



National Audit Office



# Investigation into the management of the Holocaust Memorial and Learning Centre

Department for Levelling Up,  
Housing & Communities

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**REPORT**

**by the Comptroller  
and Auditor General**

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**SESSION 2022-23**

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# Investigation into the management of the Holocaust Memorial and Learning Centre

**Department for Levelling Up,  
Housing & Communities**

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## **Report by the Comptroller and Auditor General**

Ordered by the House of Commons  
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National Audit Act 1983 for presentation to the House of  
Commons in accordance with Section 9 of the Act

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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**28 June 2022**

## Investigations

**We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.**

**We conducted this investigation because of concerns raised by members of Parliament about the Department for Levelling Up, Housing & Communities' (the Department's) management of the programme to build a Holocaust Memorial and Learning Centre in Central London. This report sets out our findings on how the Department is set up to manage and maximise the impact of the programme and the emerging risks to cost and schedule.**

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## What this investigation is about

**1** The creation of a Holocaust Memorial and Learning Centre (the Memorial and Learning Centre) was recommended by the Holocaust Commission (the Commission) in January 2015, which stated the need for a ‘striking new memorial to serve as the focal point of national commemoration of the Holocaust ... prominently located in Central London to make a bold statement about the importance Britain places on preserving the memory of the Holocaust.’<sup>1</sup> The Commission also recommended that a new world-class learning centre should physically accompany the new national memorial. In 2015, the then Prime Minister, with cross-government support, announced his decision to build the Memorial and Learning Centre as recommended by the Commission. He committed to provide £50 million of funding at this time.

**2** The government tasked the Department for Levelling Up, Housing & Communities (the Department) with managing the delivery of the Memorial and Learning Centre, supported by a UK Holocaust Memorial Foundation Advisory Board (the Foundation). The government appointed the Foundation to provide public leadership of the programme and to give independent strategic advice. In January 2016, the government announced that Victoria Tower Gardens was the chosen site. As at March 2022, the forecast cost to build the Memorial and Learning Centre was £102.9 million (plus contingency). The Department estimates that the total costs of running the Memorial and Learning Centre are “likely to be in the range” of £6 million to £8 million per year.

**3** The Department states that its strategic aim is to “create a fitting national memorial to the six million murdered Jewish men, women and children and other groups who became victims of Nazi persecution, accompanied by a learning centre that will enable visitors to gain a greater understanding of the scale and nature of the Holocaust and of Britain’s role in relation to it”. To achieve this, the Department has set up a programme to construct and operate the Memorial and Learning Centre, which consists of three projects:

- constructing the Memorial and Learning Centre, which includes the so-called ‘basement box’ which will house the exhibition, the main works and the bronze fins;
- creating the exhibition content; and
- establishing the organisation to run the Memorial and Learning Centre.

<sup>1</sup> Holocaust Commission, *Britain’s promise to remember*, January 2015, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/398645/Holocaust\\_Commission\\_Report\\_Britains\\_promise\\_to\\_remember.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/398645/Holocaust_Commission_Report_Britains_promise_to_remember.pdf)

**4** We are undertaking this investigation in response to correspondence from members of Parliament who raised concerns about the programme's governance, cost transparency and management, and how the aims and specifications of the programme could be achieved.

**5** Construction of the Memorial and Learning Centre had not begun at the time of our fieldwork but, there are risks and uncertainties emerging which are likely to increase costs and cause delays. This investigation sets out our findings in relation to:

- how the Department is set up to manage the programme;
- maximising the impact of the programme; and
- emerging risks to cost and schedule.

**6** This investigation sets out the facts of the case based on a review of documents provided by, and interviews with, the Department. It does not seek to conclude on value for money. We do not assess the initial decision to create the Memorial and Learning Centre or the choice of its location, although we do examine the risks that have materialised as a result of that decision. A summary our findings from our work is in **Figure 1** on pages 6 and 7.

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## Figure 1

### Summary of findings on the management of the Holocaust Memorial and Learning Centre programme (the programme)

The National Audit Office has identified several risks for the Department for Levelling up, Housing & Communities (the Department) to manage at this stage of the programme

#### Summary

##### Managing the programme (see paragraphs 7 to 10)

- The Department does not have a track record of managing programmes of this nature.
- The Department has recruited specialists from across the civil service and externally, but the team does not have staff with programme management expertise in senior positions.
- The Department has set up governance arrangements for the programme.
- The programme has a board of external advisers – the UK Holocaust Memorial Foundation Advisory Board (the Foundation).

##### Maximising the impact of the programme (see paragraphs 11 to 13)

- The Department has clearly set out what it considers to be the strategic benefits of the Memorial and Learning Centre and mapped them against its objectives.
- The Department followed HM Treasury guidance in trying to demonstrate the wider operational and social benefits of the Memorial and Learning Centre.
- The Department has not yet put in place everything needed to maximise the wider operational and social benefits.

##### Emerging risks (see paragraphs 14 to 20)

- The programme has several risks that are emerging at this stage.
- The Department has experienced difficulties in finalising planning permission since December 2018.
- The Department estimates that difficulties in finalising planning permission for the intended location of the Memorial and Learning Centre has caused at least 12 months of delays as at June 2022.
- The Department has assessed how to minimise the impact of delays caused by the April 2022 planning decision.
- The Department does not have an alternative location if it is unable to build the Memorial and Learning Centre in Victoria Tower Gardens.
- The creation of the organisation to run the Memorial and Learning Centre is an additional risk to the schedule.
- Its preferred option is to create a new non-departmental public body (NDPB), which the Department considers would provide the necessary independence and permanence.

