

# **THE HOUSE OF COMMONS COMMISSION**

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## **Construction of Portcullis House, the new Parliamentary building**

**Response by the House of Commons Commission to the Sixty-Third  
Report from the Committee of Public Accounts, House of Commons  
Paper 861 of Session 2001-02, and to the Report by the Comptroller and  
Auditor General, House of Commons Paper 750 of Session 2001-02**

*Report presented to The House of Commons by Mr Speaker*

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The Rt Hon Eric Forth, nominated by the Leader of the Opposition

Mr Stuart Bell

Sir Patrick Cormack FSA

Mr Archy Kirkwood

} nominated by the House

Secretary to the Commission: Mr Robert Rogers

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#### ***Introduction***

1. We warmly welcome the report of the Public Accounts Committee (PAC) on the construction of Portcullis House, together with the report of the National Audit Office (NAO), on whose review of the project the PAC's report was largely based.

2. In this response we comment on issues raised in both documents. We are pleased to note that the Portcullis House project performed well against many of the criteria of best practice set out in both reports. The observations and recommendations of the PAC and NAO will also be of use to others who may undertake similar projects.

#### ***The challenge***

3. The construction of a new Parliamentary building, in one of the world's best-known sites, and to standards that would ensure that it would be part of the capital's architectural heritage, posed an extraordinary variety of challenges and problems, as the NAO report recognises:

- ◆ the building was to be above the wholly new Jubilee Line underground station, needing deep excavations—but the District and Circle lines also ran across the site, much of which was occupied by the Westminster station
- ◆ access was difficult and the effect of building works on major traffic flows had to be minimised
- ◆ co-ordination had to be achieved with London Underground Ltd as well as with a range of other authorities
- ◆ there were substantial engineering challenges:
  - the need to span the near-surface Underground tracks severely limited where the structural supports for so large a building could be placed
  - the excavations had to be *six storeys deep*, with a high local water table, and the River Thames only a few yards away

- very high levels of physical security, including blast resistance, had to be assured
- ◆ the site was in a position of exceptional architectural importance, next to a UNESCO World Heritage Site, in a Conservation area, surrounded by listed buildings, including the Grade 1 Palace of Westminster, and affecting views from a large part of the South Bank
- ◆ the significance of the site and so of the project meant that the building had to be of a high standard. The design brief specified the use of durable, high-quality materials which would be in keeping with the area and would weather well, and the building itself was to meet the requirements of the longest life specified in the relevant British Standards, 120 years. As the NAO described it: “The building should come to be regarded as an example of the very finest late-twentieth century British architecture, and should set a good example in terms of energy efficiency and disabled access to all parts of the building.”

4. Added to these, there were major difficulties of timing. First, although work on the project started in the early 1980s, progress depended on the availability of the site, and became feasible only in 1989. Even when in 1992 the House approved the report of the Accommodation and Works Committee on the Preliminary Sketch Plan, the Bills authorising the construction of the Jubilee Line had yet to pass. By the time that our predecessor Commissioners approved the Final Sketch Plan in May 1993, Ministers had not approved the funding for the Jubilee Line extension (they did so in October of that year).

5. In 1993 the then Clerk of the House agreed with London Underground that they would hand over the areas required for the construction of Portcullis House 36 months after they had started to build the Westminster Jubilee Line Station. In fact, despite repeated undertakings at the highest level, London Underground handed over the site 48 weeks late.

6. This meant not only an overall delay to the project, but also uncertainty almost until the last moment about when a start could be made on Portcullis House.

### ***How the challenge was met***

#### ***Timing***

7. The PAC report says that the project was delivered “broadly to time”. In fact, as the NAO report makes clear, the performance was better than this. Over a construction period of 30 months, the building was delivered 44 days late, largely due to a technical problem with the joints in the pre-cast concrete arches supporting the courtyard.

8. Portcullis House was built on a very restricted site hemmed in by main roads with 24-hour traffic, and a busy underground station was operational just below the surface throughout the construction work. The decision to fabricate components off-site was a key element both in achieving the high quality finishes essential for this prestigious building and in meeting the tight timetable.

9. Given the range of potential difficulties we mentioned earlier, this performance was remarkable. The NAO mentions the “long history of public sector building projects taking longer, sometimes very

much longer, than planned” and gives some examples. It notes that the time taken to construct Portcullis House compares well with the time taken for buildings in other Parliaments, and it concludes that completing the construction of Portcullis House “in just 44 days more than the planned time” was “a creditable achievement”. The PAC agrees that this was “managed well”.

### **Specification**

10. It was clear from the outset that Portcullis House had to be a building of very high quality. The House would have been exposed to justified and lasting criticism if it had been otherwise.

11. A high quality of materials, design and workmanship was specified and, as the NAO report found, this was delivered.

### **Costs**

12. The PAC says that the final estimated cost is some £28M more than the budget of £151M in 1992 prices which was approved by our predecessors in May 1993, and to this the Committee adds the cost of litigation [see paragraph 24 below]. On this basis, the PAC says that “alternatives to the chosen long life, low maintenance building could have been more fully explored, and techniques such as value engineering could have been used to challenge the design and costs of specific elements of the construction project”.

