onboarding, organisation-wide understanding of governance arrangements, integrated management system and information management systems' accessibility, and visibility of risk mitigations assigned by other departments. A number of these improvements are already underway.

7.3 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 one related to a procurement challenge on an intrusive surveys lot (reported last year and status unchanged since then) and another to the whistleblowing allegation noted under paragraph 3.20 above.

7.4 These responses reflect the fact that since completion of the equivalent questionnaires last year, various control improvements have been implemented, including: a new learning management system (with automated notifications and reporting on attendance); a strengthened colleague appraisal process; metrics-based legal compliance reporting; improved bank mandate operation; enhanced procurement procedures and risk monitoring and review arrangements; the provision of updated policies, guidance and additional training in a number of areas; and a strengthened organisation-wide gifts and hospitality and conflicts of interest declaration process. Through these and other developments, all the activities required to achieve baseline legal compliance in all key compliance areas have now been completed.

7.5 In addition to the whistleblowing incident described under paragraph 3.20 above, there were the following notable non-compliances in the period; a Code of Conduct breach that was addressed in accordance with the Disciplinary Policy & Procedure; and five relating to information security, the potential impacts for which were effectively mitigated and where necessary procedures updated.

8 Internal Audit opinion

8.1 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:

> While the 2022/23 financial year was one of change within the Programme, with an associated impact on the plans and activity of the DA, it was one of relative stability for the Internal Audit team. The systems and processes have continued to evolve; they are not yet at the same level as a more mature organisation but nor would they be expected to be. It is acknowledged, too, that there is an understanding that the systems and processes within the DA are to be proportionate to the current stage of the Programme, so while they are more developed than in previous years, further maturity will be required as the Programme moves towards Phase 2. This need for proportionality was duly considered when undertaking all Internal Audit reviews and, it is with this in mind, that I can provide **reasonable assurance** on the overall adequacy

and effectiveness of the organisation's current framework of governance, risk management and control.

9 Information Governance

9.1 Programme information governance continues to be overseen by the Information Governance Group, and options for an ongoing joint Delivery Authority/Client Team monthly board are being considered. The Group continues to focus on operational performance, change initiatives, strategy and policy. Programme information risks overseen this year have included:

- Abolition of Sponsor Body and implications for Programme information, data and cyber risks
- Accreditation of digital construction tools
- Programme document management capability
- Retention Management Strategy
- External Sharing of Information and policy compliance.

9.2 The Information Governance Strategy will be reviewed to reflect the new Client arrangements and R&R governance that came into place on 1 January 2023. Information Governance continues to mature. With delivery of an Information Management operating model and tooling, it is expected that these capabilities will enable eventual automation of information and data ownership and assurance activities.

9.3 The Delivery Authority's Information Management team leads the delivery of the Information Governance Strategy. During 2022/23 the team began transitioning from the previous contractor-based structure to a largely permanent team. Recruitment however initially proved challenging, and for a period during the year the Information Management team had a resource shortfall and needed to prioritise urgent activities. As a result there have been extended timescales for activities such as repeat accreditation reviews and responding to certain Requests for Information. Further resource has been secured to provide additional capacity and these issues are being addressed.

9.4 Parliamentary Protective Marking Scheme awareness and training has been made available and mandatory Data Protection Training has been delivered. However, attention is now moving to third party security and risk awareness; work is underway on data ownership and alignment/improvement of third-party risk management processes.

9.5 Our cyber security arrangements have also continued to mature. Key assessments against recognised good practice guidance have been undertaken to benchmark our cyber security posture. These have identified no major deficiencies but some areas to further mature, work on which is already ongoing.

9.6 The Cyber Security Operation Centre (CSOC) has observed regular and sustained phishing attack attempts. To date, none of these have resulted in a security incident, and colleagues' response to a recent simulated phishing attack was also largely positive. Ongoing developments will further strengthen the CSOC's threat hunting capability.

9.7 In addition, key system accreditations have been maintained, cyber security learning has been delivered to colleagues and progress is being made in the development of zero trust architecture, through controls to help manage the consumption of internet-based services safely.

9.8 A new permanent appointment has been made to the role of Chief Information Security Officer (CISO) with effect from January 2023 and other key permanent appointments will follow, displacing contract staff. In addition and following the abolition of the Sponsor Body, the General Counsel will now take on the Senior Information Risk Officer responsibilities for the Delivery Authority.

10 External Assurance

10.1 The Parliamentary Buildings Act (Restoration and Renewal) 2019 (paragraphs 9(6) and 9(7) of Schedule 2) sets out that the Comptroller and Auditor General shall be responsible for the auditing of the R&R Delivery Authority accounts. Prior to the SI the NAO was also responsible for auditing the Sponsor Body accounts. Going forward the NAO will continue to audit the accounts of both Houses, of which the Client Team will be a part.

10.2 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.

10.3 The NAO published an update to this report in January 2022 which highlighted continued risks and the need to clarify dependencies. There have been hearings at the Public Accounts Committee on 14 March 2022, 12 May 2022 and 2 February 2023, which all predominantly focused on existing conditions in the Palace of Westminster, the changes to Programme governance made since the January 2022 report, the new approach to the works and progress made in relation to these areas.

10.4 Following the Statutory Instrument earlier this year, the NAO will be invited to carry out value for money reviews of the whole Programme (including the Client Team) with the consent of the two Corporate Officers. The Delivery Authority welcomes any further reviews by the NAO over the coming years to ensure value for money is delivered for the taxpayer. We will also continue to work with the NAO to apply any lessons that are identified as a result of other NAO reviews of major projects/programmes, as well as in relation to the NAO's role as the external auditor for the Delivery Authority.

10.5 The Delivery Authority will continue to support the Client Team in ensuring that the recommendations from any reviews and lessons learned from other projects are incorporated in the Delivery Authority's workplans.

Signed

David Goldstone

……………………………………………

David Goldstone CBE
Accounting Officer
05 July 2023

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 may appoint employees on such terms and conditions, including as to remuneration and allowances, 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 pay and reward framework that will attract and retain the 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, and for some roles we have recognised that a market premium is necessary due to highly specialised and/or technical skills.

Salary

The basic salary for employees is determined by considering each person's responsibilities, skills, and experience, together with relevant market benchmarking analysis. All basic salaries are reviewed annually.

