

FINANCE COMMITTEE

Tuesday 8 October 2002
(*Morning*)

Session 1

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FINANCE COMMITTEE

19th Meeting 2002, Session 1

CONVENER

*Des McNulty (Clydebank and Milngavie) (Lab)

DEPUTY CONVENER

Elaine Thomson (Aberdeen North) (Lab)

COMMITTEE MEMBERS

*Brian Adam (North-East Scotland) (SNP)

*Mr David Davidson (North-East Scotland) (Con)

*Mr Tom McCabe (Hamilton South) (Lab)

*Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)

*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

COMMITTEE SUBSTITUTES

Mr Keith Harding (Mid Scotland and Fife) (Con)

Mr Keith Raffan (Mid Scotland and Fife) (LD)

Andrew Wilson (Central Scotland) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Professor Arthur Midwinter (Adviser)

Ms Margo MacDonald (Lothians) (SNP)

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

WITNESSES

Robert Brown MSP (Scottish Parliamentary Corporate Body)

Derek Croll (Scottish Parliament Directorate of Corporate Affairs)

Sarah Davidson (Holyrood Project Team)

Paul Grice (Clerk and Chief Executive, Scottish Parliament)

ACTING CLERK TO THE COMMITTEE

David McGill

SENIOR ASSISTANT CLERK

Terry Shevlin

ASSISTANT CLERK

Gerald McNally

LOCATION

Committee Room 1

Scottish Parliament

Finance Committee

Tuesday 8 October 2002

(Morning)

[THE CONVENER *opened the meeting at 10:05*]

The Convener (Des McNulty): I welcome members of the committee, the press and the public to the 19th meeting of the Finance Committee in 2002. I remind people to turn off their mobile phones and pagers. We have received apologies from Elaine Thomson, who is attending the Local Government Committee in Inverness. Mr David Davidson will join us at approximately 10.30. Professor Arthur Midwinter will be present for agenda item 5.

Scottish Parliamentary Corporate Body Budget 2003-04

The Convener: Our first item is the Scottish Parliamentary Corporate Body's budget submission for 2003-04. I welcome the witnesses who are here to assist us with our consideration of agenda items 1 and 2. We have before us Paul Grice, the clerk of the Parliament; Robert Brown MSP, who is a member of the SPCB and has been dealing with the financial issues; Derek Croll, the head of corporate affairs at the Parliament, and Sarah Davidson, who is the director of the Holyrood project.

Before we begin, I remind everyone that we have two distinct items before us for the witnesses. The first item relates to the SPCB budget submission for 2003-04 and follows our consideration of the SPCB's provisional expenditure plan in March. Obviously, the size of that budget requirement is significantly influenced by the Holyrood project, so there will be overlap between agenda items 1 and 2. Item 2 is the SPCB's quarterly report on the Holyrood building project. We should keep detailed questions about the Parliament building for item 2, so I ask members to confine questions under item 1 to the details of the item under consideration. With that caveat, I invite the witnesses to make an opening statement.

Robert Brown MSP (Scottish Parliamentary Corporate Body): Thank you. It is nice to be back before the Finance Committee. I do not want to say much about the budget submission in broad terms—the committee has identified the key issues. The budget will remain somewhat skewed, particularly on the capital front, until the Holyrood

project is completed and because of the necessities of that project.

On the more general budget, we have made the point repeatedly in evidence to the Finance Committee that the Parliament has had a period of finding its feet in terms of taking on staff, getting the committees up and running and generally settling down. We will have to wait until the beginning of the next parliamentary session for the long-term position to become clear.

We are increasingly confident, however, about the normal revenue figures that we bring before the committee. As the committee will see from our written submission, there has been a change in the revenue expenditure figure for 2003-04, but that can be accommodated within the end-year flexibility carry-forward. There will be an interim period of double running when the new Holyrood building comes on stream. That will have double-staffing implications that will be reflected in this and the next financial year in particular, before we settle down to a more standard level once the old buildings are given up and the new buildings are totally in use.

