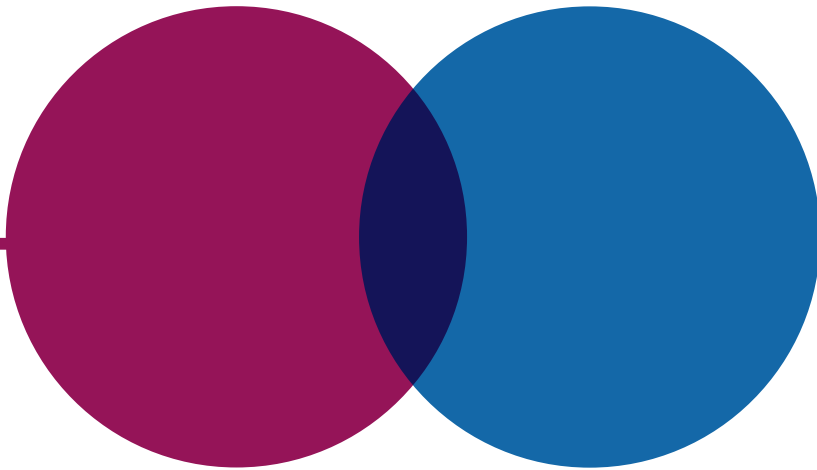




National Audit Office




REPORT

Restoration and Renewal of the Palace of Westminster: 2026 Update

Parliament

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Restoration and Renewal of the Palace of Westminster: 2026 Update

Parliament

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

8 June 2026

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Contents

Key facts 4

Summary 5

Part One

Progressing the Restoration and
Renewal Programme 14

Part Two

The costed options 18

Part Three

Phase one works 22

Part Four

Governance 27

Appendix One

Our audit approach 30

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Key facts

4

options have been developed for delivering the Programme

2

options are being recommended for further development

2030

the target set by the Client Board for selecting a final delivery option

2000

when the first surveys identified concerns around the fabric and services of the Palace

2019

when Parliament passed the Parliamentary Buildings (Restoration and Renewal) Act which set out the arrangements for delivering the Programme

85%

the approximate percentage of the Programme's estimated construction costs that are priority works (including building services, building fabric conservation, fire safety and asbestos removal)

£3 billion

the cost cap for the proposed phase one package of works

£320 million to £420 million

the estimated increase to the overall cost of delivering the programme for every year of delay

Summary

What the Restoration and Renewal Programme is

1 The Palace of Westminster (the Palace) requires extensive restoration to address serious risks and priority improvements, including deteriorating mechanical and electrical systems, fire safety issues, the presence of asbestos and the condition of the historic fabric.

2 In 2013, both Houses of Parliament established the Restoration and Renewal Programme (the Programme), to address these concerns. In 2018, Parliament agreed that work had to be done on the Palace. It also agreed to leave the Palace (known as ‘decant’) while work was ongoing. In 2019, Parliament passed the Parliamentary Buildings (Restoration and Renewal) Act 2019 (The Act). The Act sets out arrangements for delivering the Programme, including establishing new bodies, defining their functions and governance, and setting the funding approval process.

Key organisations involved in the Programme

3 The key organisations and bodies involved in the governance and decision-making of the Programme are as follows.

- **The House of Commons and the House of Lords**, which are, separately, required to provide Parliamentary approval for proposals and funding for phase two works.
- **The House Commissions**, (one for each House) which are responsible for the administration and services of the Houses. They also set the expenditure limit for the phase one works.
- **The Clerks of the Houses** who, as Corporate Officers, are the clients for the Programme on behalf of their Houses and are the Accounting Officers for the Programme.
- **The Client Team** which acts on the Clerks’ behalf and executes the strategic direction for the Programme and manages and oversees the Delivery Authority.
- **The Client Board**, the House Commissions meeting jointly, responsible for making critical strategic choices and recommendations, with advice from the Programme Board.

- **The Programme Board**, comprising Members from both Houses, the Clerks of the Houses and independent external experts, which has delegated responsibility for the day-to-day direction and oversight of the Programme.
- **The Delivery Authority**, responsible for day-to-day delivery of the Programme.
- **Strategic Estates**, responsible for managing the Parliamentary Estate. It is responsible for some of the projects that are part of the Programme, for example the work on the Northern Estate where the House of Commons will decant.

Further detail on roles and responsibilities is provided in Part Four.

Why we are reporting on the Programme now

4 The Programme is at a critical stage. The Client Board is seeking approval from Parliament to reduce the number of delivery options being considered from four to two. It is also asking Parliament to authorise a seven year, £3 billion capped package of initial works (known as the ‘phase one works’) to allow the Programme to progress while the delivery options are developed further. The phase one works include procuring a strategic partner to carry out the restoration work and provision of temporary accommodation. In February 2026, the Client Board published the costed proposals report. The report sets out where the Programme is, provides high level cost and schedule estimates, and risks for four delivery options.

- **Full decant (£11.1 billion to £15.6 billion, 19 to 24 years):** Where both Houses move out of the Palace for much of the works.
- **Continued presence (£14.4 billion to £22 billion, 33 to 45 years):** Where the House of Lords would move out, but the Commons would continue to sit in a chamber in the Palace throughout the works.
- **Enhanced maintenance and improvement (EMI) (£23.3 billion to £56.3 billion, 52 to 84 years):** Where the Palace would be split up into 14 zones to be worked in on stages, aiming to ensure that no more than 30% of the Palace would be decanted at any one time. This option would seek to retain both Chambers throughout the programme, carrying out work on these areas when the Houses are not sitting, such as during recesses.
- **Enhanced maintenance and improvement plus (EMI+) (£19.5 billion to £39.2 billion, 38 to 61 years):** Similar to the above, but with the House of Lords being decanted for eight to 13 years, and the Commons using the Lords Chamber for up to two years.

The costs include estimates of inflation and contingency to allow for risk and overoptimism but exclude opportunities, and they may differ from other presentations which include/exclude these factors.

5 Although Parliament agreed in 2018 to vacate (or ‘decant’ from) the Palace during restoration, Parliamentarians have continued to disagree on whether and how fully they should leave while the works are underway. The Client Board consider that Parliament needs to decide on a preferred way forward for the programme, as keeping multiple delivery options open creates unnecessary work and increases risks.

6 The Client Board has recommended that the Delivery Authority develop two options further: **full decant and EMI+**, to inform a final decision by Parliament by 2030. It decided to recommend developing two options further rather than just one, to reduce ongoing costs while still giving the Houses a choice. It would also recognise the current lack of consensus among MPs about how to deliver the Programme, as well as the prospect that the next Parliament could change the direction of the Programme before substantive progress is made in delivering it.