We implemented a general pay award of 3.5% for eligible employees with effect from 1 April 2022. In line with our commitment to apply increases to the Living Wage rates at the earliest possible opportunity, those colleagues for whom this applies also had an increase in September 2022; this was brought forward by the Living Wage Foundation in recognition of the sharp increase in living costs over the previous year.

To optimise operational flexibility, we have a broad band pay structure which is reflective of the relatively flat organisation structure. In April 2022 we increased the maximum of all pay bands by 3.5%, which was equal to the percentage of the general pay award. The minimum salary for our Apprentices is set at the Real Living Wage; the maximum has not increased because that already has sufficient headroom.

In line with our commitment to transparency, the pay and grading ranges for employees below the Executive Directors, are published on our website. The following table shows the salary ranges for these, as at 31 March 2023 and the number of people at each grade[1]:

[1] There are a small number of exceptions where individuals are paid either above or below the pay band; these are approved by the HR Director and/or the Nomination & Remuneration Committee.

Grade[2]	Minimum	Maximum	No. of people at 31 March 2023
4	£90,000	£139,725	27
3	£60,000	£98,325	48
2	£40,000	£67,275	33
1	£25,000	£46,576	36
Apprentice	London based roles: £21,458 Non-London based roles: £19,305	£45,000	5

Benefits Review

During the last financial year, the Delivery Authority commissioned an external consultant to undertake a review of the benefits offered to its employees. The aim of the review was to establish if the Delivery Authority's offering is sufficiently compelling and competitive to enable the organisation to continue to attract and retain the right, diverse, calibre of talent needed to deliver the Programme. In summary, the review identified gaps in our offering and suggested some potential solutions to address these, which the Nomination and Renumeration Committee will consider.

Other components of employee remuneration

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; as at 31 March 2023, 96% of employees are members of the scheme. 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.

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

Performance Awards

All employees, including the Executive Directors, are entitled to be considered by the Nomination and Remuneration Committee for a discretionary performance award as part of their remuneration package. This is in accordance with the Remuneration Policy agreed by the Board to ensure that the

[2] Executive Directors are Grade 5; their actual earnings are disclosed in remuneration tables 2 and 3 below.

Delivery Authority can recruit and retain the employees necessary to fulfil its remit, and consistent with the benchmarking of other comparable employers. Discretionary performance awards allow 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-consolidated. Any performance award is wholly discretionary and is subject to the Nomination and Remuneration Committee's consideration of 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.

For the performance year ended 31 March 2022, the Nomination and Remuneration Committee determined that discretionary performance awards should be made to eligible colleagues. Payments were made in August 2022, after the Committee carefully considered the organisation's performance against a dashboard of performance targets. Given the Committee had previously deferred the payment of discretionary performance awards related to performance in 2020/21, the level of the discretionary performance awards paid in August 2022 also considered, where relevant, colleagues' performance in the previous year and were reflective of the significant effort required to set up the Delivery Authority from scratch, during a pandemic environment, and the progress that had been made in relation to developing the designs and Business Case for the future Programme.

At its meeting in March 2023, the Nomination and Remuneration Committee noted its intention to pay performance awards for the 2022/23 financial year though it anticipated that the level of any discretionary performance award would likely be less than for the previous performance period.

While we do not currently provide a long-term incentive scheme for any of our employees, the Nomination and Remuneration Committee have also noted that it may wish to consider long term incentives, which would be linked to successful achievement of key delivery milestones, in Phase 2 of the Programme.

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. They do have provision of IT equipment if required.

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

Name	Title	Fees Paid 2022/23 (£000)	Fees Paid 2021/22 (£000)
Mike Brown	Chair	229 (200)	250
Anne Baldock	Non-Executive Director	30	30
Dr Stephen Duckworth	Non-Executive Director	30	30
Anne McMeel	Non-Executive Director	30	30
Neil Sachdev	Non-Executive Director	30	30
Simon Thurley	Non-Executive Director	25	22 (25)
Simon Wright	Non-Executive Director	25	22 (25)

Notes to Non-Executive Remuneration:

1. Mike Brown's remuneration decreased in 2022/23 because he voluntarily reduced his time commitment with effect from 1 November 2022. The full year equivalent is in brackets and based on the reduced time commitment.
2. Following the abolition of the Sponsor Body, Dr Simon Thurley and Simon Wright remained on the Board as appointed non-executive directors of the Corporate Officers. Each had an increase to their respective annual fee part way through 2021/22 reflecting their additional responsibilities on the Delivery Authority Board so the full year equivalent is shown in brackets. Their fees are lower than other Non-Executive Directors who also chair Delivery Authority Board Committees.
3. 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 (£000)		Pension Benefit (£000)		Discretionary Performance Award (£000)		Total Remuneration (£000)	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
David Goldstone	Chief Executive	311	300	24	24	168	-	**503**	**324**
Tanya Coff	Chief Financial Officer	228	220	23	22	70	-	**321**	**242**
Matthew White	Programme Director	228	220	13	13	86	-	**327**	**233**

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

Name	Job Title	Basic Salary (£000)		Pension Benefit (£000)		Discretionary Performance Award (£000)		Total Remuneration (£000)	
		2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Martin Bellamy	Chief Information Officer	207	200	12	12	46	-	**265**	**212**
Janet Campbell	HR Director	176	170	11	10	45	-	**232**	**180**
Andy Haynes	Commercial Director	207	200	21	20	53	-	**281**	**220**
Jane Mee	General Counsel	217	210	13	13	51	-	**281**	**223**

Notes to Executive Remuneration:

1. Basic salary for Executive Directors was increased by 3.5% with effect from 1 April 2022, in line with the general pay award to all colleagues.
2. Pension Benefits represent the Delivery Authority's contributions to employee pension scheme.
3. The Delivery Authority decided to generally defer discretionary performance awards related to the period ending 31 March 2021, and consideration of 2020/21 performance was undertaken alongside the decision on performance awards relating to 2021/22. The discretionary performance award pay included in the 2022/23 figures in the above table therefore relates to awards made in respect of both the 2020/21 and the 2021/22 performance years but paid in the financial year 2022/23.
4. No other benefits in kind were paid that relate to 2022/23 or 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, eight days per month).

In May 2022, following an open recruitment exercise, Dr Stephen Duckworth and Neil Sachdev were re-appointed to the Board, for a period of three years each. Shortly after the end of the reporting period, the Delivery Authority re-appointed Anne McMeel and Anne Baldock as Non-Executive Directors for a further 3 years until May 2026. Mike Brown was reappointed as Chair of the Delivery Authority by the Corporate Officers for a further 3 years until May 2026. The Corporate Officers exercised their right under the R&R Act to re-appoint Simon Thurley as a Non-Executive Director to the DA Board. The term of Simon Wright, whose appointment was made by the Sponsor Body, came to an end in April 2023.