That is the main message of our report today to the Finance Committee. I have nothing else to say at this point, unless the committee wants to ask anything.

The Convener: The report puts this year's forecast outturn at £197.5 million, against the authorisation in the Budget (Scotland) Act 2002 of £144.4 million. There is an acknowledged end-year flexibility of £15 million from 2000-01, but can you sketch out for us where the remaining £38 million will come from?

Derek Croll (Scottish Parliament Directorate of Corporate Affairs): The EYF comes through in two portions, which are capital and revenue. We have tried to identify each separately. The £197 million that is identified in the operating budget table is the total budget for the year and assumes the EYF from last year's capital and revenue underspends.

The Convener: Therefore, the EYF for 2001-02 is the source of that money.

Derek Croll: Yes.

The Convener: You say in your report that the EYF will be used to cover increased revenue expenditure requirements. What is your projection for this year's EYF? How confident are you that that sum will be sufficient to cover the increased requirements?

Derek Croll: On the revenue side, the EYF is £5.2 million from 2001-02, which is forecast to roll forward into the current year and from the current year into next year. We expect to spend £1.4 million this year and the rest in 2003-04.

Brian Adam (North-East Scotland) (SNP): Why is the rates bill estimate for Holyrood higher than the bill for our present accommodation? What are the current arrangements for rates? Why is the actual figure not known? How accurate are your estimates?

Robert Brown: At this stage, the rates bill is an estimate because we will not know the actual figure until a valuation is conducted of the building after completion. We will not be entirely sure about the start point until the building is finished and occupied. Indeed, there may be an issue about precisely when rates will be due and when we will become liable to pay them.

Brian Adam: You also suggest that some of the figures are estimates because you are offsetting the current cost of renting accommodation. What will be the savings once you have stopped renting accommodation? I note that you intend next year to continue to rent until December. I presume that that is in case there is further slippage in the Holyrood project.

Robert Brown: That is not primarily down to slippage. We always intended to have a joint-running period. Obviously, the business of the Parliament has to go on until everything has been moved into Holyrood. The Holyrood project team will also have to do some work on tying up the ends of contracts and so on when the building is finished. Therefore, there is a need for continuing staff costs—in a double way, if you like—for a reasonably significant period. On rents and suchlike, it is obvious that the costs are for the buildings that we occupy on George IV Bridge and over the road. To an extent, those costs cover the expenses incurred through using the church's building. Once we are able to give up the interim buildings, the costs of rent and rates for them will cease. We occupy one or two other bits of buildings, and I think that rent and rates for them will substantially cease. However, as I said, there will be a need for extra staff until the Holyrood project is finished, so there will be continuing costs.

Brian Adam: Are you able to tell us today that, from December 2003, we will no longer require any additional rented space and that there will be significant savings in the following financial year because we will not rent any buildings?

Robert Brown: I ask Derek Croll to give you a detailed reply, but that is in effect correct.

Derek Croll: We have assumed that we will relinquish the vast majority of the rented buildings at the end of December 2003. We have some accommodation at the Tun, where the Holyrood project team is located. We anticipate that there will be continuing occupation of that accommodation into the next year while the

Holyrood project winds down and post-completion issues are sorted out. However, the committee chambers, the Parliament headquarters building and our accommodation at St Andrew Square should all be relinquished by the end of December 2003.

Mr Tom McCabe (Hamilton South) (Lab): At annexe A of your quarterly report, you talk about "Materialised risk and increased construction cost".

You go on to say that the table that you supplied "illustrates where risk has materialised."

I take it that that is where steps require to be put in place to deal with items on the risk register that have materialised. Among the items listed, there is a significant figure for stone cladding for the MSP block. Either you knew or you did not know that you would be required to clad that block. Can you provide us with further explanation?

Robert Brown: Should we deal with that matter under this agenda item?