7 Approving the Client Board’s recommendations requires Parliamentary debates, which need to be timetabled by the government.

Scope of our work

8 We reported on early value-for-money risks to the Programme in 2020. In 2022, we updated on progress. This report examines whether the Programme is set up for success at this stage of development and makes recommendations where necessary to put it on a stronger footing. It examines:

- progressing the Programme, including the risks of delay and re-opening decisions;
- how the cost and schedule estimates for the costed proposals were developed and assured;
- plans for the phase one works including temporary accommodation; and
- how governance on the Programme is working and how it may need to change.

Key findings

Progressing the Programme

9 There are risks to value-for-money in delaying a decision on the Programme.

Successive reports have made clear that the Palace is in urgent need of work, and further delay increases the risk of catastrophic failure. The Client Team and the Delivery Authority estimate that each year of delay corresponds to an additional £320 million to £420 million on top of the overall cost of delivering the Programme. Parliament currently spends around £1.5 million a week on maintenance of the Palace, including major refurbishment projects. This is forecast to increase to around £2 million a week between 2026 and 2030. The Programme is estimated to reduce the cost of major refurbishment projects by £0.7 million a week, though it is hard to provide a realistic baseline for what would happen if the Programme did not go ahead. Delay may also reduce supplier confidence and competition, which could increase costs (paragraphs 1.2 to 1.6).

10 The Programme has developed through a series of decisions taken over many years and across several Parliaments.

As the composition of both Houses changes over time, many Members were not involved in earlier decisions and may only encounter the Programme at a single point in its development. While various reports explain objectives and recommendations at specific stages, they do not provide a simple account of how those decisions fit together or how earlier choices shape the proposals now being put to Parliament. This makes it harder to maintain a shared understanding of the Programme's purpose, its agreed direction and the constraints that now apply (paragraphs 1.7 to 1.13).

Cost and schedule estimates

11 The costed options provide enough information for a decision on the way forward, although the EMI options are less developed and more uncertain.

All the options and their underlying cost and schedule estimates underwent a standard development process and internal and external checks to assure them. The Delivery Authority developed the full decant and continued presence options throughout the Programme, whereas Strategic Estates has only been developing the EMI options (EMI and EMI+) since 2023. To aid comparability, the Delivery Authority, Strategic Estates and the Client Team aligned underpinning information including incorporating information from the more developed Delivery Authority designs into the EMI options. However, the EMI options use a different underground design and a different delivery strategy which are less mature, meaning their estimates are more uncertain. All options will face cost and schedule pressure as they develop further, but the EMI options are more exposed because their technical feasibility cannot be confirmed until the next design stage, and their longer timelines make costs harder to estimate (paragraphs 2.2 to 2.7).

12 The Programme has many unique aspects which add to its cost and make it difficult to benchmark to other projects. The Palace is a Grade 1 listed building within a UNESCO World Heritage site in central London, combining large open spaces with many small, enclosed rooms, electrical, heating and plumbing systems threaded through the building and high levels of asbestos. These constraints limit access and productivity, increasing complexity, time and cost, particularly where Parliamentarians and staff remain on site. The Programme also depends on specialist heritage skills. A Delivery Authority review indicated the Programme was relatively expensive compared with parliamentary building projects around the world. However, this reflects its distinctive requirements, including underground service tunnels to improve ease of future maintenance, deeper basements, riverside works, and the extent to which Parliamentarians and staff remain on site. Uncertainties such as the full extent of asbestos and presence of heritage collections also present risks for future cost and schedule pressures (paragraphs 2.8 to 2.9).

13 Around 85% of the Programme’s estimated construction cost is for the priority works which include renewing the building’s services, restoring its fabric, and improving fire safety. The Programme Board examined different ways of delivering the Programme’s requirements, ranging from more limited improvements to more ambitious changes. It chose a “reasonably ambitious” scope, known as outcome level 4. Analysis showed that most costs are driven by meeting core requirements, so moving to a less ambitious (level 3) or more ambitious (level 5) scope would change costs by only around 5% either way. The estimates contain contingency funding to account for uncertainty and for cost and schedule risks, supported by comparisons with other major programmes of its kind. Full decant has the lowest amount of contingency added, reflecting its relative certainty and lower risk, compared with EMI’s greater uncertainty and higher delivery risks (paragraphs 2.8 and 2.10 to 2.12).

Phase one works

14 Carrying out phase one preparatory works while progressing the Programme is a sensible approach. The Client Board has asked Parliament to approve an initial seven-year package of works, capped at £3 billion, known as the “phase one works”. These works comprise early and enabling works, pre-construction activities such as planning, design and procurement as well as work to develop and acquire temporary accommodation for the Houses. Delivering these works allows the Programme to continue to progress while also managing several risks. These include the costs associated with delaying further activity, the time to develop detailed plans for the Palace, ensuring the delivery option chosen is viable and preparing temporary accommodation to decant the Houses into (paragraphs 3.2 to 3.4).

15 Plans for how the phase one works will be delivered and overseen need to be finalised. The current package of works in the costed proposals covers the first seven years of work of the Programme. While the Client Team and Delivery Authority have identified what needs to be done in phase one, they recognise that delivery plans need to be developed further before work can start. If Parliament keeps more delivery options in play than those proposed, phase one becomes more complex and could increase unnecessary costs, as phase one would need to work for whichever option is ultimately selected. Strategic Estates are delivering some elements of phase one, making clear governance and strong coordination essential. Roles, responsibilities and decision-making need to be set out so that cost, schedule and risk remain under control, and so that interdependencies between projects are managed effectively (paragraphs 3.4 to 3.6).

16 All options depend on temporary accommodation being ready on time but current risks could delay the timetable, particularly for the full decant option. Suitable temporary accommodation is essential to ensure Parliament can continue to function properly during the works. Delivering it is complex: it requires agreement on how each House will operate in its new space, and then designing and delivering buildings, services, access and security to support that model.

- For the House of Lords, plans are still at an early stage and there is limited contingency if there are delays in acquiring and taking possession of the Queen Elizabeth II Conference Centre currently owned by the Ministry of Housing, Communities & Local Government.
- For the House of Commons, the accommodation programme is less mature and more complex, and current plans suggest it will not be ready in time for full decant or for the main works to begin.

The Delivery Authority is working on phasing the decant and possession of the Palace, to create more time for temporary accommodation to be ready. Aligning plans and making them realistic and resilient will require sustained effort from all parties (paragraphs 3.7 to 3.16).