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. 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:

Highest Paid Director	**2022/23 £**	**2021/22 £**	**% Movement**
Salary	310,500	300,000	3.5%
Discretionary Performance Award	168,120	-	N/A

Average (mean) remuneration of other employees	**2022/23 £**	**2021/22 £**	**% Movement**
Salary	74,428	68,611	8.5%
Discretionary Performance Award	5,723	-	N/A

The 8.5% increase to average salary from 2021/22 to 2022/23 is due to:

a) the general employee pay award of 3.5% which took effect from 1 April 2022
b) an increased proportion of employees at higher grades in the organisation as more specialist/technical roles previously filled by interim or delivery partner resource have been replaced by directly employed colleagues, which is more cost effective

Following the deferral of discretionary performance awards in 2020/21, the discretionary performance award paid in 2022/23 relates to awards made in respect of both the 2020/21 and the 2021/22 performance years but paid in the financial year 2022/23. Reflective of this, it is expected the average discretionary performance award paid in 2023/24 will be lower than 2022/23.

Remuneration Table by Quartile	**Lower Quartile (25%) £**		**Median (50%) £**		**Upper Quartile (75%) £**	
Year	**22/23**	**21/22**	**22/23**	**21/22**	**22/23**	**21/22**
Salary	42,176	37,000	65,723	60,000	90,000	85,000
Remuneration	44,192	37,000	70,000	60,000	94,138	85,000
Ratio to Highest Paid Director - Salary	7.36	8.11	4.72	5.00	3.45	3.53
Ratio to Highest Paid Director - Remuneration	10.83	8.11	6.84	5.00	5.08	3.53

The highest paid director as at 31 March 2023 was the Chief Executive. At this date the remuneration ranged from £23,303 to £478,620 (2021/22 range: £21,548 to £300,000). Total remuneration includes salary, and non-consolidated performance related pay. It does not include employer pension contributions.

The lower quartile, median and upper quartile remuneration excludes the highest paid individual and is based on annualised, full-time equivalent remuneration as at the end the financial year. Non-Executive Directors have been excluded from the fair pay disclosure for both years. Pay ratios between employees and the highest paid director's salary have remained relatively consistent between 2021/22 and 2022/23, in line with the flat pay award made to all employees. The ratios for remuneration, which includes the discretionary performance awards, have increased from 2021/22 to 2022/23. This is because the discretionary performance award framework is based on a percentage of salary which increases at higher grades. Additionally, the highest paid director was one of the first employees recruited to the Delivery Authority and so their performance award reflects performance both in 2020/21 and 2021/22, unlike some other Delivery Authority employees who joined the organisation later in time.

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. This compares favourably to the external market where the total labour turnover for calendar year 2022 was at 22.5% (source XpertHR/Cendex). There were no exit payments for the year under review.

Grade	Turnover
5	0%
4	4.2%
3	9.6%
2	16.7%
1	37.2%
Apprentice	20.0%
Total	**17.9%**

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 £34.37m (£67.09m in 2021/22), as disclosed in Note 4 to the financial statements.

Off-payroll engagements

As well as the direct employees detailed on page 48 during the period, we also employed workers on interim contracts. Details of the cost of these is disclosed in Note 3 to the financial statements, and further detail on the off-payroll engagements of interim workers is disclosed below. All interim workers 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 following table:

All off-payroll engagements as at 31 March 2023, earning £245 per day or greater	12
Of which:	
Number that have existed for less than one year at time of reporting	5
Number that have existed for between one and two years at time of reporting	2
Number that have existed for between two and three years at time of reporting	5
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 2023, earning £245 per day or greater	
Number of temporary off-payroll workers engaged between 1 April 2022 and 31 March 2023	27
Of which:	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	25
Subject to off-payroll legislation and determined as out-of-scope of IR35	2
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: No. of engagements that saw a change to IR35 status following review	-

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023	
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

Our Employees

Values and Behaviours

Our Values - w*e act with integrity; we are inspiring; we achieve together, and we can be ourselves* - 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.

In January 2023, we published a Joint Behaviour Charter (a joint initiative with the Client Team, and Clerks of both Houses). The Charter reaffirms our joint commitment with Parliament to prioritising the successful delivery of the restoration and renewal of the Houses of Parliament and sets out the behaviours and ways of working that we are jointly committed to.

Equality, diversity and inclusion

Our Equality, Diversity and Inclusion (EDI) Strategy is in its second year of implementation, and we have made good progress against each of our core objectives. Below are some of the highlights:

- **Establishing a diverse workforce across the Programme, attracting, and retaining the best talent**: e.g., we have undertaken an audit of the recruitment life cycle, and this has led to us implementing some changes to our processes, such as using a gender decoder tool to ensure gender neutral language in our job descriptions and job adverts
- **Creating fair and inclusive environments where everyone's contribution is valued**: e.g., we launched our Workplace Adjustments Guide and trained colleagues in key departments, and we launched Active Bystander Training for all colleagues on the Programme
- **Working collaboratively with stakeholders and maximising engagement opportunities**: e.g., we have hosted collaborative events with the Parliamentary Workplace Equality Networks. We worked with other major programmes and significant historical building

restoration projects to undertake a benchmarking exercise to understand best practice and standards implemented for inclusive construction sites and welfare facilities

We've seen a small shift in the gender diversity across employees and Non-Executive Directors of the Delivery Authority, it is now 55% female, and 45% male representation (57% and 43%, respectively for 2021/22). The gender split for our Board and Executive Directors, as well as the rest of our directly employed workforce, is as follows:

	Female	Male
Non-Executive Directors	2	5
Executive Directors	1	2
Executive (not on Board)	2	2
Other direct employees	85	64
Total	**90**	**73**

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. In addition, we now have sufficient disclosure of ethnicity to voluntarily undertake ethnicity pay gap reporting, setting out the difference in average hourly pay between White colleagues and those in Any Other Ethnic Group.