The Convener: The question might be more appropriate under agenda item 2, which is on the SPCB report on the Scottish Parliament building project. Perhaps Sarah Davidson will store up that question and answer it in due course.

10:15

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): Ordinary staff costs, rather than those for staff of members of the Scottish Parliament, are projected to go up and then down. Is that a result of the cost of the Holyrood project team or is there another reason?

Robert Brown: There will be a period of double running of buildings during which we will have extra staff. That requirement will cease when the old buildings are given up.

Paul Grice (Clerk and Chief Executive, Scottish Parliament): The reason is a little bit more complex than that. We have had to take on a significant number of additional short-term staff to manage the change. Apart from the building, an enormous number of new contracts are to be let for services such as information technology and catering and we have taken on staff to help with procurement. There are also extra IT and facilities management staff. In addition to the Holyrood project team, there is a bulk of temporary staff, but none of those posts will be needed when we move to Holyrood. There should be a significant tail-off in that respect.

Against that, we have work to do in the following three to six months to understand the demands of the new building. For example, a significant increase in visitor numbers is projected. On the other hand, we might be able to make savings in

some areas. A single campus might offer economies compared to the several buildings that we have at present. Along with the Holyrood project team, the factors that I mentioned explain the peak and tail-off in staff costs.

Alasdair Morgan: Is it fair to say that there is still a question mark over staff costs for 2005-06 because you have not worked out in detail how many staff will be required to service the new accommodation? Although the new building might be more economical because the staff will be in one complex, the size of the complex might generate more costs.

Paul Grice: That is a fair point. We have begun that work and we will have a detailed discussion with the corporate body early next year to try to understand the matter and to firm up the figures. To some extent, that will not happen until we are in the building. There will be an election between now and then and there are many issues that the next corporate body will have to think through. By February or March next year we plan to have carried out a more in-depth analysis of the issue and we might be able to give more detail about how it will pan out.

Services such as clerking, reporting and research will be pretty stable in the new building; I do not envisage the new building having a major impact on them. The impact will be much greater on visitor management and catering, for example, which have a much bigger building dimension and which are more likely to be affected by the new building.

Alasdair Morgan: Are pensions and employer contributions included in the pay figures in the tables that we have been given?

Derek Croll: Yes.

Paul Grice: The figures for parliamentary staff are included.

Alasdair Morgan: Are you happy that the MSP pension fund, which I presume was started from scratch, will have enough money? We have already had an indication that certain MSPs will not stand again for election. Have you made provision for extra unexpected pensions?

Paul Grice: There are two pension issues. Staff are members of the principal civil service pension scheme, which is not a worry because it is not a funded scheme, as is the scheme for MSPs. The corporate body established—under inherited legislation—a scheme for MSPs that is broadly analogous to the one for members of Parliament at Westminster. The scheme is funded and we receive regular reports from the fund managers. The most recent report that we have had—which was well into the period in which the stock market was not performing particularly well—was still reasonably confident.

If the fund continues to perform badly, we cannot rule out the corporate body, acting as trustees of the fund, having to put an additional amount into the fund. We do not expect that but, as Alasdair Morgan says, this is a difficult period. A number of members have indicated that they will stand down at the next election, so the matter depends partly on the age profile of the new members. We will need to keep a close eye on a number of uncertainties, but the amounts that are involved are relatively modest compared to general expenditure. There should be no significant shock there against the corporate body's expenditure in general, but Alasdair Morgan is right to suggest that it is an issue that we need to keep a close eye on.

The Convener: I welcome Margo MacDonald, who has joined the committee for today's meeting.

Ms Margo MacDonald (Lothians) (SNP): The convener will forgive me if I do not completely understand the set of accounts that are before us.

Can you tell me where—under property costs, running costs, staff-related costs, general costs or wherever—the SPCB has made an allowance for the maintenance of the building?

Derek Croll: Those costs fall under the property and running costs—maintenance costs are part of property costs.