##### Risks of further cost increases (see paragraphs 21 to 24)

- The projected set-up costs for the Memorial and Learning Centre have continued to increase partly due to changes in scope and the inclusion of expenses that had not previously been costed.
  - As at April 2022, the Department has spent £15.2 million.
  - There is a risk that the contingency is not enough to cover further cost increases.
  - The programme has controls to try to safeguard against substantial cost increases.
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**Figure 1** *continued*

Summary of findings on the management of the Holocaust Memorial and Learning Centre programme (the programme)

**Summary**

**Risks to funding and financial exposure (see paragraphs 25 to 28)**

- There are several sources of funding for the construction of the Memorial and Learning Centre, but not all are guaranteed.
- The Department has not yet started fundraising activity for the £25 million of private donations required to fund the construction of the Memorial and Learning Centre.
- The Department expects private donations to part-fund the Memorial and Learning Centre's ongoing running costs once it opens.
- The Department considers that fund raising efforts may be hampered if it has to create a different type of organisation from the planned NDPB to run the Memorial and Learning Centre.

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**Note**

1 Risks are presented at a high level and are not intended to be a complete list of all programme risks.

Source: National Audit Office analysis of the Department for Levelling up, Housing & Communities' documents

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# Findings

## Managing the programme

### Capacity and skills

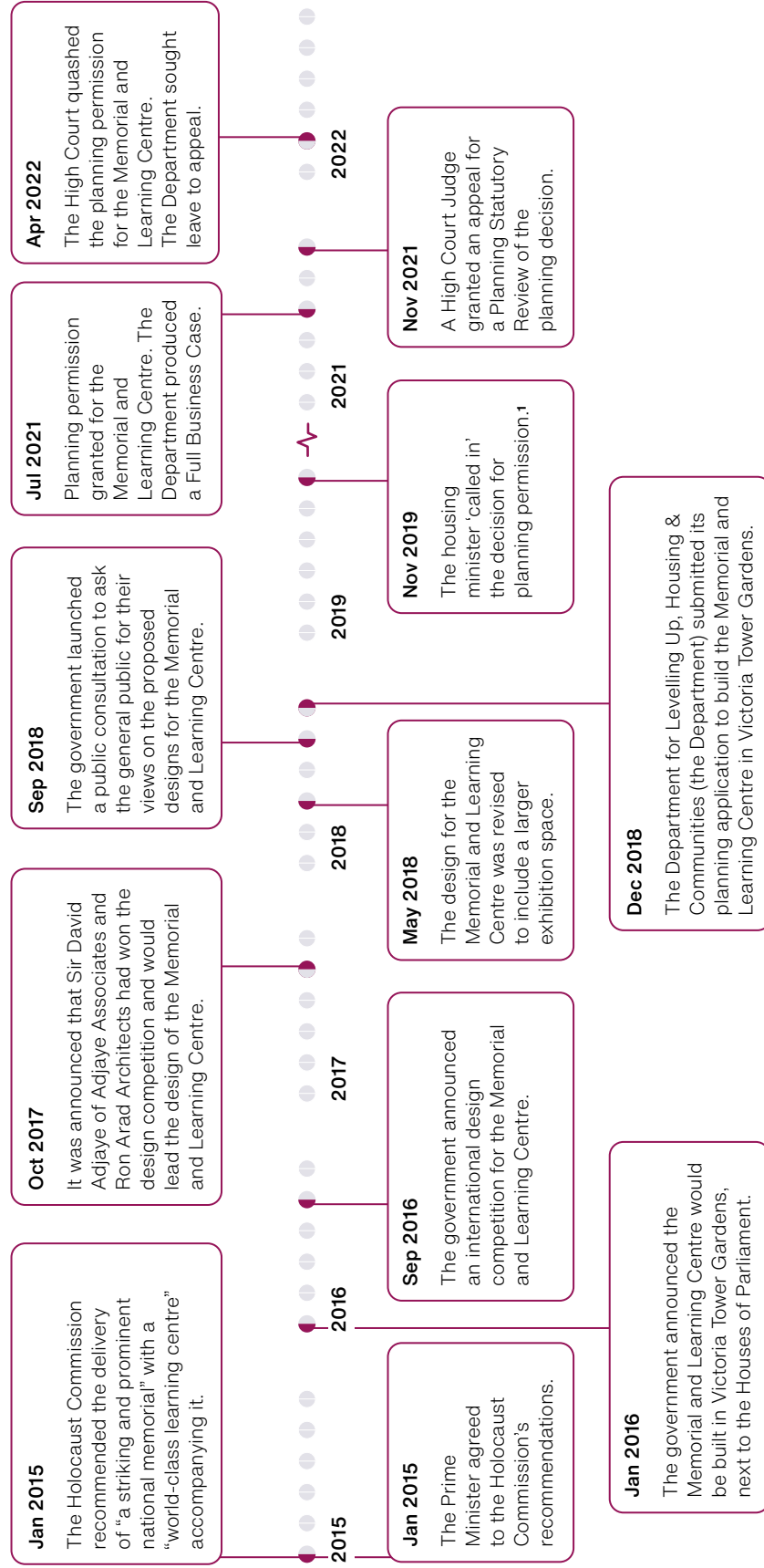
**7 The Department does not have a track record of managing programmes of this nature.** In January 2015, the government chose the Department to lead the programme because of its remit to support community and faith groups, rather than because it had any expertise in constructing and managing cultural centres and museums. The Department was not involved in the Prime Minister's earlier decision to develop the Memorial and Learning Centre nor in the initial decision to allocate government funding of £50 million. A timeline of the key events in the development of the Memorial and Learning Centre to May 2022 is in **Figure 2**.