We have calculated our gender and ethnicity pay gaps in accordance with the government requirements and using a specific reference date – this is called the 'snapshot date'. The snapshot date is 31 March each year, and the statutory deadline for submitting pay gaps reports is one year in arrears. Therefore, the data used to prepare our pay gap reporting is based on active employees of the Delivery Authority on 31 March 2022. At that date, our mean gender pay gap was 25.13% (March 2021: 25.86%), and our median gender pay gap was 25.84% (March 2021: 9.50%). Our mean and median performance award gap was 22.23% and 33.3% respectively (March 2021: no data available). The increase in the median gender pay gap is attributable to our recruitment outcomes. Whilst more women were hired than men, a larger proportion of women were hired at Grades 1-3; for men, the larger proportion of new hires occurred at Grades 3 and 4.

This is also reflected in the data for the ethnicity pay gap. The mean ethnicity pay gap shows a difference in hourly pay of 26.86% and the median shows a difference in hourly pay of 38.7%. The data shows us that our ethnicity pay gap is caused by higher representation of colleagues in the Any Other Ethnic Group in less senior roles, and more colleagues who are White, in more senior and therefore higher paid roles.

The EDI Annual Report, available on our website, provides more detail on our progress towards achieving our EDI strategy.

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 engage with colleagues on a wide range of topics.

We undertook an Engagement Survey for the whole workforce in February 2022, and a Pulse Survey in October 2022, inviting colleagues to share their views anonymously on a wide range of topics. The outcome of these Surveys has formed the foundation for our organisational development work.

A key aspect of our colleague engagement strategy is having an active Colleague Forum and we now have an elected body. The Forum will represent and communicate colleague views, and continually build engagement across the organisation. In times of organisation change that affects colleagues, the Forum will be our consultative body; they will be informed and consulted with and given the opportunity to provide feedback.

We introduced an Employee Recognition Platform during 2022, and it has become an important tool for colleague engagement across the Programme. Colleagues are actively engaged in recognising each other for demonstrating our values and/or showing appreciation for their effort and work. As at the end of March 2023, 77% of all colleagues on the Programme (including those employed by our delivery partners and interims) have used the platform and 782 e-cards had been issued.

Sickness absence

Our aim is to treat employees who are ill with compassion and fairness, while encouraging them to take the time needed to recover their health and attend work regularly. The introduction of an employee self-service portal has improved our ability to monitor sickness absence. In 2022/23 the number of working days lost was 4.4 days per employee (1.4 days for the 2021/22 reporting period).

Employment policies and processes

We are committed to ensuring that our employees are treated fairly, with dignity and respect. All people, policies and processes underwent review during the year to ensure they are up to date with the requirements of employment law, reflect best practice and our values.

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, and the budget for such adjustments is held centrally.

David Goldstone

…………………………………
David Goldstone CBE
Chief Executive and Accounting Officer
05 July 2023

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF RESTORATION AND RENEWAL DELIVERY AUTHORITY LTD AND HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Restoration and Renewal Delivery Authority Ltd for the year ended 31 March 2023 under the Parliamentary Buildings (Restoration and Renewal) Act 2019. The financial statements comprise the Restoration and Renewal Delivery Authority Ltd's:

- Balance Sheet as at 31 March 2023;
- 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 Restoration and Renewal Delivery Authority Ltd''s affairs as at 31 March 2023 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 Parliamentary Buildings (Restoration and Renewal) Act 2019 and 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 (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 am independent of the Restoration and Renewal Delivery Authority Ltd 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 Restoration and Renewal Delivery Authority Ltd'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 Restoration and Renewal Delivery Authority Ltd'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 the 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.

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 directions of the Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords 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 Restoration and Renewal Delivery Authority Ltd and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report and 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 Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords 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
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Restoration and Renewal Delivery Authority Ltd from whom the auditor determines it necessary to obtain audit evidence;
- preparing financial statements, which give a true and fair view, in accordance with the Parliamentary Buildings (Restoration and Renewal) Act 2019 and Companies Act 2006;
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration and Employee Report, in accordance with the Companies Act 2006 and directions of the Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords issued under the Parliamentary Buildings (Restoration and Renewal) Act 2019; and
- assessing the Restoration and Renewal Delivery Authority Ltd'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but 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 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Restoration and Renewal Delivery Authority Ltd's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Restoration and Renewal Delivery Authority Ltd's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Restoration and Renewal Delivery Authority Ltd's policies and procedures on:
    - identifying, evaluating and complying with laws and regulations;
    - detecting and responding to the risks of fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Restoration and Renewal Delivery Authority Ltd's controls relating to the Restoration and Renewal Delivery Authority Ltd's compliance with the Companies Act 2006, the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Programme Delivery Agreement with the Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords and Managing Public Money;
- inquired of management, the Restoration and Renewal Delivery Authority Ltd's head of internal audit and those charged with governance whether:
    - they were aware of any instances of non-compliance with laws and regulations;
    - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with 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 Restoration and Renewal Delivery Authority Ltd 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.

I obtained an understanding of the Restoration and Renewal Delivery Authority Ltd's framework of authority and other legal and regulatory frameworks in which the Restoration and Renewal Delivery Authority Ltd operates. I focused 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 Restoration and Renewal Delivery Authority Ltd. The key laws and regulations I considered in this context included Companies Act 2006, the Parliamentary Buildings (Restoration and Renewal) Act 2019, the Parliamentary Works Sponsor Body (Abolition) Regulations 2022, the Programme Delivery Agreement with the Corporate Officer of the House of Commons and the Corporate Officer of the House of Lords, Managing Public Money, employment law and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Risk, Assurance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud 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. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

11 July 2023

Income Statement

For the year ended 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
Income			
Grant Income	2	(70,554)	(105,595)
Other Income	2	(621)	(960)
Total Income		**(71,175)**	**(106,555)**
Operating Expenditure			
Employee costs	3	16,333	15,155
Purchases of goods and services	4	50,860	86,061
Financing costs	4	28	-
Other expenses	4	2,019	2,474
Non-cash items	4	1,935	2,865
Total operating expenditure		**71,175**	**106,555**
Net Income		**-**	**-**
Total comprehensive net income		**-**	**-**

The Notes on pages 68 to 85 form part of these accounts.