Ms MacDonald: What sort of percentage of the costs do they account for? How did you calculate the maintenance costs for such a unique building?

Derek Croll: We calculated the maintenance costs with great difficulty. We made estimates based on the professional advice that we received. At the moment, we are still going out to contract for a number of the areas concerned, and we will not be certain about the figures until the contracts are in place. Until we get on site and start running the building, we will not be entirely sure about some costs. We have made the best estimate that we can make at this stage. Maintenance costs at Holyrood are certainly estimated to be higher than those that we incur at present.

Ms MacDonald: I would have assumed that that was the case. At this stage of allocating the last bits of the contract, does recognition of the higher maintenance costs that will be incurred in the new building incline you towards choosing one style of contract or finish over another?

Derek Croll: Are you referring to the choice of contractors?

Ms MacDonald: Yes—I refer to the choice of contractors and the choice of finish or quality of the building.

Derek Croll: The finish and quality are issues for the Holyrood project team.

Sarah Davidson (Holyrood Project Team):

There has been an attempt to consider whole-life costs, for example with regard to floor finishings. The corporate body took on a cleaning adviser a while ago, and I know that he has been advising about the implications of certain kinds of finishes for on-going maintenance. Such questions have been addressed in relation to some other matters of detail, such as junctions between floor areas.

Ms MacDonald: It was the matter of the ceiling that I had in mind, but we can come to that later.

Brian Adam: There seems to have been an increase in the amount that has been set aside for contingencies. I wish to discuss in particular the costs of migration to the new building. Out of a total of £6 million for the next two years, £1.8 million is for contingencies, which is a high proportion.

I am also a little perturbed that the restoration of the assembly hall to the Church of Scotland's specifications and the opening ceremony of the new building are regarded as contingencies. Surely those were both well known about. We have put the assembly hall back together for the church's purposes at least twice before now. Why is that included under contingencies, rather than in the main funding stream? Why are we allocating £400,000 for the opening ceremony?

Derek Croll: Decisions about entering figures as contingencies related largely to the fact that we did not have exact figures to enter; it is not as if we have contracts in place for those pieces of work. We have entered our estimate of the costs we think will be incurred. The work on what we call mode 4—to reconvert the assembly hall to the Church of Scotland's specification—will be different from what has been put in place over the past couple of years. The end specification is different from simply converting the hall for the purposes of the May general assembly, as has been done previously, and that is why it has been entered as a contingency.

Brian Adam: Are you suggesting that the Church of Scotland has changed its specification in some way?

Derek Croll: No, not at all.

Brian Adam: Why, in that case, do we not have a firm figure for the restoration of the assembly hall?

Paul Grice: The point is that the work will be different. We have previously converted the hall to what is called mode 3, which is the state in which the church requires the hall to be once a year for a week. When the assembly hall is permanently converted—in other words, when we hand it back for good—the work will be different and the contract will be one that we have never let before.

Brian Adam is of course right to suggest that some of the work will be similar to what has been done before. The point is that the cost does appear in our budget. We simply took an accounting decision to the effect that it was sensible to enter the cost as a contingency.

We really do not know what the cost of the opening ceremony will be. The corporate body has decided on a budget that is significantly less than what was spent at the opening of the Parliament. It is just a line in the budget at the moment; we cannot arrive at a firm cost until the opening ceremony working group has reported on exactly how it wants to run the opening ceremony. There must be a very significant probability that the budget that has been set for it will be on the generous side, but the figure is there to give the opening ceremony working group latitude to come up with some proposals. When the group comes up with proposals, the event will be more firmly costed. We will then be able to enter a firm amount. At the moment, however, there are no firm plans for the opening ceremony.

Brian Adam: Am I right in thinking that the decision on the opening ceremony is a matter for the corporate body, that the corporate body has decided in principle that there will be such a ceremony and that it has delegated to a working party—

Robert Brown: There is no delegation. A working party has been appointed to make recommendations to the SPCB. No decisions of any kind—about either the date or the content—about the opening ceremony have yet been made.