Governance

17 The current governance model is designed for Parliamentary engagement and developing options, rather than clear accountabilities and decision-making for delivery. Since Parliament made changes in 2022, the governance structure has brought Parliament closer to decision-making on the Programme to shape its objectives and requirements. However, it involves many organisations and it is not always clear who is accountable for what. The Act makes the Clerks of the Houses Accounting Officers for the Programme, but in practice they do not have the authority that Accounting Officers usually have on government programmes. In the absence of any one organisation/body being ‘in charge’, and with the need for consensus across Parliament, decision-making becomes more complex and increases the risk of delays, cost increases and scope changes (paragraphs 4.2 to 4.4).

18 Delivery of the Programme is further complicated by critical activities being run outside of the Client Team and Delivery Authority. The Programme features many interdependencies with wider activities and capital projects being carried out on the Parliamentary Estate. For example, Strategic Estates is delivering decant accommodation for the House of Commons and the decant, storage and conservation of heritage collections. The Delivery Authority and Strategic Estates will also need to work together to identify how to transport equipment and materials onto the constrained site during any periods of joint or continued occupation. In addition, the functions of the Palace will need to continue while enabling works are carried out. It is not clear who will make decisions or who is accountable should there be delays or trade-offs required on these projects (paragraphs 3.9, 3.12, 3.15 to 3.16 and 4.5).

19 Governance arrangements will need to be reviewed as the Programme develops. For the Programme to be delivered while bearing down on cost and schedule, keeping to scope, and making trade-offs, Parliamentarians will need to move from leading the Programme to setting clear requirements, being an effective client and holding those delivering to account. Governance arrangements will also need to effectively support the next strategic decision point, planned for 2030. Doing this while fostering an open and candid culture across the Programme will be important. Parliament will need to manage actively all the work needed to deliver its objectives for the Parliamentary Estate, to ensure interdependent projects outside the Programme boundary do not risk its delivery further. The Client Team is reviewing governance arrangements. Changes to governance and how the Programme is being delivered may require amendments to the Act (paragraphs 4.6 to 4.8).

Conclusion

20 The Restoration and Renewal Programme addresses a clear and urgent need to reduce risks to the Palace of Westminster. There is no way forward that does not incur cost and risk, with inaction itself being a choice with serious consequences. The Client Board's costed proposals provide Parliament with the information it needs to decide on how to proceed, and the phase one works are a sensible approach to keeping the Programme moving forward while longer term plans are developed.

21 The value-for-money of the Programme will depend on Parliament's ability to provide sustained direction and make timely decisions. It is imperative that this is supported by governance arrangements that are clear on who is accountable and who has authority to act, in order to maintain the effectiveness of, and confidence in, the Programme. The governance arrangements must provide a clear strategic anchor for the Programme, align authority with accountability, and manage critical interfaces between the Client Team, the Delivery Authority and Strategic Estates.

Recommendations

- a** The Client Board should ensure that, at key stages, the Programme publishes a clear, non-technical summary, potentially alongside its business case, akin to Strategy and Delivery Plans used for mega-projects. The summary should:
- explain how the Programme has evolved, including the rationale for key decisions and how they fit together;
 - show how those decisions constrain current options, including implications for cost, risk, scope and delivery approach, and the associated trade-offs; and
 - be kept up to date and provided at key Parliamentary decision points to support informed scrutiny and decision-making.
- b** The Client Team's more detailed plans for the phase one works should include cost estimate ranges for all work packages and set out how it will manage interdependencies between key projects.
- c** The Clerks should ensure that the Programme and related estate works are managed through a single, integrated delivery/masterplan, which acts as the framework for coordinating interdependent projects and supporting timely decision-making.

This internally-facing plan should:

- set out the sequencing, dependencies and interrelationships between projects, including temporary accommodation, major works and estate-wide works;
 - provide a clear view of programme-wide risks and the impact of changes, so that implications can be understood across the Programme; and
 - show where decisions on interdependent projects need to be coordinated across the Programme.
- d** To help set a clear scope of works, the Clerks need to work with Members at speed to create a clear vision of the target operating models for each House and for Parliament overall, in their temporary accommodation.

- e As the Client Team reviews governance arrangements for the Programme, it should:
- map Programme governance onto existing and future Parliamentary delegated authorities and committee structures. It should then test Programme governance against realistic scenarios (such as delays to temporary accommodation availability, late changes to Member requirements) to see whether it enables timely decisions and clear accountability;
 - ensure the governance model is suitable for the next phase of the project -for example, during the decant phase there will need to be clear mechanisms for ensuring temporary accommodation is delivered on time and to budget, and enables the effective running of Parliament's functions, at the same time as running critical enabling works, such as strategic partner procurements, design work and planning;
 - set out an accountability framework that defines who can make what decisions and ensures that those who have the authority to make decisions are accountable for the impact of those decisions on the project; this should include delegating routine approvals to the lowest possible level and introducing a formal fast-track escalation route for urgent critical-path decisions;
 - update terms of reference for each board/committee/sub-group involved in the Programme to separate decision-making, assurance and delivery management, then publish a simple "how decisions get made" route map; and
 - consider how the governance structure encourages and supports an open and honest culture from Parliament through the Delivery Authority and into the supply chain, and how it would know it has been successful.

Part One

Progressing the Restoration and Renewal Programme

1.1 This part of the report examines:

- the risks to value-for-money in not deciding on a way forward for the Restoration and Renewal Programme (the Programme); and
- decision-making on the Programme.

The cost of delay

1.2 Parliament set up the Programme to undertake major works to preserve the Palace of Westminster (the Palace) as the home of UK Parliament. The first surveys of the basement plant rooms were carried out in 2000. Since then, successive reviews have found the Palace requires essential works to prevent it becoming uninhabitable, raising concerns around its fabric and services. In 2023, the Clerks for the House of Commons and Lords, who are the senior officials responsible for the building, were uncertain how long the Palace could continue to be used in its current condition because it does not have robust systems to stop fire spreading, making it unlikely the building would be preserved in the event of a major fire.

1.3 The Programme is at a critical stage. The Client Board is seeking approval from Parliament to reduce the number of delivery options being considered from four to two. It is also asking Parliament to authorise a seven year, £3 billion capped package of initial works (known as the 'phase one works') to allow the Programme to progress while the delivery options are developed further. For more information see Summary paragraphs 4 to 7.