HOUSES OF PARLIAMENT
R&R DELIVERY AUTHORITY

Balance Sheet
As at 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Property, plant, and equipment	5	737	7
Intangible assets	5	2,504	3,572
Right of use assets	6	2,911	-
Total non-current assets		**6,152**	**3,579**
Current assets			
Trade and other receivables	8	646	257
Accrued income	9	91	-
Cash and cash equivalents	10	8,181	6,115
Total current assets		**8,918**	**6,372**
Total assets		**15,070**	**9,951**
Current liabilities			
Trade and other payables	11	(11,451)	(8,151)
Lease Liabilities	6	(642)	-
Provisions	13	(600)	(1,800)
Total current liabilities		**(12,693)**	**(9,951)**
Total assets less current liabilities		**2,377**	**-**
Non-current liabilities			
Lease Liabilities	6	(2,377)	-
Total non-current liabilities		**(2,377)**	**-**
Total assets less total liabilities		**-**	**-**
Taxpayers' equity and other reserves			
General fund		-	-
Total equity		**-**	**-**

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 68 to 85 form part of these accounts.

The financial statements were approved by the Board on 26 June 2023, and were signed on its behalf by:

....

David Goldstone CBE
Chief Executive and Accounting Officer

Cash Flow Statement

For the year ended 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
Cash flows from operating activities			
Net income		-	-
Adjustments for non-cash transactions:			
Depreciation and Amortisation*	4	1,335	1,065
(Increase)/Decrease in trade and other receivables	8	(389)	1,634
(Increase)/Decrease in accrued income	9	(91)	854
Increase/(Decrease) in trade and other payables	11	3,021	(16,634)
(Decrease)/Increase in Provisions*	13	(1,200)	1,800
Net cash inflows/(outflows) from operating activities		**2,676**	**(11,281)**
Cash flows from investing activities			
Purchase of property, plant, and equipment	5	(732)	(4)
Purchase of intangible assets	5	-	(125)
Increase/(Decrease) in trade and other payables	11	279	-
Net cash inflows/(outflows) from investing activities		**(453)**	**(129)**
Cash flows from financing activities			
Repayment of principal on leases	6	(157)	-
Net cash inflows/(outflows) from financing activities		**(157)**	**-**
Net increase/(decrease) in cash and cash equivalents in the period		**2,066**	**(11,410)**
Cash and cash equivalents at the beginning of the period	10	**6,115**	**17,525**
Cash and cash equivalents at the end of the period	10	**8,181**	**6,115**

* In the 2021/22 Cash Flow Statement Depreciation and Amortisation and Provisions were grouped under 'Non-cash costs' (£2.865m in 2021/22). These are now presented on separate lines.

The Notes on pages 68 to 85 form part of these accounts.

Statement of Changes in Equity

For the year ended 31 March 2023

General fund	31 March 2023 £000	31 March 2022 £000
Opening balance at 1 April	-	-
Comprehensive net income during period	-	-
Closing balance as at 31 March	**-**	**-**

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. The Delivery Authority was consolidated within the accounts of its parent and sole member, the Parliamentary Works Sponsor Body (Sponsor Body) for 2020/21 and 2021/22. However, from 1 January 2023, the Sponsor Body was abolished and the Corporate Officers replace the Sponsor Body as the sole member and guarantor of the Delivery Authority.

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. As in prior years, additional disclosures are made following a direction by the Corporate Officers 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 Corporate Officers to ensure further transparency, including the inclusion of a Remuneration and Employee Report.

This Annual Report and Accounts relates to the Delivery Authority's 2022/23 financial year, commencing on 1 April 2022 and ending on 31 March 2023.

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 2023, 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.
- The Programme is currently in Phase 1. The Delivery Authority's expenditure relates to the development of a broad range of options setting out the various methods and

outcomes that can be achieved from restoring the Palace. These are in support of developing a strategic case which Members of both Houses will be asked to vote on before the end of 2023 to set the strategic direction of the Programme. Management have assessed this expenditure and determined that work undertaken to 31 March 2023 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).

- From 1 January 2023, the Delivery Authority has entered into an agreement with the Corporate Officer of the House of Commons to occupy the premises at 64 Victoria Street for a period of three years. The contract has been assessed to fall under the definition of a lease as per IFRS 16. The calculation of the 'lease liability' and the associated 'right of use asset' contain several key judgements and assumptions that have an impact on the financial statements. Further details can be found in section 1.7.

1.4 Going Concern

In March 2022, the House of Commons and House of Lords Commissions agreed a number of changes to the overarching governance and approach of the Restoration and Renewal Programme. These changes were subsequently endorsed by the House of Lords and House of Commons Commissions in the Joint Commission Report that formed a new mandate for the Restoration and Renewal Programme agreed by both Houses of Parliament in July 2022.

The Houses decided in 2022/23 that the governance arrangement for the Restoration and Renewal Programme would change, and on 1 January 2023, the Statutory Instrument abolishing the Sponsor Body came into force. This abolished the Sponsor Body, with its role, functions, property, rights and liabilities transferring to the Corporate Officers of the House of Commons and House of Lords. The Corporate Officers replace the Sponsor Body as the sole member and guarantor of the Delivery Authority. This includes the budgetary responsibility for the Delivery Authority. There has been no change to the role or remit of the Delivery Authority, with its scope and activities still defined by the Parliamentary Buildings (Restoration and Renewal) Act 2019.

Funding arrangements for the Delivery Authority remain in accordance with the mechanisms described within the Parliamentary Buildings (Restoration and Renewal) Act 2019 and Parliamentary Works Sponsor Body (Abolition) Regulations 2022. This permits the Corporate Officers to fund the Delivery Authority's activities via funding voted by Parliament annually in Supply and Appropriation Acts. The Parliamentary Works Grant Main Estimate for 2023/24 was approved by the Estimates Commission on 15 May 2023.

It is the view of the Directors 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 cost, less accumulated depreciation and the value of any accumulated impairments, except for Assets Under Construction which are held at cost. Both PPE and Assets Under Construction are reviewed annually for impairment. Right of use assets are valued at cost under IFRS 16 Leases.

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. For assets under construction, depreciation is not charged until the asset is placed into service.

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 five 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

At the inception of a contract the Delivery Authority assesses whether a contract contains a lease, in accordance with IFRS 16. 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. In line with HM Treasury guidance the Delivery Authority has adopted the short-term lease exemption for lease terms of 12 months or less.

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.

During 2022/2023, the Delivery Authority has entered into an Agreement to Occupy with the Corporate Officer of the House of Commons for premises at 64 Victoria Street for a period of 3 years starting on 1 January 2023. The contract has been assessed to fall under IFRS 16 and amounts relating to this lease have been disclosed as a lease in the balance sheet, income statement, cash flow statement, accounting policy notes and note 6 to the financial statements.

