



National Audit Office



REPORT

Restoration and Renewal of the Palace of Westminster: 2026 Update

Parliament

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HC 32

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.