1.4 The Client Team and Delivery Authority assess that each year of delay would add between £320 million and £420 million to the overall cost of delivering the Programme – with the figure increasing the longer the Programme goes on. This figure comes from a combination of inflation, maintenance costs, developing options that may not be used and management costs of the Delivery Authority. In taking forward two delivery options rather than four, the Client Team hopes to limit the risk and cost of unnecessary work. It estimates that continuing to develop more than the two options it has selected, including additional design and planning, would cost between £115 million and £530 million, depending on which and how many options are taken forward.

1.5 In addition, delays or re-opening of decisions will also have wider consequences which cannot be readily quantified. For example, the need for Strategic Estates to deliver maintenance projects which it cannot delay further. There is the potential for further design costs if existing options need to be reworked. Delays in decision-making could also impact the confidence of the supplier market in the Programme's deliverability, potentially reducing the number and/or quality of bidders for the work, and increasing the amount suppliers charge because of perceived risk.

1.6 In 2025 the Houses' Finance teams estimated it cost an average of £1.5 million a week to maintain the Palace, through maintenance and refurbishment projects, between 2017-18 and 2025-26. The Houses' Finance teams forecast this to increase to approximately £2 million a week on average between 2026-27 and 2029-30. Whilst there are currently no forecasts beyond 2029-30 the Client Team is anticipating the Programme will reduce the average weekly cost by £0.7 million regardless of the option chosen.

Decisions made on the Programme

1.7 In 2013, both Houses of Parliament established the Programme, to address concerns about the condition of the Palace. Since then, the Programme has evolved through multiple governance and policy phases, making it harder for Parliamentarians and the public to track how today's objectives and options emerged.

1.8 In January 2018, the House of Commons voted for works to repair the Palace. It agreed to fully move out of the Palace during the works, with the guarantee of returning as soon as possible after. The House of Lords endorsed this approach in February 2018. In 2019, Parliament passed the Parliamentary Buildings (Restoration and Renewal) Act (the Act) which established the governance, funding and approval arrangements for the Programme. It established the Delivery Authority to carry out the works and the Parliamentary Works Sponsor Body to oversee the Programme, and a high-level set of considerations for scope.

1.9 Since the Act, Parliament has revisited earlier decisions and changed the delivery and governance arrangements, which has made the rationale for the current direction harder to trace.

- In December 2020, the two Commissions agreed to request the Sponsor Body to carry out work to fully understand the implications of carrying out works while some presence was maintained in the Palace, this is referred to as ‘continued presence’.
- Governance changed in 2022-23, following concerns about costs and schedule. Parliament decided to replace the Sponsor Body with the Client Board and Client Team to improve the involvement of Parliamentarians in the Programme.
- The Client Board added new options in 2023. It asked Strategic Estates to develop an option where Parliament would stay in the Palace while works continued, called enhanced maintenance and improvement (EMI and EMI+).

1.10 Parliament has made decisions over time on the scope of what the Programme will deliver. Initially the scope came from considerations listed in the 2019 Act, which said the Programme must have regard to:

- value for money;
- safety and security;
- environmental protection;
- accessibility;
- improved visitor access;
- ensuring educational and other facilities are provided;
- support for improved public engagement;
- archaeological and historical significance; and
- benefits and opportunities in all areas of the UK.

These broad and potentially competing considerations require explicit trade-offs.

1.11 The Programme Board evaluated different ways for delivering the Act’s goals (known as outcome levels), from a minimal scheme (level zero) which the Board determined was unlikely to meet statutory requirements, to a highly ambitious option (level five) offering major improvements like more substantive building repairs and accessibility. It chose outcome level four, deemed “reasonably ambitious”, as the best value, meeting compliance standards while allowing for future enhancement. The Board also reviewed six delivery scenarios – four full decant options and two continued presence alternatives – which were later refined into costed proposals.

1.12 The decisions on outcome levels drew on the Client Team's work to understand the preferences of Members and staff on aspects such as risk, scope of work, disruption and cost. This exercise contributed to setting what the Programme would deliver. The Client Board published these in the strategic case in March 2024. However, the rationale, or cost implications between different outcome levels, is not currently set out in a way that Parliamentarians and the public can easily follow.

1.13 The nature of Parliament means that there is a regular cycle of new MPs and Lords that the Client Team must engage with about the reason for the Programme and how it can be delivered. Since 2024, it has engaged approximately 542 sitting Members across both Houses, including around 283 sitting MPs (approximately 43%) through meetings, committee engagement and tours and stands.

Part Two

The costed options

2.1 This part of the report explores the underlying cost and schedule estimates for the Restoration and Renewal Programme's (the Programme's) costed proposals. We examine:

- the cost and schedule estimates underpinning the costed proposals; and
- the characteristics of the Programme that contribute to the time and cost necessary to complete it.

Producing and assuring the estimates

2.2 The Delivery Authority developed the cost and schedule estimates for the full decant and continued presence options, while Strategic Estates developed the enhanced maintenance and improvement (EMI) estimates. While the Delivery Authority options have been in development throughout the Programme, Strategic Estates have only been designing the EMI options since 2023. To aid comparability, the Delivery Authority and Strategic Estates aligned underpinning information and assumptions within the estimates. This included, for example, incorporating information from the more developed Delivery Authority designs into the EMI options where possible, and using the same pricing information.

2.3 However, there remain some differences. In particular, the EMI design diverges from that of the other options underground and also uses a different delivery strategy, such as in the greater use of tunnelling, to allow for its delivery through 14 different zones. These aspects are not as mature as the full decant and continued presence options, meaning the EMI estimates are more uncertain.

2.4 Estimates for all options are at a comparatively early stage and will face cost and schedule pressures as their underlying designs and delivery methods are developed further. However, the EMI options are more susceptible to this, particularly as their technical feasibility cannot be demonstrated until the next design stage. While the Delivery Authority, Strategic Estates and the Client Team have attempted to mitigate this through better aligning the designs, there remains the possibility that changes may be needed to the EMI design to accommodate technical challenges which emerge as its delivery methodology is developed further. The longer delivery timelines of the EMI options also make their cost harder to estimate.

2.5 The Delivery Authority produced its cost estimates based on:

- benchmarked cost rates (26%);
- its own internal library of cost rates (14%);
- first principles calculations of labour and materials (25%);
- dialogue with suppliers (14%); and
- professional judgement and provisional sums (21%).

2.6 The Delivery Authority adjusted some estimates to account for the complexity and unique character of working on the Palace of Westminster (the Palace).