**8 The Department has recruited specialists from across the civil service and externally, but the team does not have staff with programme management expertise in senior positions.** The Department assessed the skills it needs to manage the programme. It recruited specialists, including people and organisations skilled in construction, project and cost management, as well as experts in designing exhibition spaces. It has programme management and construction project management expertise in the team, but not at decision making level. The Infrastructure and Projects Authority (IPA) notes that senior responsible owners (SROs) are expected to have prior experience of project delivery and to have completed, or to complete, appropriate development.<sup>2</sup> However, the SRO and programme director do not have experience in leading major projects or programmes. There are no concrete plans in place for when they will undertake formal training.

<sup>2</sup> The IPA is the government's centre of expertise for infrastructure and major projects. As part of its role it produces relevant guidance, for example on the role of the senior responsible owner available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/818147/The\\_Role\\_of\\_the\\_SROc\\_online\\_version\\_V1.0.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818147/The_Role_of_the_SROc_online_version_V1.0.pdf)

**Figure 2** Timeline of the development of the Holocaust Memorial and Learning Centre (the Memorial and Learning Centre) 2015 to 2022

The development of the Memorial and Learning Centre has been ongoing since the government announced it would build it in 2015



**Note**

<sup>1</sup> 'Calling in' is when the housing minister uses their powers to take over a planning application rather than letting the local authority decide.

## Governance arrangements

**9 The Department has set up governance arrangements for the programme (Figure 3).** The Department has put in place a Programme Board, which meets monthly and is chaired by the SRO. The Programme Board owns the programme's objectives and monitors the performance of, and major risks to, the underlying projects and work packages. An Oversight Board sits above the Programme Board and must sign off any changes to the programme's strategic direction. The SRO or programme director authorise changes to the programme. The Secretary of State is the final escalation point for strategic decisions for the programme. In line with HM Treasury guidance, the then Accounting Officer produced an assessment of the programme at the Outline Business Case stage in November 2018, which the current Accounting Officer updated in February 2022. The IPA formally began to engage with the programme in 2019 when it began discussions about the programme joining the Government Major Projects Portfolio. The IPA joined the Programme Board in 2020 and in spring 2021, the programme joined the Government Major Projects Portfolio. In April 2020, the Department developed an Integrated Assurance and Approvals Plan, which outlines the programme's governance and assurance arrangements, including when the independent IPA assurance reviews and HM Treasury approvals are needed. The IPA has reviewed the Integrated Assurance and Approvals Plan. In May 2021, the IPA performed an assurance review on the Full Business Case, assigning a delivery confidence rating of 'Amber'.<sup>3</sup> This review did not consider the case for the future operation of the Memorial and Learning Centre. The Department completed a self-review of its governance of the programme in December 2021 and subsequently implemented several minor changes.

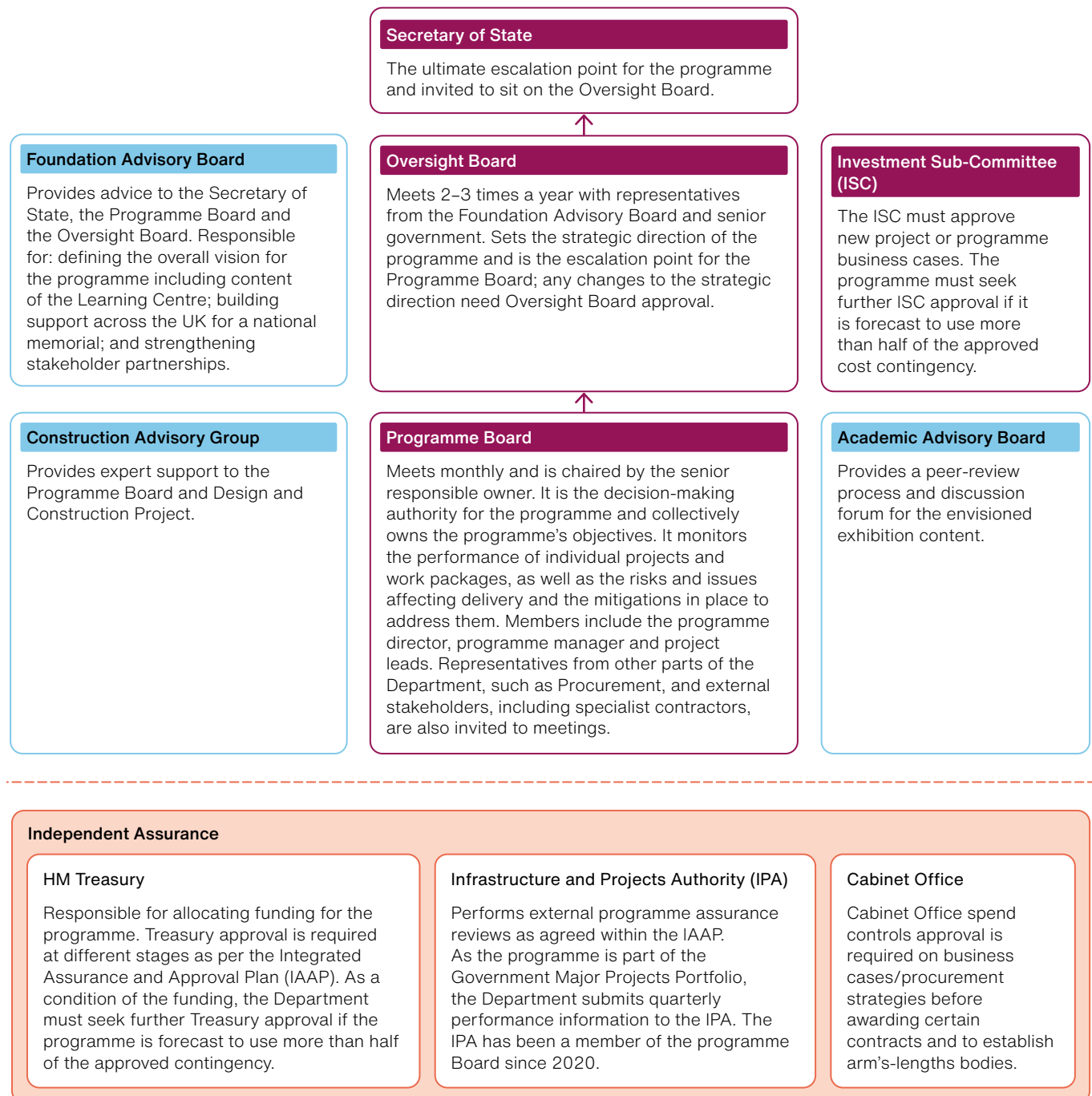
**10 The programme has a board of external advisors – the UK Holocaust Memorial Foundation Advisory Board (the Foundation).** The Foundation was created in 2015 to implement the recommendations of the Holocaust Commission. Some members of the Foundation, including the co-chairs, sit on the Oversight Board. The Department told us that it has found the Foundation's advice very useful, for example, on the type of organisation to operate the Memorial and Learning Centre and in relation to the decision to increase its size.