Brian Adam: Who is working on the ceremony? To whom is a report being made?

Paul Grice: The Presiding Officer chairs the working group. It contains an MSP from each of the main parties and representatives of the police, of the City of Edinburgh Council and of the Palace of Holyroodhouse. The group has been invited to produce recommendations, which it will do over the next few months. Once it has reported to the corporate body, the corporate body will take a decision. At that point, we will be able to give a firmer budget. Our feeling is that the figure of £400,000 is quite generous. None the less, it seemed prudent to include it in the budget at this point.

The Convener: So you are including a contingency for the opening ceremony while recognising that the decisions on it have not yet been made. The contingency will therefore arise only once those decisions are made. It would be useful to get an outline of how the decisions might be made and of how that contingency will be realised.

I note that the entry for contingencies has risen by more than £1 million since last year. Can you give us more detail on what the operational requirement for a contingencies fund of £5.2 million is? Why has such a significant sum been added over the past year?

Derek Croll: A large part of the contingency for 2003-04 is to do with the cost of the migration to the new building. The amount will obviously be higher in that financial year because that is when the move will take place. We have provided some details of the migration costs in a separate briefing paper, which sets out where the costs associated with migration arise.

The Convener: My point was about the increase in the figure. You are saying that the migration will be more expensive than you thought it would be the last time we were given information about it.

Derek Croll: I am sorry. Are you comparing the figure with—

The Convener: I am comparing the amount with the figures that we got this time last year.

Derek Croll: I think that that is because we are more certain about what we will actually experience.

Brian Adam: Surely the increase reflects greater uncertainty. Of the total migration costs, £1.8 million comes under contingencies, with only twice that amount showing as identified costs over the two years concerned.

Robert Brown: It must be recognised that what we are doing is complex and has never been done in the lifetime of the Parliament; I do not suppose that such a move has been made often in the lifetimes of other Parliaments.

As I think we reported last time we came before you, we have put in place a series of planning packages that deal with the various aspects of the flit. Flitting from one's own house to a new one is complex enough; flitting between Parliaments is hugely complex and involves a series of quite understandable uncertainties. We have tried to be as firm as we can, but the move is still to happen and studies continue on the detail of how the flit is to be done.

Ms MacDonald: I have a point about the flit itself. I confess to having been mystified when I saw that it is to take place during the height of summer—during the tourist season, when Edinburgh's streets get jammed up, blocked off and all the rest of it. Will you perhaps have to pay more to carry out the move in the hours of darkness, before the tourists are up and about and wanting their money's worth? I do not know why you are moving during the summer; it is bound to cost more.

Paul Grice: First, moving at that time ties in with completion of the building. Secondly, the flit will take place over the summer recess. It is less of a physical move. There will of course be equipment to shift, but it is more about moving people and giving those people the opportunity to get to know the new building and to understand how it works, so that the final people to flit, the MSPs—

Ms MacDonald: Don't know anything.

10:30

Paul Grice: My objective for the flit is to have a building that functions when the MSPs walk in. For that, we need staff who have familiarised themselves with the systems and have done some debugging. The summer recess presents an ideal opportunity.

You are right that no time is perfect and that Edinburgh is a busy place. However, the physical moving of equipment is the smaller part of the move. The larger part is getting people down to the building and giving them time to understand it so that it is ready for the MSPs to arrive in the August of that year.

Ms MacDonald: Perhaps I am being dense again, but do not people go on their summer holidays during the summer—even people who are going to make the place ready for MSPs?

Paul Grice: We have been planning for that for about a year. We realise that it is difficult. You are right: staff usually have to take most of their holidays in the summer. That is an issue for us. Staff are enormously stressed with the move at the moment.