The estimates contain contingency to account for uncertainty and cost and schedule risks, supported by the use of reference class forecasting to compare the cost and time estimates of the programme with those needed to complete other major programmes of its kind. Full decant has the lowest amount of contingency added, reflecting its relative certainty and lower risk, compared to EMI's greater uncertainty and higher delivery risks (see **Figure 1** overleaf).

2.7 The Delivery Authority, the Client Team and Strategic Estates used standard internal and external checks on the estimates to make sure that the process used to develop them was appropriate and that they were supported by appropriate evidence. They also asked different independent experts to review the cost models to identify if there were risks and issues in their calculations, as well as to assess and improve the comparability of the estimates for the different options. The Delivery Authority and Strategic Estates responded to the findings from the independent reviews, some of which led to material changes to the estimates.

Characteristics of the Programme

2.8 Around 85% of the Programme's estimated construction costs comprise the priority works, which include building services renewal, conservation and building fabric, health and safety, and fire protection. The Palace is a Grade 1 listed building within a UNESCO world heritage site composed of many buildings which were constructed and modified in different ways over hundreds of years. The Palace also has a mix of large open rooms and many small, enclosed rooms, services (such as electrical, heating and plumbing systems) weaved through the building and a high presence of asbestos. These factors place limits on site access, worker productivity and logistics, which affect how many people and equipment can work on site at any one time. Where Parliamentarians and staff are on site, these constraints are exacerbated: additional temporary structures and equipment, as well as more complex safety and security management, are required.

Figure 1

Contingency funding allocated to the Restoration and Renewal Programme's (the Programme's) cost estimates

Full decant has the lowest amount of contingency added, reflecting its relative certainty and lower risk, compared with enhanced maintenance and improvement's (EMI's) greater uncertainty and higher delivery risks

Delivery option	Full Decant		EMI+		Continued presence		EMI	
	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Total Programme base cost (£bn), 2024 prices	6.4		7.9		7.1		7.8	
Total contingency provision (£bn)	2.0	5.1	3.9	10.7	2.6	6.6	4.2	11.6
Contingency as a percentage of base cost	32%	80%	49%	135%	36%	94%	53%	148%
Inflation applied to estimate (£bn)	2.7	4.1	7.7	20.5	4.8	8.3	11.3	36.8
Total Programme cost including contingency and inflation (£bn)	11.1	15.6	19.5	39.2	14.4	22.0	23.3	56.3

Notes

- The programme's delivery options are as follows:
 - Full decant: Where both Houses move out of the Palace of Westminster for much of the works.
 - Continued presence: Where the House of Lords would move out, but the Commons would continue to sit in a chamber in the Palace throughout the works.
 - Enhanced maintenance and improvement (EMI): Where the Palace would be split up into 14 zones to be worked in on stages, aiming to ensure that no more than 30% of the Palace would be decanted at any one time. This option would seek to retain both Chambers throughout the programme, carrying out work on these areas when the Houses are not sitting, such as during recesses.
 - Enhanced maintenance and improvement plus (EMI+): Similar to EMI above, but with the House of Lords being decanted for eight to 13 years, and the Commons using the Lords Chamber for up to two years.
- Contingency is the funding allocated within a cost estimate to address uncertainty and risk. This is calculated based on modelled risk scenarios and/or percentage uplifts, and is typically presented as a range to represent this uncertainty. This row shows the amount of contingency allocated in the upper and lower bounds of the cost ranges presented in the costed proposals. Since these risks will occur at different times, they also affect the calculation of inflation applied to the estimate.
- All numbers exclude forecast opportunities for savings.
- Percentages may not correspond due to rounding.

Source: Adapted by National Audit Office from Restoration and Renewal Client Board's *Delivering restoration and renewal of the Palace of Westminster: the costed proposals*, available at: <https://committees.parliament.uk/publications/51442/documents/285576/default/>

2.9 These constraints increase the time needed to carry out the works, extending administrative costs and making it more susceptible to inflationary pressure. The Programme also depends on specialist labour with heritage skills, which are planned to work in double shifts for some critical schedule activities.

2.10 The Programme Board examined different ways of delivering the Programme's requirements, ranging from more limited improvements to more ambitious changes. It chose a "reasonably ambitious" scope, known as outcome level 4. Analysis showed that meeting core requirements drove most costs, so moving to a less ambitious (level 3) or more ambitious (level 5) scope would change costs by only around 5% either way.

2.11 A Delivery Authority review indicated the Programme was relatively expensive compared with parliamentary building projects around the world. However, finding comparable cost information for benchmarking is difficult as there is wide variation in the scope and nature of the works amongst other parliamentary projects. Even among these comparators, the Programme has distinctive requirements that are unique. These features include the construction of service tunnels to improve ease of future maintenance, deepening of basements, and works on the riverside. Of the projects examined in the review, none were identified which kept parliamentarians and staff in place during the full period of the works.

2.12 There are also uncertainties that may cause increased costs and delays as they become clear and will need to be managed as the works progress. The Programme requires the removal and storage of historic artwork and furniture, as well as historic and archaeological wall, ceiling and floor finishes. While the presence of asbestos throughout the building is well known, its precise location and quantities are not, meaning additional work and procedures may be needed at sites unexpectedly. At its current level of design, it is also difficult to estimate the effect of productivity improvement measures on the schedule such as having overnight shifts. The Programme's estimated cost includes contingency and other adjustments which aim to account for these uncertainties.

Part Three

Phase one works

3.1 This part of the report explores the plans for the Phase one works, including the plans for temporary accommodation of the Houses.

Plans for Phase one works

3.2 The Client Board has asked Parliament to approve an initial package of works, known as the 'phase one works' with a capped budget of £3 billion over seven years (**Figure 2**). These works are necessary to take the Restoration and Renewal Programme (the Programme) forward. They comprise early and enabling works, preconstruction activities such as design and procurement, as well as work to develop and acquire temporary accommodation over the first seven years of the total Programme.

3.3 If Parliament keeps more delivery options in play than those proposed, phase one would become more complex and could increase unnecessary costs, as these works need to be designed to remain workable for whichever option is ultimately selected.

3.4 Given the costs of delaying further activity on the Programme and considering that most of these works would be required for either recommended delivery option, starting these works is a sensible means of keeping the Programme progressing while the remainder of the Programme is planned and designed. In *Lessons learned: Governance and decision making on mega projects*¹ we found that mega-projects go through the same phases as standard projects, but each phase is likely to be more complex and uncertain, with a greater likelihood for decisions to be reopened, and multiple stakeholders involved, requiring a more iterative approach. We recommended the approval process for such projects might only provide funding to take the project to the next stage of development and maturity.