<sup>3</sup> The IPA defines amber as 'successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.'

**Figure 3**

## Programme governance for the Holocaust Memorial and Learning Centre (the Memorial and Learning Centre)

The Department for Levelling Up, Housing & Communities (the Department) has put governance structures in place to manage the programme



□ Core governance   □ Advisory body   □ Independent assurance   → Flow of accountability

Source: National Audit Office analysis of the Department for Levelling Up, Housing & Communities' project management documentation

## **Maximising the impact of the programme**

**11 The Department has clearly set out what it considers to be the strategic benefits of the Memorial and Learning Centre and mapped them against its objectives.** These include:

- that the UK has a suitable national memorial to the Holocaust;
- increased awareness and understanding within the UK, and among overseas visitors, of the facts of the Holocaust and its relevance to Britain;
- the Memorial and Learning Centre is successfully operating with a sustainable financial model, strong independent leadership and clear accountability; and
- charitable donations of £25 million to enable the completion of the Memorial and Learning Centre.

**12 The Department followed HM Treasury guidance in trying to demonstrate the wider operational and social benefits of the Memorial and Learning Centre.**

HM Treasury guidance states that departments must demonstrate the value for money of their programmes. As well as setting out the wider operational and social benefits of the Memorial and Learning Centre, the Department also tried to show that the Memorial and Learning Centre has some quantifiable value by producing a benefit-cost ratio using an accepted methodology. The Department is aware that assessing value for money for a major cultural project is inherently difficult as the value to society of many of the expected benefits are difficult to quantify. The decision to develop a memorial to the Holocaust was a cross-government one, based on its inherent value to society, rather than its financial value.

**13 The Department has not yet put in place everything needed to maximise the wider operational and social benefits.** It has developed a benefits management strategy and a benefits register to assign responsibility to, and monitor the status of, the identified benefits. The Department lists several benefits (see paragraph 11), but some are requirements to build the Memorial and Learning Centre rather than its benefits. In addition, the Department has not yet agreed which performance metrics it will use to indicate whether some of the intended benefits are being realised, for example, visitor numbers and satisfaction. It has committed to complete a 'Gate 5' review of the programme after the formal opening of the Memorial and Learning Centre to assess whether:

- the benefits set out in the Full Business Case are being achieved;
- the operational service is running smoothly; and
- the agreed strategic outcomes are being met.<sup>4</sup>

The Department has not set out any plans for post-programme evaluation, such as expected timings, management arrangements or budget requirements.

### Emerging risks

**14 The programme has several risks that are emerging at this stage.** The Department has put in place processes to identify, monitor and mitigate risks to the programme. It maintains two risk registers - one for the Design and Construction project and the other for the overall programme. The highest rated risks and issues are reported monthly to the Programme Board. However, the Department told us that there have been delays in updating and quantifying risks, such as the risk of increased archaeological costs. Some risks have already started to materialise, causing delays and increased costs for the programme.

<sup>4</sup> Gate Review processes are linked to HM Treasury's Five Case Model (available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749085/Programme\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749085/Programme_Business_Case_2018.pdf)) and look to examine programmes and projects at key decision points in their lifecycle to provide assurance that they can progress successfully to the next stage. Further information on the Gate 5 review process is available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1002693/1174-APS-5-CSS0521656666-001\\_Gateway\\_Web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002693/1174-APS-5-CSS0521656666-001_Gateway_Web.pdf)

## Risks of further delays

**15 The Department has experienced difficulties in finalising planning permission since December 2018.** The Department explored possible sites for the Memorial and Learning Centre. In 2016, the government announced the chosen location as Victoria Tower Gardens, a small triangular Grade II-listed green space next to Westminster Abbey and the Palace of Westminster. The Department considers that the location next to Parliament would be a powerful demonstration of the relevance of the Holocaust to the government and UK society. However, there has been opposition to the location in Victoria Tower Gardens amid concerns about the potential impact on the park. This has led to challenges to planning permission (**Figure 4**). The Department acknowledged opposition to planning permission as a risk to construction.