13. We do not accept these conclusions.

14. In 1993 the project costs were forecast as being £151M at average risk, or £164M at maximum risk. Following Commission approval of the project in May 1993 and the start of construction in January 1998, our predecessors approved a number of changes affecting cost:

- ◆ the initial tenders for the bronze roof and the fenestration were more than forecast. After careful consideration, robust negotiations with the suppliers and some redesign, the Commission decided to provide the necessary additional £10M out of the risk provision
- ◆ an extra £3.2M at 1992 prices was needed to meet new statutory health and safety requirements to match standards elsewhere on the Parliamentary Estate (this arose after approval of the Final Sketch Plan) and to pay for Select Committee meeting rooms on the first floor rather than Select Committee staff accommodation
- ◆ delays to the Jubilee Line construction (mentioned by PAC) had led to increased costs, for example for storage of components off-site, by the order of £9M

15. We have already mentioned the degree of uncertainty as to when construction could begin; this is well documented in the NAO report, which also notes that this made accurate calculation of the effects of inflation impractical.

16. As a result of the necessary changes mentioned above the cost at 1992 prices rose from £151M to £187M. When, after a gap of *five years* between approval of the project and the start of construction, it was possible to give a firm figure for the project, the £187M figure was estimated as being equivalent to £245M at outturn prices and allowing for inflation. This figure was not exceeded

over the 30-month construction period, and indeed the latest estimate of final costs is some £11M lower than this.

17. As to value engineering, in June 1994 the Parliamentary Works Directorate agreed a value engineering package which would focus on two elements: the courtyard roof and the plant rooms. The next real opportunity for value engineering occurred when each specialist contractor was appointed.

18. The House used the “construction management” technique, whereby a single authority organises construction and manages contractors, materials and designs. (Public sector experience with this technique had been mixed, but the NAO judged that the decision to use it here was vindicated by the outcome.) One of its benefits was that the House had direct access to each package contractor. It was thus able to bring the designers and specialist contractors together at contract letting stage to value engineer packages as they were let. We believe that value engineering was used in a timely and effective way to the benefit of the project.

19. We also note the NAO’s judgement that, although assessment at the outset did not capture the full extent of risk, subsequent risk management, through the project’s life, was very good.

20. Finally, the NAO notes the strong control of costs after contracts were let; final costs exceeded tender prices by only 1%, which the NAO describes as “a very creditable performance”.

#### ***Value for money***

21. The NAO found that, in terms of delivery of the specification, and the budget set at the start of construction, the House achieved value for money in the project. We welcome this finding.

22. The PAC raised the question of comparative costs for “an average office building in London”. We do not think that building a short-life utilitarian office block in a World Heritage Site environment was ever a realistic possibility.

23. It is also worth noting that in the early 1990s whole life costing was still in its infancy; and, as the NAO acknowledges, an investment appraisal would have fallen to the then Department of the Environment, before the project was handed over to the House in 1992.

#### ***The Harmon case***

24. Both the NAO and the PAC consider the case brought against the House for a breach of EU procurement procedures. In keeping with the principles of comity between the Courts and Parliament, we do not review this in detail. In immediate response to the case, the Commission asked Sir Thomas Legg KCB QC and the construction expert Mr Peter Bosworth to examine the implications. This review, and their principal recommendations, were announced to the House.

25. The Commission approved those recommendations and implemented them. The principal changes were:

- ◆ a split between the purchaser and provider functions in works projects
- ◆ the setting up of a House Procurement Office, and the establishment of the new post of Director of Procurement

- ◆ the compilation of a standard Procurement Manual for use in all parts of the House Administration

### ***Running costs***

26. As the PAC noted, low maintenance costs, durable materials and high energy efficiency are expected to deliver long-term savings. Some of the key design features are:

- ◆ instead of conventional air-conditioning, with refrigeration equipment, innovative methods are used for summer cooling, including the use of water at 13°C from two boreholes sunk 150 metres below the building's basement level
- ◆ to minimise the use of energy for artificial lighting, light shelves with reflective upper surfaces, three-quarters of the way up each window, reflect outside light into the depth of the rooms (and also provide shade from low level sun)
- ◆ to conserve water, borehole water recycled from the cooling system is used for lavatory flushing

and the PAC suggested that the practical effects of these design features should be assessed. A full energy audit is now under way; initial indications suggest a high standard of performance.

### ***The building in use***

27. As the PAC suggested, an assessment of the working environment and the views of its occupants has been carried out. We understand that the report of The Associated Parliamentary Group for Design and Innovation is imminent.

### ***Conclusion***

28. We welcome the reports of the National Audit Office and the Public Accounts Committee, and to a large extent endorse their findings. The construction of a major new public building of the size and complexity of Portcullis House has not been easy, and a great deal of credit must go to those who designed and realised the project, overcoming substantial problems in the process.

29. Portcullis House has in our view been a resounding success. No design will please every onlooker or every occupant, although the roll-call of awards which the building has won is a measure of its quality and of the achievement as a whole.

30. The building is often described as one purely for Members of Parliament and their staff. This is indeed an important function, and good working conditions play their part in the service which Members give their constituents. But more important are the outstanding facilities for public hearings of Select Committees, and for meetings of groups of all kinds. This access of the people to the political process is an essential part of the working of a modern Parliament, and we are delighted at the contribution which Portcullis House is now able to make.

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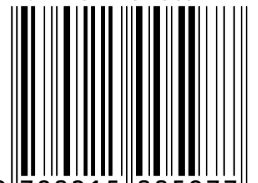
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