¹ Comptroller and Auditor General, *Lessons learned: Governance and decision making on mega projects*, Session 2024-25, HC 545, National Audit Office, March 2025.

Figure 2

Phase one work packages

The £3 billion, seven-year Phase one works comprise a range of different, complex and interdependent projects

Work package	Funding	Estimated costs	Projects	Key dependencies
Temporary accommodation	House Administration Estimate and Parliamentary Works Grant	Queen Elizabeth II Conference Centre (QEII): £417 million (plus cost to acquire the building) Richmond House: £328 million	QEII and the Commons Building and Infrastructure Portfolio (CBIP) which includes Richmond House.	Strategic Estates, the Delivery Authority, the Client Team and the Client Board are all involved in providing temporary accommodation through the Northern Estate and QEII. Access and logistics in Whitehall are a key external dependency for Richmond House works. The House of Lords will need to acquire the QEII Conference Centre from the Ministry of Housing, Communities & Local Government.
Enabling works	House Administration Estimate and Parliamentary Works Grant	Approximately £691 million, with some costs still to be determined	Roads and courtyards, surveys, river security, river jetty and cofferdam, decant storage, consolidation centre, temporary services, removal of Palace from estate-wide systems.	Strategic Estates are delivering the decant storage for heritage items and will be disconnecting the estate services to the Palace.
Early works	House Administration Estimate and Parliamentary Works Grant	Approximately £160 million, with some costs still to be determined	Victoria Tower internal works, underground construction including courtyards and tunnel shafts, improvements to accessibility, catering, external realm, security, logistics and accommodation, medieval cloister court.	The Programme intends to use Victoria Tower Gardens for construction logistics and site access but this is dependent on the UK. Holocaust Memorial Learning Centre project.
Pre-construction activities	Parliamentary Works Grant	Approximately £860 million	Programme management, procurement and detailed design.	The Delivery Authority will be procuring a phase one works construction partner.

Notes

- 1 The House Administration Estimate is a standard budget for one or both Houses for Parliamentary spend.
- 2 The Parliamentary Works Grant funds the Delivery Authority.
- 3 Phase one costs currently do not include certain projects such as Cloister Court, the isolation and decommissioning of systems, and river security.
- 4 Table reflects recommended funding and delivery arrangements at the time of publication, some of which are subject to final determination.
- 5 The Ministry of Housing, Communities & Local Government (MHCLG) owns the freehold for the Queen Elizabeth II Conference Centre, which will provide the House of Lords temporary accommodation. MHCLG is also delivering the UK Holocaust Memorial Learning Centre project, planned to be on Victoria Tower Gardens.
- 6 Richmond House is located on the Northern Estate and is part of the Commons Building and Infrastructure Portfolio (CBIP), delivered by Strategic Estates, providing temporary accommodation to the House of Commons.

Source: National Audit Office analysis of Restoration and Renewal Programme data

3.5 The phase one works could help to build credibility and maintain momentum for the Programme, but this will depend on how they are delivered. There is further work to do to develop the plans into a deliverable programme of work, which the Client Team and the Delivery Authority recognise. In particular, the plans need more certainty around cost and schedule estimates, using ranges, and interdependencies across the Programme. For example, the Delivery Authority is estimating 12 to 18 months for phase one procurement, and delays to procurement could impact the critical path for phase one of the Programme.

3.6 As with the broader Programme, the works are interdependent, and some will be delivered by Strategic Estates and some by the Delivery Authority. The Programme's governance will need to manage these interfaces effectively and ensure all activity is aligned (see section on governance). It must also be able to hold the Delivery Authority to account and make agile decisions to manage and approve these packages of work as they are finalised. As such, it is important that any governance changes considered for the Programme as a whole are implemented in advance of these works starting so that they can benefit from greater control and alignment across the Programme.

Temporary accommodation

3.7 Delivering temporary accommodation is a complex undertaking. It involves:

- acquiring and taking possession of the Queen Elizabeth II conference centre (QEII);
- designing and fitting out a range of buildings to house the chambers, committee rooms, offices and many other services currently in the Palace of Westminster (the Palace);
- providing access and security during and after works;
- determining how Parliament's functions will operate in the new space;
- aligning and/or phasing moves to temporary accommodation with the planned works on the Palace while Parliament continues to operate; and
- managing cost, schedule and scope.

3.8 The costed proposals set out plans for full decant of both Houses to start from 2032, and for enhanced maintenance and improvement plus (EMI+) from 2034.

The House of Lords temporary accommodation

3.9 The House of Lords intends to acquire the QEII from the Ministry of Housing Communities & Local Government for its temporary accommodation. The Delivery Authority will deliver the works. The design is at an early stage of maturity: RIBA Stage 2. The Delivery Authority's upper cost estimate to refurbish QEII to house the House of Lords Chamber, committee rooms and offices is £417 million, excluding inflation. This does not include the acquisition cost for the QEII. We expect the cost estimate to become more detailed and robust as the plans for the building design and for the operation of the House of Lords' functions become more developed, and to be presented as a range.

3.10 Acquiring QEII is on the critical path to Parliament being able to vacate the Palace. There is a high risk of delay to the project due to the time needed to acquire and take possession of the building, design issues, or condition. Currently there is just under a month of buffer between completion and handover to operation. The Delivery Authority's current plans assume there will be no delay to the acquisition and occupation of QEII and expect to complete their work on time. It will have to update its assumptions after the debates to consider scenarios where the delay of the QEII project impacts the decanting of the House of Lords and the Programme's ability to commence work.

3.11 The House of Lords requirements for QEII are sufficiently mature for the House to start defining their target operating model for QEII. However, the House of Lords need to allow time for iterating this as its plans mature before it leaves the Palace.

The House of Commons temporary accommodation

3.12 Strategic Estates is delivering House of Commons decant facilities through the Commons Building and Infrastructure Portfolio (CBIP) on the Northern Estate. CBIP will remodel and upgrade the Northern Estate buildings up to standard for safety, sustainability, security, accessibility and resilience, so the Northern Estate can house Members and Parliament staff. CBIP includes developing Richmond House courtyard to become the Commons temporary Chamber under full decant, a contingency Chamber for the other options, and housing committee rooms across the northern estate. The work included in CBIP to house staff and supporting functions will be required regardless of which delivery option Parliament chooses.