**16 The Department estimates that difficulties in finalising planning permission for the intended location of the Memorial and Learning Centre has caused at least 12 months of delays as at June 2022.** In July 2021, the Department had scheduled initial construction to begin in mid to late 2021 and the Memorial and Learning Centre to open to the public early in 2025. As of March 2022, the scheduled start of construction had slipped to spring 2022 and opening to autumn 2025. The Department estimates that the April 2022 decision to quash planning permission is likely to delay the start of construction by a further six months. It was delaying rescheduling milestones until the timetable for its appeal was clearer although in June 2022 it estimated that the basement box contract award would be delayed until approximately December 2022 and the appointment of the audio-visual (AV) and creative designers until autumn 2023. The delays to key programme milestones as at June 2022 are shown in **Figure 5** on pages 16 and 17.

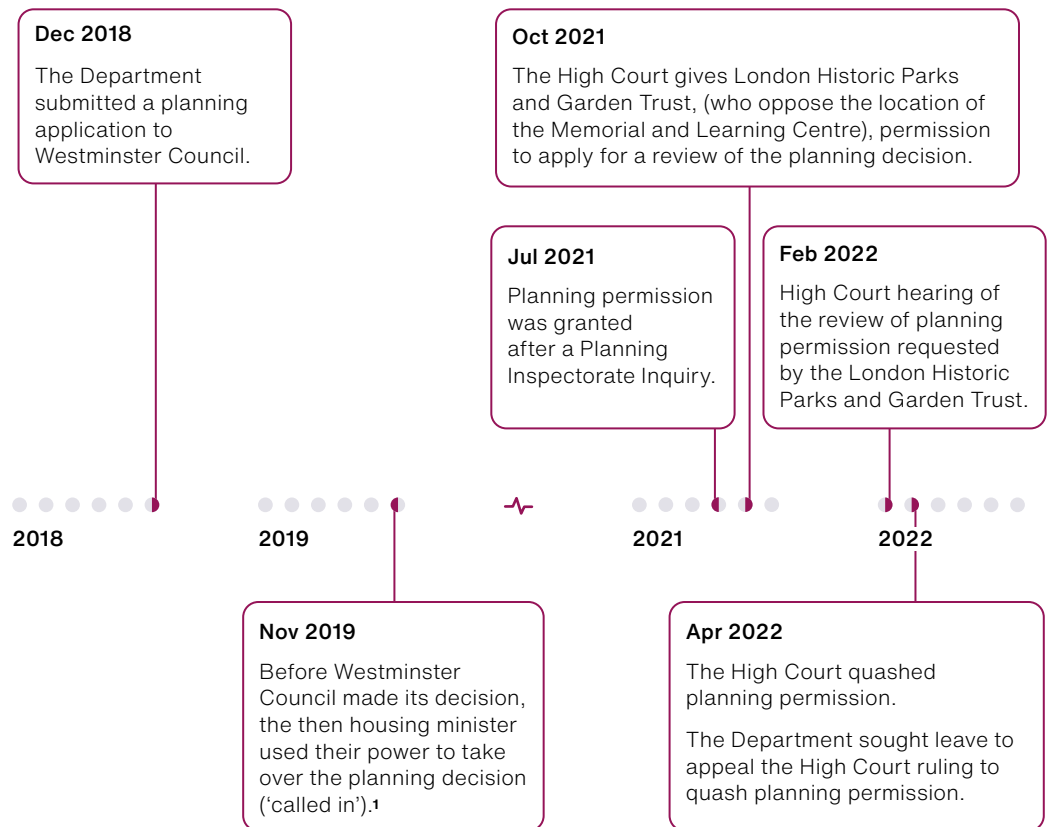
**17 The Department has assessed how to minimise the impact of delays caused by the April 2022 planning decision.** The Department told us that it was confident that the opponents' appeal of planning permission would fail, based on its legal advice which assessed the Department had a good chance of success. Therefore, in February 2022, the minister for Local Government, Faith and Communities agreed to let the contract for the 'basement box' (which would house the exhibition centre) before the appeal was decided, subject to additional approvals. At this time, the Department considered it was possible for some reversible 'enabling works' (such as preparing for utilities) to go ahead while the planning appeal was ongoing. It was also concerned that delaying letting the contract would increase prices because of inflation in the construction sector. However, the appeal was concluded and planning permission was quashed before the contract was let. The Department therefore decided it was too risky to let the basement box contract and has explored options to minimise cost increases caused by the delays. It told us that it was also "standing down" some contracts without cost penalties, such as the architects, to try to save money.