By planning ahead, we are doing a number of things. We have the opportunity of the dissolution period in 2003. I will certainly encourage senior staff to discuss with their staff how to take holidays next year. Indeed, I did so about six months ago. The dissolution period provides an opportunity when members are elsewhere and staff can take holidays.

To manage the move around holidays will be a massive managerial task. That is another reason why having a two-month summer recess period is ideal. You are right: the process will be enormously difficult. For the staff to manage it all will be hard. However, it must be done at some point. Of all the options, moving in the summer recess is by far the best one.

Ms MacDonald: I heard what you had to say about the working group that is drawing up plans on how we should celebrate the opening of the new Parliament building. Have you allocated some sort of public relations contract for someone to organise the fireworks, for example?

Paul Grice: No, but we will bring in an events organiser. For example, something of the order of bringing school children from all over Scotland will require a good deal of expertise. The police, who are particularly interested in the health and safety of crowds, recommended strongly that, if we were to do something like that, we would need an events organiser to help. That is the sort of person who will be brought in. That person will also be there to advise the working group on any other ideas that it might have to mark the opening.

That is as far as the process has come. We are in the tender process at the moment. I expect that we will have somebody on board by Christmas, who will then be able to advise the working group on technical issues as well as on ideas.

Ms MacDonald: Are we allowed to ask how much they will receive?

Paul Grice: I cannot give you that figure off the top of my head, but I am happy to let you have it.

Ms MacDonald: I thought that I might apply. I will be doing nothing during the summer.

Paul Grice: I would be delighted. Drop me a note.

Alasdair Morgan: I have a couple of questions on items that are slightly tangential to the Parliament—the Scottish public services ombudsman and the Scottish information commissioner. I notice that the costs of those are static over the next three or four years. What is the explanation for totally static costs? Very few organisations have static costs in practice. Is there any other proposed legislation—already introduced or even a gleam in someone's eye—that would create further costs of that nature?

Paul Grice: Those are two important points. The first has a simple explanation. The budgets for the ombudsman and the commissioner are transfers from the Executive. That is why they are static. As you know, the ombudsman is just about up and running, but it is early days. I am sure that, when she has been in post a while, a more sophisticated bid will be needed. That bid may go up. The budget at the moment reflects a roll-forward of the agreed transfer from the Executive. You are right to spot that it is static. It might go up, but I honestly do not know. The ombudsman will have to look at it long and hard; she will have to come to the corporate body and then on to the committee if she wants to make a case for an increase.

The wider point about commissioners is well made. There will be a commissioner for public appointments in Scotland, a Scottish parliamentary standards commissioner and possibly—on the basis of the recent debate in Parliament—a children's commissioner. That raises two issues. One is the cost of running those

commissions. There is transparency on that through the accounts. The second is a narrow issue for the staff of the Parliament. We have provided a lot of effort and resources to the ombudsman in establishing her office. Sponsoring such commissioners and ombudsmen and helping them to get set up has quite an impact on our organisation. We could not have predicted that a year or so ago. As Alasdair Morgan says, this is a growing area. I will need to consider it carefully with the corporate body to ensure that we have people to support the commissioners, even in fairly basic things.

Robert Brown: We were also concerned about the mechanism for enhancing the independence of such posts. We were concerned that the postholders would need to determine their own requirements and that the corporate body should be as neutral and independent a mechanism for administering them as possible. That is also a slight tension.

Alasdair Morgan: There is clearly an advantage in such posts being separate from the Government, as that preserves their independence. However, the number of such posts is mounting up; they are viewed in the round as part of the costs of running the Parliament, which, in a sense, they are not.

Paul Grice: You are right. We may need to think about how to keep them separately identified. I am happy to give some further thought to that. When the corporate body submits its report, the individual commissioners or ombudsmen may make a separate submission to the committee to explain what their costs are for. As Robert Brown said, the corporate body is in a supporting role—not really a challenging role—on resources. The challenging role seems to me more properly a matter for the Finance Committee.