3.13 CBIP has been in development for a long time.

- In 2014 the House of Commons Commission agreed to proceed with the refurbishment of the Northern Estate buildings.
- In 2016 the Commission decided Richmond House should be used by the Programme for decant space.
- In 2020 the Commission approved the replacement of the Northern Estate Programme with a portfolio of projects.
- In 2022 the Commissions formally established CBIP as a portfolio of projects for the refurbishment of the infrastructure and buildings on the Northern Estate.
- In 2023 the Programme Board recommended Richmond House be the temporary Chamber for the Commons.
- In 2024 for the CBIP strategy was updated to provide a decant accommodation to the Programme through Richmond House and other Northern Estate buildings.
- In 2025, the House of Commons Commission requested the refurbishment of the Northern Estate to deliver Category One Parliamentary Standards. These standards have a higher standard for safety, sustainability, resilience and accessibility, moving CBIP away from a more minimal intervention approach.

3.14 Although the programme has been going for a long time, CBIP plans are at a very early design stage (RIBA Stage 1). The current cost estimate for CBIP is approximately between £1.7 billion and £2 billion, including £328 million for Richmond House, and risk and optimism bias.

3.15 The changes in refurbishment standards are delaying CBIP's completion to 2039 due to the more extensive refurbishment required on 1 Parliament Street and Norman Shaw South, and its affordability. As of April 2026, Strategic Estates considers that CBIP will not be able to provide temporary accommodation until 2034 at the earliest due to heritage approvals, external dependencies, compressed timeline and affordability. The Client Board initially planned for full decant to start in 2032 and is now considering phasing the decant to the Northern Estate as property becomes available to 2039 to mitigate the delays.

3.16 Phasing could complicate the main works in the Palace. It would mean that some Parliamentarians and staff would be on site for just under half of the estimated schedule for full decant, and approximately the first five years of continued presence, which would have security as well as health and safety impacts on the works. The Delivery Authority's current schedule assumes that the House of Commons will be decanted to the Northern Estate in a timeframe suiting full decant and continued presence options. However, with phasing according to what accommodation is available, the schedule of works on the Palace could be determined by the availability of decant accommodation rather than what is best for the delivery of the Programme and/or Parliamentary business needs.

Part Four

Governance

4.1 This part of the report examines the Restoration and Renewal Programme's (the Programme's) governance.

Key organisations and roles

4.2 There are many organisations and bodies involved in the governance, decision-making and engagement on the Programme.

- **The House of Commons and House of Lords** are responsible for agreeing on a way forward for the Programme and providing funding approval for the phase two works.
- **The House of Commons and House of Lords Commissions** (the Commissions) are responsible for the administration and services of the Houses. They also have responsibility under the Parliamentary Buildings (Restoration and Renewal) Act 2019 (the Act) to set the expenditure limit for the phase one works.
- **The Clerk of the House of Commons and Clerk of the Parliaments** (the Clerks), as Corporate Officers, are Accounting Officers (AOs) for the Parliamentary Works Grant which funds the Programme. The Clerks are accountable for effective financial management of the Programme and for its delivery as set out in the Act. They are involved in making strategic decisions, acting as the clients on behalf of their Houses. As AOs for their respective Houses, the Clerks are also responsible for the delivery of other capital projects on the Parliamentary Estate.
- **The Client Team** which acts on the Clerks' behalf executes the strategic direction for the Programme and provides day-to-day management and oversight of the Delivery Authority. The Client Team replaced the Sponsor Body in 2023 following concerns about cost and schedule, aiming to bring Parliamentarians closer to decision-making on the Programme.

- **The Client Board**, the Commissions meeting jointly, comprising Members from both Houses, the Clerks, Director General of the House of Commons, Chief Operating Officer of the House of Lords and non-executive members. The Client Board is responsible for making critical strategic choices and recommendations, with advice from the Programme Board, within its remit. Its remit is currently to work up options for the Houses to consider and vote on. It makes recommendations to the Houses.
- **The Programme Board**, comprising Members from both Houses, the Clerks and independent external experts, has delegated responsibility for the day-to-day direction and oversight of the Programme. It makes recommendations to the Client Board.
- **The Delivery Authority**, responsible for day-to-day delivery of the Programme within delegated limits.
- **Strategic Estates**, responsible for managing the Parliamentary Estate. It is responsible for some of the projects that are part of the Programme, for example the work on the Northern Estate where the House of Commons will decant. It reports to the House Commissions through the Director General of Operations.

How decisions are made

4.3 The current structure reflects the need to gather and develop requirements from Members to develop the Programme's strategic objectives and scope. However, the current structure also has two boards with overlapping roles, responsibilities and membership. For example, the Client Board and the Programme Board both have a role in strategic decisions and trade-offs, whilst also championing the Programme.

4.4 The governance for the Programme also reflects existing hierarchies and governance arrangements in Parliament. The Clerks are formally the Programme's Accounting Officers. Unlike major projects in government, the Programme does not have a single AO with personal statutory accountability. The Clerks of the two Houses act as Parliament's clients for the Programme, accountable to their Houses and Commissions rather than to ministers or HM Treasury. The Committee of Public Accounts has previously explored how the role differs, highlighting its concerns about how the Clerks would raise concerns of legal or ethical conflict on the Programme.²

² Committee of Public Accounts, *Restoration & Renewal of the Palace of Westminster – 2023 Recall*, Fifty-second Report of Session 2022-23, HC 1021, May 2023.

4.5 While the Act focuses on the Palace of Westminster (the Palace) it also includes work relating to the Parliamentary Estate in connection to the Programme, which are both overseen by the House Commissions and Clerks. The Delivery Authority and Strategic Estates are each delivering key work packages of phase one. There are also external dependencies, for example, the Delivery Authority and Strategic Estates need to work together to identify how to carry equipment and materials to and from the constrained Parliamentary site.

Governance challenges and what may need to change

4.6 As the Programme enters detailed design and construction it will need to ensure that its governance allows for the decision-making needed to bear down on cost and schedule pressures and keep to the scope, as well as ensuring that the functions of Parliament can continue during the works and when the Palace is restored. Governance arrangements will also need to effectively support the next strategic decision point, planned for 2030, where Parliament would agree on the final delivery option and move into phase two.

4.7 Delivering phase one may require greater delegation of authority to a properly empowered body which can respond to events as they occur, and Parliamentarians moving to a commissioning role, being an effective client and holding those delivering the Programme to account. The Client Team is currently reviewing governance arrangements with Member input and are expecting to reset arrangements after the debates on determining the way forward for the Programme. When amending governance, it is important to ensure responsibilities, accountabilities and authorities are clear and that roles are distinct, as otherwise changes risk confusing the programme.