**Figure 4**

Timeline of applying for planning permission for the Holocaust Memorial and Learning Centre from December 2018 to April 2022

The Department for Levelling Up, Housing & Communities (the Department) has been trying to finalise planning permission since December 2018

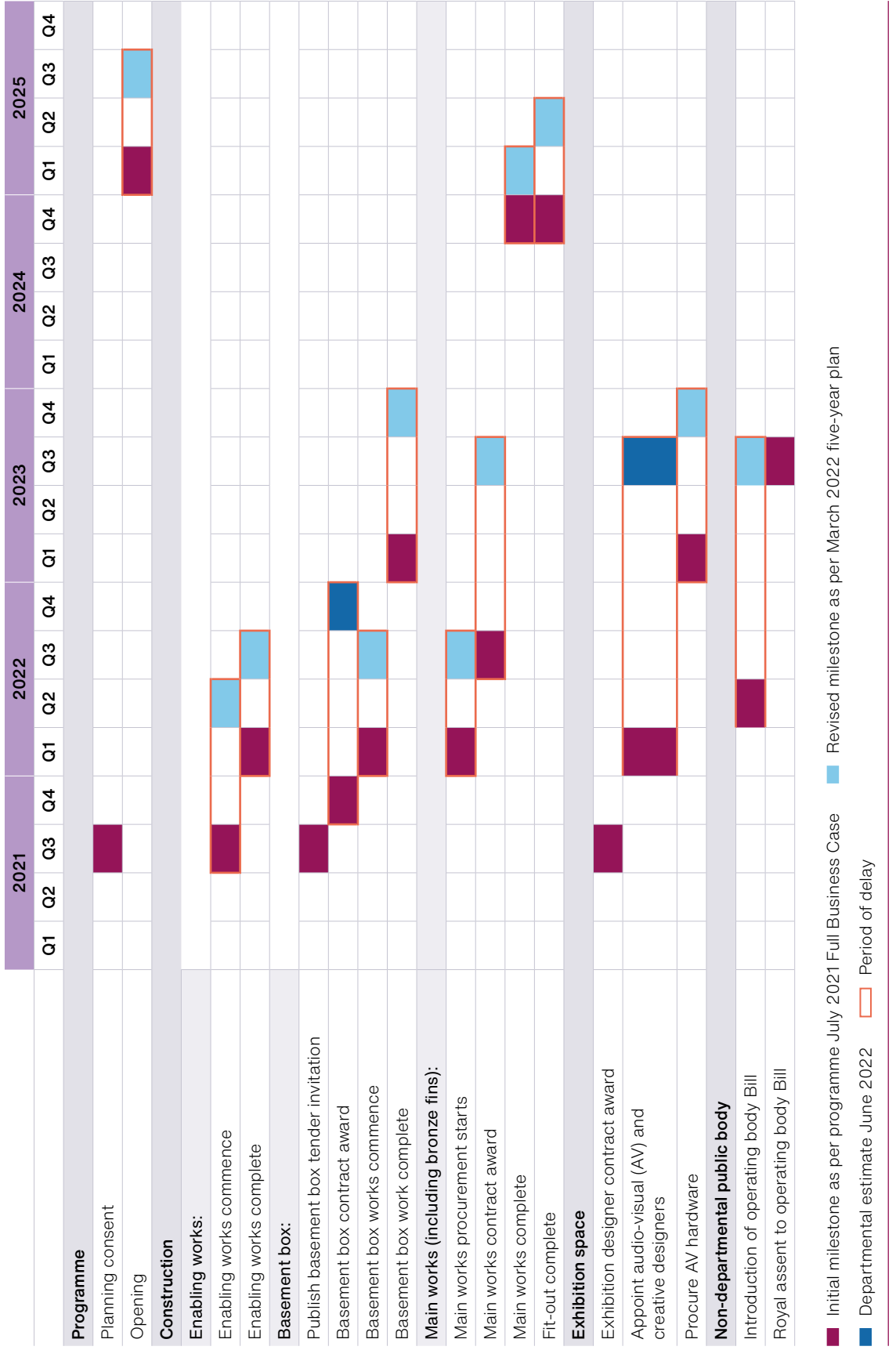
**Note**

- 1 'Called in' is when the housing minister uses their powers to take over a planning application rather than letting the local authority decide.

Source: National Audit Office analysis of the Department for Levelling Up, Housing & Communities' documents

**Figure 5**  
Key programme milestones for the Holocaust Memorial and Learning Centre, 2021 to 2025

Before the decision to quash planning permission in April 2022, the programme was already delayed by at least six months



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**Figure 5** *continued*

## Key programme milestones for the Holocaust Memorial and Learning Centre, 2021 to 2025

**Notes**

- 1 While the Full Business Case has a date for the Royal assent to the operating body Bill, the March 2022 five-year plan does not. The Department was unable to estimate the delay as it depends on the timing of the legislative calendar.
- 2 As at June 2022, the Department was delaying rescheduling milestones until the timetable for its appeal was clearer. However, it provided estimates for the delays to the basement box contract award and the appointment of the audio-visual and creative designers.

Source: National Audit Analysis of the Department for Levelling Up, Housing & Communities' Full Business Case and five-year plan

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**18 The Department does not have an alternative location if it is unable to build the Memorial and Learning Centre in Victoria Tower Gardens.** The Department still considers the choice of Victoria Tower Gardens intrinsic to the Memorial and Learning Centre. It has decided not to develop a 'plan B' for an alternative location should the planning application be ultimately unsuccessful. It told us that changing to a different location would result in needing to start many aspects of the programme from scratch. The Department has chosen not to engage further with opponents to the location until planning is decided. The Department also has no agreed contingency plans that it can put into action if it is unable to create a new NDPB to run the Memorial and Learning Centre (paragraph 20).

**19 The creation of the organisation to run the Memorial and Learning Centre is an additional risk to the schedule.** The Department considered several options for operating the Memorial and Learning Centre once it is built. These options included:

- creating a new NDPB;
- handing over to an existing NDPB; or
- setting up a subsidiary of an existing NDPB with charitable status.