Right of use Assets:

IFRS 16 requires leases to be recognised in the lessee's balance sheet when the leased asset is made available, in the form of a right of use asset. A right of use asset is initially measured at the initial lease liability, and subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liability. The carrying value is also adjusted for any re-measurement of the lease liability. The cost of right of use assets includes the initial measurement of the lease liability. Right of use assets are depreciated on straight-line basis over the lease term.

Lease Liabilities:

At commencement of a lease the DA recognises a lease liability measured at the present value of the lease payments to be made over the lease term. It has not been possible to determine the "interest rate implicit in the lease", thus it has been determined that the most appropriate discount rate to use is the incremental cost of borrowing as advised by HM Treasury which is set out annually (3.51% for 2023) in the Public Expenditure System (PES) papers.

The lease liability is subsequently adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by rediscounting the revised cash flows; the impact is reflected in the lease liability and in the right to use asset valuation.

The lease liability is split between current and non-current lease liabilities. Lease payments include fixed payments on account of the rent for the office accommodation.

Lease Expenditure:

Expenditure includes interest and straight-line depreciation. Lease payments are debited against the liability.

1.8 New accounting standards issued not yet effective

The Delivery Authority does not expect to be impacted by the implementation of IFRS 17 in 2023/24 (effective for accounting periods beginning on or after 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 was financed by funding obtained from the Sponsor Body and subsequently from the Corporate Officers, which in turn is obtained from Parliament through the annual Supply and 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 this funding received 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.

Included in ‘other grant income’ are immaterial payments received by the Delivery Authority related to apprenticeship incentive payments.

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 industry standard surveys assessing the condition of the Palace of Westminster and its ground conditions, to support and inform the design and costing of future works.

Where survey costs meet the definition of an asset under IAS 38 Intangible Assets, these costs would ordinarily be capitalised. The Delivery Authority has determined that any survey works performed during Phase 1 will not be capitalised; the surveys carried out to date are considered equivalent to 'research costs' and therefore expensed in operating expenditure. Some equipment purchases related to surveys have been capitalised under IAS 16 Property, Plant and Equipment.

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 were all funded by the Sponsor Body and the Corporate Officers. Its recharges to the Sponsor Body and the House of Commons 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 or Corporate Officers 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 8, 9 and 10) 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.

- Trade receivables and accrued income – the Delivery Authority is a non-trading entity, and these comprise of balances with related parties valued at the transaction amount, with insignificant risk of change in value.

The Delivery Authority holds financial liabilities (see Note 11) 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 are 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.

1.15 Recharges

Recharges up to 31 December 2022

The House of Commons recharges costs to the Delivery Authority on a quarterly basis. These costs include any miscellaneous recharges where certain works are carried out on behalf of the Delivery Authority (for example, subscription costs, etc.).

The House of Commons charged the Sponsor Body for the occupation of premises at 64 Victoria Street for the period up to 31 December 2022. The Sponsor Body subsequently recharged an appropriate percentage of this cost to the Delivery Authority. In management's view, using the floor space area has been considered as an appropriate basis of recharging those costs. This cost has been expensed by the Delivery Authority. The Sponsor Body also recharged the Delivery Authority for seconded employee costs, and other services related to security and vetting.

The Delivery Authority recharged 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 were 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 as 'Recharges' under 'Total Income'.

Recharges after 1 January 2023

From January 2023, the House of Commons have commenced recharging the Delivery Authority for the occupation of premises at 64 Victoria Street based on the new Agreement to Occupy the premises. This Agreement to Occupy is considered a lease, and so these costs fall under the requirements of IFRS 16 (see Note 6 on leases).

Employee secondments originally from the Sponsor Body which continued after 1 January 2023 have transferred to the Client Team. The House of Commons undertake recharging for the Client Team and the House of Commons have subsequently recharged the Delivery Authority for these costs.

The Delivery Authority continued to provide some digital and corporate support services to the Client Team after 1 January 2023, to support their transition into a new Joint Department of the two Houses. The costs of these services were recharged by the Delivery Authority to the House of Commons at cost. These recharges are treated by the Delivery Authority as income for services supplied in accordance with IFRS 15, reported as 'Recharges' under 'Total Income'.

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.

2. Income

	31 March 2023 £000	**31 March 2022 £000**
Total Income		
Deferred income released	(3,854)	(10,949)
Funds received in-year	(74,500)	(98,500)
Deferred Income - Capital funding	6,152	3,579
Deferred Income - Revenue funding	1,658	275
Parliamentary Works Grant recognised in the income statement	**(70,544)**	**(105,595)**
Other Grant Income	(10)	-
Total Grant income	**(70,554)**	**(105,595)**
Recharges to Sponsor Body/House of Commons	**(621)**	**(960)**
Total Income	**(71,175)**	**(106,555)**

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 incurred on secondees and interim workers.

	31 March 2023	31 March 2022
	£000	£000
Employee Costs		
Basic pay	10,727	7,870
National Insurance	1,423	926
Pension	912	633
Apprenticeship Levy	41	24
Other staff costs	20	48
Other staff benefits	81	36
Secondments	308	298
Interim workers	2,821	5,320
Total Employee Costs	**16,333**	**15,155**

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

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

	1 April 2022 – 31 March 2023		1 April 2021 – 31 March 2022	
Type	**Average FTE**	**Closing FTE**	**Average FTE**	**Closing FTE**
Direct (excluding Non-Executive Directors)	145	153	110	143
Seconded	2	3	3	2
Interim	14	10	28	22
Total	**161**	**166**	**141**	**167**

4. Expenditure

	31 March 2023 £000	31 March 2022 £000
Employee costs	**16,333**	**15,155**
Professional fees*	34,365	67,085
Surveys**	6,753	4,351
Other outsourced services	205	248
IT development, maintenance, and support	6,498	10,576
IT purchases (including hardware and software)	2,651	3,313
Legal costs	388	488
Purchase of goods and services	**50,860**	**86,061**
Premises costs	1,270	1,731
Insurance costs	41	40
Learning and Development	127	104
Financing costs	28	-
Other costs	581	599
Other expenses	**2,047**	**2,474**
Depreciation and amortisation	1,335	1,065
Provision expense (see note 13)	600	1,800
Non-cash items	**1,935**	**2,865**
Total expenditure	**71,175**	**106,555**

The audit fees for the financial statements totalled £0.07m (2021/22: £0.07m). This cost has been met by the Corporate Officers and is accounted for through the Parliamentary Works Grant from which the Delivery Authority received funding. No non-audit services have been provided by the NAO.