4.8 The Act does not provide flexibility to the funding model for the Programme as phase two works cannot begin until Parliament has approved the scope and funding envelope for the entirety of the work. The Client Board is recommending the Houses review the Act for possible amendments for a more flexible programme and funding model. The Client Board believes amendments would enable progressing works with a more manageable and flexible approach to adapt to technical and political developments.

Appendix One

Our audit approach

Our scope

1 We reported on early value-for-money risks to the Restoration and Renewal Programme (the Programme) in 2020. In 2022, we updated on progress. This report examines whether the Programme is set up for success at this stage of development and make recommendations where necessary to put it on a stronger footing. It examines:

- progressing the Programme, including risks of delay and decision-making;
- how the cost and schedule estimates have been developed and assured;
- plans for the phase one works including temporary accommodation; and
- how governance on the Programme is working and how it may need to change.

2 We do not comment on policy decisions, which in this instance relate to legislation and decisions made in the Parliamentary Chambers. Therefore, we do not seek to comment on the need for the Programme, which option should be taken forward for the Programme or the role and function of the Palace of Westminster (the Palace).

Our evidence base

3 The audited body for this report is the Restoration and Renewal Client Team. The conclusions are based on work carried out between January and June 2026.

Teach-ins

4 In March 2026, we received four teach-ins which contained question and answer sessions from the Client Team, Strategic Estates and the Delivery Authority on key areas to further our understanding of how the Programme works and to inform our document review and interview areas. These briefs covered the following topics:

- outline of the Costed Proposals and 2024 Strategic Case;
- cost and schedule estimates for options and the phase one works;
- existing governance arrangements and the scope of the current governance review;
- Strategic Estates prioritisation process;
- pipeline, prioritisation and interdependencies on the Programme design; and
- stakeholder management approach.

Interviews

5 We conducted eight interviews between January and May 2026 with senior Programme officials and stakeholders in specialist areas. We selected stakeholders to ensure a broad range of perspectives on the delivery of the Programme. We identified the stakeholders via desk-based research and discussions with the Client Team and invited them to participate in an interview by email. The interviews were used to address specific areas of our desk-based research and were structured by key themes of our study: cost estimation, governance, performance, risk, stakeholder engagement, scope and dependencies. Questions were tailored to the responsibilities and area of expertise of the individuals. The interviews included:

- senior Programme officials responsible for delivering key parts of the Programme:
 - Client Team;
 - Delivery Authority; and
 - Strategic Estates.
- wider stakeholders:
 - Grant Thornton;
 - HM Treasury;
 - Independent Advice and Assurance Panel (IAAP); and
 - National Infrastructure and Service Transformation Authority (NISTA).

Document review

6 We reviewed key programme documents to understand the set-up of the programme and how these plans have developed. The type of documents reviews included:

- external assurance reviews;
- financial reports and accounts;
- Programme reports;
- Board minutes and papers;
- internal process documentation;
- schedules;
- estimates;
- governance papers;
- risk management documentation; and
- business cases.

7 We carried out our review between January and May 2026. We reviewed minutes and Board papers from the period running from January 2022 to March 2026. We reviewed documents against our overarching audit questions which allowed us to refine the scope of the study, and coupled with our teach-ins, inform where we needed further interviews, helping to triangulate our findings.

Previous National Audit Office work

8 Our analysis identified areas related to our previous insights reports which, when taken with the evidence on the Programme, informed our judgements, findings and recommendations.

- *Delivering value from government investment in major projects*
 - A clear vision, objectives and leadership culture focused on the intended value of the project are key.
- *Governance and decision-making on mega-projects*
 - Mega projects may take more than one Parliament to deliver, involve many stakeholders, are highly complex, and high cost and carry a lot of uncertainty.
 - Making clear the need for a mega-project, its deliverability, affordability and the value it will produce, is important particularly in the early stages.

- Each phase of a mega project is likely to be more complex and uncertain, with a greater likelihood for decisions to be reopened, and multiple stakeholders involved, requiring a more iterative approach.
- We recommended the approval process for such projects might only provide funding to take the project to the next stage of development and maturity.
- It is important to have clear roles, responsibilities, and accountabilities, particularly when amending governance.
- Communicating and influencing skills across complex eco-systems of stakeholders, and the ability to champion, advocate and challenge constructively, while fostering transparency and honesty is important.
- *Framework to review portfolios*
 - Portfolio management can help to understand how activities interrelate and the impact of change to maintain alignment with objectives and manage these activities as a whole.
- *Lessons learned from Major Programmes*
 - Programme management needs to change as the Programme develops, as different stages have different risk profiles, stakeholders and require different skills.
 - It is important to understand the limits of cost and schedule estimates. Early cost and schedule estimates are inherently uncertain, so it is important to use wide ranges at earlier stages, where uncertainty is greatest, and narrow over time as information becomes more certain.
 - It is important to critically examine and be realistic about the schedule as being too focused on meeting an unrealistic deadline means opportunities to properly plan and execute other contingency options are missed.
 - Programmes are composed of multiple smaller projects, and successful delivery often depends on ensuring interdependencies are identified and managed.
 - Transparency and honesty are important, with accurate, timely and relevant information being crucial to guide and monitor the delivery of programmes and to provide constructive challenge of delivery bodies.

Quantitative and financial analysis

9 We analysed financial data on Programme and Parliament spend on maintenance and capital projects to understand the current costs and how this has changed over time. We examined the cost and schedule estimates, including assurance work and how recommendations were addressed. This allowed us to form a view on whether they were sufficiently developed to inform an option down-selection decision.

Technical panel

10 We convened a panel of three project controls and project estimation professionals as part of our quality assurance process over our findings on the Programme's cost and schedule estimates. We consulted with them about the development and assurance of the estimates, their suitability as a basis for option down-selection and invited views on any other issues the panel might raise. This discussion informed the framing of our findings on the estimates.

International comparison

11 In April 2025, we spoke to officials and Parliamentarians from the Canadian Parliament's Rehabilitation Programme about their learning on governance, heritage buildings and major project delivery.

12 We also drew on reports from the Office of the Auditor General:

- Office of the Auditor General, Chapter 3: Rehabilitating the Parliament Buildings, Report of the Auditor General of Canada to the House of Commons, 1701–5413, Spring 2010.
- Office of the Auditor General, Rehabilitation of Parliament's Centre Block – Public Services and Procurement Canada: independent auditor's report, Reports of the Auditor General of Canada to the Parliament of Canada, 2561–343X, report 3, 2023.

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