**20 Its preferred option is to create a new NDPB, which the Department considers would provide the necessary independence and permanence and be the most acceptable model for potential donors.** Its creation needs permission from the Cabinet Office. Cabinet Office guidance sets out that: "new arms-length bodies should only be set up as a last resort". Therefore, the Department will need to demonstrate that it has considered all other possible options and concluded none were viable. HM Treasury has advised the Department that legislation is also needed to give authority for grant funding to support running costs. HM Treasury has not approved the set-up of such a body, nor noted that it is content with the evidence provided for the Department's position. The Department had initially hoped to introduce legislation to Parliament in spring 2022 but was unable to estimate the delay as timing depends on the legislative calendar. The Department aims for the new NDPB to be operational a year before the Memorial and Learning Centre opens. The timetable, as of March 2022, is to recruit a chair and key senior staff when the Bill to create the NDPB has been through its second reading. It plans to recruit and appoint other staff in early 2024.

## Risks of further cost increases

**21 The projected set-up costs for the Memorial and Learning Centre have continued to increase partly due to changes in scope and the inclusion of expenses that had not previously been costed.** In 2017, HM Treasury approved £50 million of funding to cover the construction costs. In 2018, at the recommendation of the Foundation, the size of the Memorial and Learning Centre was increased by 60%, which the Foundation considered to offer better value for money from the exhibition and learning space. The Foundation based this increase on the size of the temporary exhibition space in the US Holocaust memorial museum. The Department considered four options for the size of the Memorial and Learning Centre. To inform its decision, it commissioned an assessment of the feasibility of several different sizes. The forecast cost in the April 2019 Outline Business Case increased from £50 million to £89 million because of the expanded size of the Memorial and Learning Centre, the inclusion of VAT, additional security measures and a higher specification of fit-out. The Department added contingency for risk and uncertainty to the £89 million. In the Department's July 2021 Full Business Case, forecast costs increased to £99.7 million, plus contingency (**Figure 6**). The increase was mostly due to:

- £6 million of previously excluded archaeological costs;
- £2.2 million in design fees and creating two new roles to provide construction advice;
- £1.9 million on construction costs for some security measures and cost inflation;
- £1.4 million of unplanned planning inquiry costs; and
- £2.1 million decrease resulting from a reduction and refinement of exhibition content and delivery.

The Department increased the amount of contingency following the IPA's review of the Full Business Case.<sup>5</sup> The Department's £99.7 million cost estimate is a point estimate. However, IPA guidance outlines that "cost estimates must present ranges of possible outcomes to articulate the level of confidence in the underlying calculations. The ranges should narrow as the project and data matures."<sup>6</sup>

<sup>5</sup> We are not reporting contingency values because of commercial sensitivity.

<sup>6</sup> IPA Cost estimating guidance, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/970022/IPA\\_Cost\\_Estimating\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970022/IPA_Cost_Estimating_Guidance.pdf)

**Figure 6**

Changes in the forecast costs for the Holocaust Memorial and Learning Centre (the Memorial and Learning Centre) 2019 to 2022

The projected costs to set up the Memorial and Learning Centre have continued to increase

	April 2019 Outline Business Case	July 2021 Full Business Case	March 2022 Forecast
	(£m)	(£m)	(£m)
Administrative costs and overheads <sup>1</sup>	9.8	9.7	9.6
Design and planning fees	8.3	11.9	12.6
Construction costs <sup>2</sup>	52.0	59.9	62.3
Research and development, design and fit out <sup>3</sup>	16.8	14.7	14.8
Mobilisation costs <sup>4</sup>	2.1	3.6	3.6
<b>Total (excluding contingency)</b>	<b>89.0</b>	<b>99.7</b>	<b>102.9</b>

**Notes**

- 1 Including the programme team and other programme costs.
- 2 Including the bronze fins.
- 3 Costs relating to the exhibition space in the Memorial and Learning Centre.
- 4 Costs relating to the operating body preparations and pre-opening operating costs.
- 5 We do not include the value of contingency because of commercial sensitivity.
- 6 Numbers do not sum due to rounding.
- 7 We used costs for the Outline Business Case and Full Business Case stages as presented in the Full Business Case. The Department for Levelling Up, Housing & Communities (the Department) added 2% inflation to the baseline forecast costs at Full Business Case stage (except for the construction and content and exhibition elements where it applied sector specific inflation as advised by the programme's consultants).
- 8 The March 2022 forecast costs do not take into account cost increases that have resulted from difficulties in finalising planning permission as the Department had not calculated these at the time of publication.

Source: National Audit Office analysis of the Department for Levelling Up, Housing & Communities' internal cost data and business cases

**22 As at April 2022, the Department has spent £15.2 million.** Due to planning difficulties delaying the start of construction, the Department has spent around £6 million less than it had planned to at this stage. However, the Department has forecast an increase in pre-contingency whole life programme costs of £3.2 million due to factors such as construction inflation and increases in some fees and contract costs, reducing the available contingency.

**23 There is a risk that the contingency is not enough to cover further cost**

**increases.** In its May 2021 Gate 3 review, the IPA reported that “material questions remain regarding costs – particularly the funded contingency – and to a lesser extent the overall schedule”. The Department has identified risks to the programme, including possible delays and cost increases because of:

- inflationary and wider industry pressures (such as shortages in workforce and materials) leading to higher than forecast contracted construction costs;
- dealing with key archaeological finds or risk of damage to trees; and
- delays in receiving approval for planning permission or to set-up the NDPB.