*Professional fees primarily consist of the costs of services provided by our integrated delivery partner, who provide Programme, Project and Cost Management Services, (£14.51m) (2021/22: £20.83m), and architectural and engineering services from our design partner (£18.46m) (2021/22: £37.42m). The remaining professional fees relate to various lower-value services procured from suppliers during the year, predominantly digital systems.

** Surveys costs include payments to contractors for undertaking surveys. They exclude associated employee and project management costs, which are included within employee and professional fees.

5. Fixed assets

a. **Property, Plant & Equipment**

The Delivery Authority held £0.74m of Property, Plant & Equipment as at 31 March 2023. This includes £0.73m of Assets under Construction relating to equipment purchased to undertake surveys which is due to be installed in 2023/24.

	31 March 2023	31 March 2023	31 March 2023	31 March 2022
	Assets Under Construction	Other	Total	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April	-	10	10	6
Additions	732	-	732	4
As at 31 March	732	10	742	**10**
Depreciation				
As at 1 April	-	(3)	(3)	(1)
Charged in period	-	(2)	(2)	(2)
As at 31 March	**-**	**(5)**	**(5)**	**(3)**
Carrying amount at 31 March	**732**	**5**	**737**	**7**

b. **Intangibles**

The Delivery Authority has £2.50m of Intangible Assets, relating to IT infrastructure.

	31 March 2023	31 March 2022
	Total	Total
	£000	£000
Cost or valuation		
As at 1 April	5,342	5,217
Additions	-	125
As at 31 March	**5,342**	**5,342**
Amortisation		
As at 1 April	(1,770)	(707)
Charged in period	(1,068)	(1,063)
As at 31 March	**(2,838)**	**(1,770)**
Carrying amount at 31 March	**2,504**	**3,572**

6. Right of use assets and lease liabilities

The Delivery Authority has one lease, which is the agreement with the Corporate Officers to occupy the office premises at 64 Victoria Street. This agreement falls under the scope of IFRS 16. The table below summarises the components of this lease. The Delivery Authority is not a lessee or lessor to any other lease arrangements, and there are no liquidity risks associated with this lease, for the reasons set out in note 7.

Right of Use Asset

	31 March 2023 £000	31 March 2022 £000
Cost or valuation		
At 1 April	-	-
Additions	3,176	-
At 31 March	**3,176**	**-**
Depreciation		
At 1 April	-	-
Charge in year	(265)	-
At 31 March	**(265)**	**-**
Carrying amount at 31 March	**2,911**	**-**

Lease Liabilities

	31 March 2023 £000	31 March 2022 £000
Amounts falling due		
Not later than one year	739	-
Later than one year not later than five years	2,462	-
Later than five years	-	-
Total	**3,201**	**-**
Less: Discounting	(182)	-
Balance as at 31 March	**3,019**	**-**
Of which:		
Current	**642**	**-**
Non-current	**2,377**	**-**

Amounts recognised in the Profit and Loss statement

	31 March 2023 £000	31 March 2022 £000
Depreciation	265	-
Interest expense	28	-
Total	**293**	**-**

Amounts recognised in the cashflow statement

	31 March 2023 £000	31 March 2022 £000
Repayment of lease principal	157	-
Interest expense	28	-
Total cash outflows for leases	**185**	-

7. 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 2023 are the same as the book values shown in the Balance Sheet.

8. Trade and other receivables

	31 March 2023 £000	31 March 2022 £000
Trade and other receivables		
Receivables	5	-
Prepayments	641	257
Total trade and other receivables	**646**	**257**

9. Accrued Income

	31 March 2023 £000	31 March 2022 £000
Accrued Income		
Balance as at 1st April	-	854
Income from recharges accrued in the year	621	960
Accrued Income received in the year	(530)	(1,814)
Balance as at 31 March	**91**	**-**

10. Cash and Cash Equivalents

	31 March 2023 £000	31 March 2022 £000
Cash and cash equivalents		
Balance as at 1st April	6,115	17,525
Net change in cash and cash equivalents	2,066	(11,410)
Balance as at 31 March	**8,181**	**6,115**
The following balances were held at:		
Government Banking Service (GBS)	8,181	6,115
Balance as at 31 March	**8,181**	**6,115**

11. Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Amounts falling due within one year		
Trade payables	(279)	(499)
Other payables	(537)	(487)
Accruals	(2,825)	(3,311)
Deferred Income - Capital funding	(6,152)	(3,579)
Deferred Income - Revenue funding	(1,658)	(275)
Total trade and other payables	**(11,451)**	**(8,151)**

12. Contingent liabilities

2022/23:
There are no contingent liabilities for the Delivery Authority in 2022/23.

2021/22:
There was a contingent liability in relation to the Delivery Authority's accommodation costs and the VAT treatment of the recharges from the Sponsor Body. This contingent liability is no longer applicable following the abolition of the Sponsor Body.

13. Provisions

	Balance as at 1st April 2022	Provisions utilised in the year	Provided in year	31 March 2023
	£000	£000	£000	£000
Provisions				
Employee benefits	(1,100)	1,100	(600)	(600)
Supplier payment	(700)	700	-	-
Total	**(1,800)**	**1,800**	**(600)**	**(600)**

2022-2023	
Analysed as:	
Not later than one year	(600)
Balance at 31 March 2023	**(600)**

The provision of £0.60m relates to potential future performance-related payments to employees. As detailed in the Remuneration and Employee Report, the Delivery Authority operates a discretionary award scheme which allows for the Nominations and Remunerations Committee to make awards in recognition of performance in any year without raising base salary levels. Any discretionary awards paid are subject to individual and the organisation's performance. This provision for 2022/23 is significantly lower than the provision for performance awards in 2021/22 (£1.10m). The level of performance awards paid in 2022/23 reflected performance over the two years since the establishment of the Delivery Authority, including the substantial work involved in setting up the Delivery Authority as a new substantive organisation, through a pandemic environment, and progress made in developing the designs and Business Case for the future Programme. The provision of £1.10m was fully utilised and paid in 2022/23.

The balance of the provision made in 2021/22, £0.70m, related to supplier payment applications which remained under review at 31st March 2022 and was also fully utilised in 2022/23.

14. 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 was a related party of the Delivery Authority as it was the Delivery Authority's parent until 1 January 2023. In the period, the following transactions have been undertaken between the organisations:

- The Sponsor Body and subsequently the Corporate Officers provided grant funding to the Delivery Authority in return for the delivery of its objectives under the Programme Delivery Agreement, totalling £78.35m (£109.45m in 2021/22). 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 provided services to the Sponsor Body costing £0.53m (£0.96m in 2021/22), specifically IT support services and other corporate support (for HR, Commercial and Finance services). These costs were charged to the Sponsor Body at a zero markup, with the recharges appearing in the Income Statement.
- The Sponsor Body recharged £1.02m (£1.70m in 2021/22), 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 Sponsor Body also recharged the Delivery Authority with other costs totalling £0.16m.

The House of Commons and House of Lords are also Related Parties of the Delivery Authority as the two Corporate Officers of the Houses of Parliament are now (acting jointly) the sole member and guarantor of the Delivery Authority. 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 £0.82m (£0.29m in 2021/22) of costs to the Delivery Authority relating to staffing, digital services, support for surveys and other miscellaneous costs. This includes recharges amounting to £0.12m yet to be invoiced by the House of Commons as at 31 March 2022, included in accruals on the balance sheet.
- The Delivery Authority recharged the House of Commons for miscellaneous corporate and digital services totalling £0.09m during 2022/23. These recharges were unpaid at 31 March 2023 and have been accounted for as accrued income on the balance sheet (nil in 2021/22).

There were no recharges from the House of Lords to the Delivery Authority during the period (£0.05m in 2021/22).

Other than their remuneration and business-related 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) 2022/23	Transaction amount (£000) 2021/22	Name & Position in DA	Position held at related party
Transport for London	The Delivery Authority seconded staff from Transport for London.	198	118	Anne McMeel, Director	Board Member
Major Projects Association	The Delivery Authority pays a membership fee to the Major Projects Association.	11	13	David Goldstone, CEO	Director
Mott MacDonald	The Delivery Authority incurred spend on professional services fees with the Mott MacDonald Group.	-	168	Mike Brown, Chair	Independent Member of the Shareholder Committee

15. Losses and special payments

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.

The total losses are below £300,000 during 2022/23, therefore, under the reporting threshold. (2021/22: £0.337m).

Given the scope of the future works to the Palace of Westminster remains to be finalised, there is a chance that some expenditure incurred to date may at a later date be considered a constructive loss. 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 2023 (2021/22: £nil).

16. Capital or Other Financial Commitments

Capital Commitments

The Delivery Authority has contractual capital commitments worth £0.15m as at 31 March 2023 not otherwise included in these financial statements (£nil as at 31 March 2022).

Other Financial Commitments

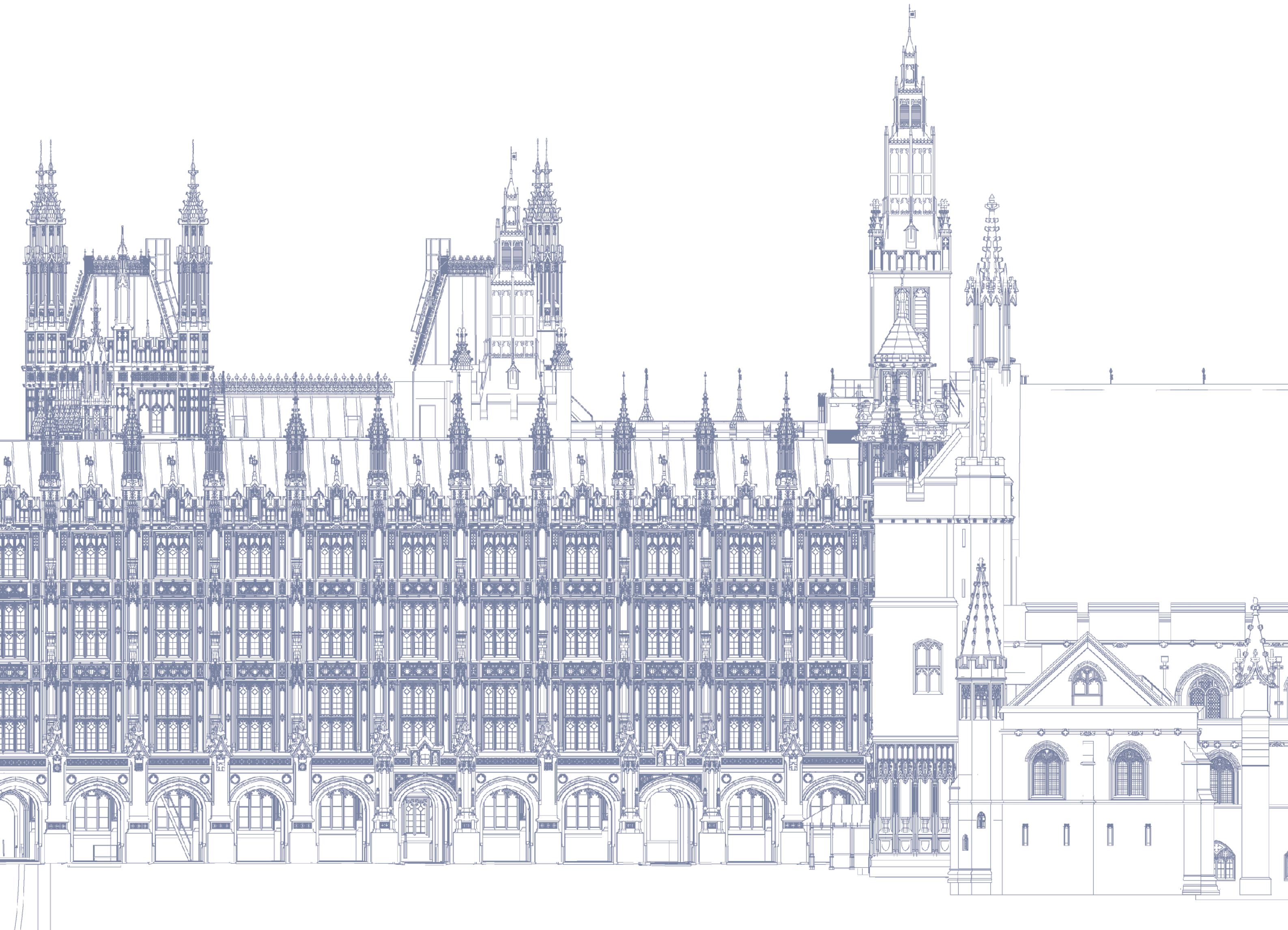
The Delivery Authority has not entered into any other non-cancellable contracts as at 31 March 2023 (nil as at 31 March 2022).

17. 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



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