The Department calculated the value of risk and uncertainty contingency in its Full Business Case by adding a percentage to the estimated cost for each element of the Memorial and Learning Centre. However, forecasts are based on contracts yet to be let and the Department accepted that its contingency did not cover every eventuality. As of March 2022, the Department estimated that the “most likely cost impact” of its design and construction risks would exceed the current total contingency.<sup>7</sup> At the time of publication the Department had not yet calculated the increase in forecast costs that will result from the difficulties in finalising planning permission at the time. The Department has not attempted to quantify, or account for, some of the risks associated with planning permission being declined, such as the costs of alternative options, including (if needed) alternative locations, as it considers that a new location would need a new business case and many elements of the Memorial and Learning Centre would need to start again. For example, the design, which has been tailored to the location, would need to be reconsidered.

**24 The programme has controls to try to safeguard against substantial cost**

**increases.** A financial review by the Department’s Investment Sub-Committee and HM Treasury will be triggered at any time if the Department’s forecast costs show the programme is going to use more than 50% of the agreed contingency. The Department is trying to control costs in other ways. It is considering how to share risks with suppliers, for example through applying an inflation index to agreed costs. To monitor costs, the Department has contracted specialists such as cost managers on its Design and Construction and Exhibition Delivery projects. The Department uses inputs from the cost managers to produce revised whole life cost forecasts for the programme monthly to reflect routine changes and as needed for more significant cost changes. The Department has already decreased its forecast costs by £5 million through ‘value engineering’ (work which aims to save costs or time by doing things differently). However, it is uncertain if it is able to make any significant further savings in this way.

<sup>7</sup> The ‘most likely impact’ for each individual risk is calculated as (the most likely estimate of the cost in the event that the risk occurs) x (the estimated probability of the risk occurring).

## Risks to funding and financial exposure

**25 There are several sources of funding for the construction of the Memorial and Learning Centre, but not all are guaranteed.** They are:

- £50 million from HM Treasury;
- £25 million expected from private donations;
- £25 million from the Department to match fund the private donations; and
- a specified amount from the Departmental budget to cover any contingency needed.<sup>8</sup>

HM Treasury has stipulated that the Department must cover any shortfalls in funding or increase in forecast cost.

**26 The Department has not yet started fundraising activity for the £25 million of private donations required to fund the construction of the Memorial and Learning Centre.** The Holocaust Memorial Charitable Trust (registered with the Charity Commission) has committed to raising this money on the Department's behalf.<sup>9</sup> It has told the Department that it will not begin fund raising activity until planning permission is granted. The Department is confident that the £25 million will be raised in full. If not, the Department has agreed with HM Treasury that it will make up any shortfall from the Departmental budget. The Department intends to monitor progress in fundraising but has not yet determined how it will do so. Our 2017 review on due diligence processes for potential donations focused on the risks faced by charities and museums which the Department may need to consider for this programme.

**27 The Department expects private donations to part-fund the Memorial and Learning Centre's ongoing running costs once it opens.** HM Treasury has stipulated that the running costs should come from the Department's budget. The Department estimates that the running costs are "likely to be in the range" of £6 million to £8 million per year. The Department considers that the opportunities for achieving an income from commercial activities are limited. It intends that entry for visitors will be free of charge. It expects that £1.5 million of funding (per year after five years of the Memorial and Learning Centre's operation) will come from private donations and fundraising. It does not yet have a plan as to how it will raise these donations, for example, whether it will be from private individuals or visitor donations.

<sup>8</sup> We are not reporting contingency values because of commercial sensitivity.

<sup>9</sup> The Charity Commission regulates charities in England and Wales.

**28 The Department considers that fundraising efforts may be hampered if it has to create a different type of organisation from the planned NDPB to run the Memorial and Learning Centre.** In particular, the Department considers that a new NDPB established as an independent, permanent institution solely focused on Holocaust commemoration and education would likely be more attractive to donors or sponsors than an institution which is a subsidiary of, or joined to, an existing organisation. The Department is also concerned that potential donors may be deterred if the Memorial and Learning Centre's location is changed from Victoria Tower Gardens.

### **Recommendations**

**29 To help manage the emerging risks, we recommend that the Department:**

- a** implement its plans to mitigate the impact on time and cost of the ongoing legal process regarding planning permission and to regularly review and update these plans in light of new developments.
- b** reflecting that new risks have emerged since the Full Business Case was approved (such as difficulties with planning permission and construction cost inflation), have further discussions with HM Treasury over putting in place additional trigger points for mechanisms to control costs.
- c** ensure that senior programme and project leaders have the necessary skills or have completed appropriate training, to help comply with IPA guidance which states that SROs are expected to have prior experience of project delivery and to have completed, or to complete, appropriate development.



# Appendix One

## Our investigative approach

### Scope

**1** We conducted an investigation into the programme to build and run the Holocaust Memorial and Learning Centre (the Memorial and Learning Centre). Our work focused on emerging risks to cost and schedule, achieving the benefits of the programme and governance arrangements. We carried out this investigation in response to correspondence from Members of Parliament. We examined:

- governance;
- benefits realisation; and
- emerging risks.

### Methods

**2** In examining these issues, we drew on a variety of evidence sources.

**3** We interviewed key individuals from the Department for Levelling Up, Housing & Communities (the Department) to understand how it is managing the programme to build and run the Memorial and Learning Centre. We have also interviewed representatives from the Infrastructure and Project Authority.

**4** We reviewed the Department's programme documents such as risk registers, programme management strategies, board minutes and business cases. We also reviewed forecast costs.



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