The Convener: There is one further issue on that: the Government's broad commitment to decentralisation of its staffing arrangements. I would be concerned if all such posts and bodies ended up being in Edinburgh by default. That is an issue that the corporate body might want to take on board.

Brian Adam: This may be a relatively minor point, but the Parliament's income is projected to fall by £50,000 from £250,000 to £200,000 a year. Does that reflect the significant reduction in the number of seats available in the new building's public gallery compared to the current arrangements? Is it an anticipation that fewer people will be interested? Is it due to the location?

Paul Grice: Income comes from two sources: the shop and broadcasting. Broadcasting is the larger of the two, I think. I expect shop income to be significantly higher in the new Parliament

building. Aside from the main gallery, the capacity for visitors in the new building far exceeds anything that we currently have. If the visitor numbers are anything approaching the projected 700,000, the corporate body will have to consider in more detail the major issue of how we provide retail facilities for them. We are not in the new building yet; we have not looked at that.

I think that the income from broadcasting partly depends on our licence agreements with broadcasters. That is the other main area of income. We will be letting a new broadcasting contract, just as we are letting new contracts for virtually every other service.

Brian Adam: Do you project that the broadcasting contract will bring in less income, given that you are anticipating higher income from the shop?

Paul Grice: The short answer is yes.

Mr David Davidson (North-East Scotland) (Con): I am sorry for being late.

Do you have an anticipated income flow for the new catering arrangements in the Parliament? I would have thought that, as the arrangements will be vastly superior to what we currently have, we could expect additional flows.

Derek Croll: The catering revenues are effectively netted off against the catering costs within the running costs of the Parliament. Overall, we anticipate a slight increase in catering costs, largely because there will be more facilities in the new building. However, it is fair to say that we do not know at this stage what the likely income from the public cafeteria will be. The cafeteria may generate a stream of revenue on its own, which we should disclose separately.

Mr Davidson: Have you made no predictions whatever about likely income flows, even though you are dedicating so many square feet to a public facility?

Derek Croll: We have made predictions in relation to the catering contract for which we have gone out to tender. However, until we see what the visitor flow is, it will be difficult to take a firm view on what the income will be.

Mr Davidson: Have you not had any advice on what your turnover per square foot is likely to be for the facilities that you are offering, in comparison with what happens elsewhere?

Robert Brown: The situation will not be totally comparable with what happens elsewhere. We are dealing with a facility that is in a sense ancillary to the Parliament. In the new building, there will be major opportunities for supplementary activities to take place in the various spaces that will exist. Although the new building will offer such potential,

at this stage—before we have entered the building and have been able to assess how it works—it would be irresponsible to put down major markers to guide the corporate body and the Finance Committee. At present, the issue is simply too open.

Mr Davidson: I want to follow up on Alasdair Morgan's question to Paul Grice about whether certain budget responsibilities represent a corporate expense for the Parliament, whether they are an Executive expense or whether they are something else again. It would be helpful to have an indication of whether the corporate body has discussed with the Executive how to divide up the budgeting responsibilities for different activities taking place in Scotland. There is an issue about the commissioners. If they are independent, who funds them? Is the funding being top-sliced from the block grant that comes to the Executive or is it coming through the Parliament? Have you discussed guidelines with the Executive, which you would be able to offer us?

Paul Grice: There have been discussions, the fruit of which members can see. We have established the precedent that the commissioners must be independent from the Executive, as Alasdair Morgan mentioned. The new commissioners who come on stream will be funded in the same way and will be identified separately. I am happy to give further thought about how the machinery of that might work most efficiently, so that the Finance Committee, through the corporate body's accounts, will be able to identify how much the various commissioners cost.

Mr Davidson: I was not referring specifically to the commissioners. I was asking about the general principle of how one divides things up. For example, it appears that the roadworks that are associated with the new project are off your balance sheet and have probably moved on to the City of Edinburgh Council's balance sheet. Who funds those roadworks? Are they part of the project?

Paul Grice: The funding for that work has come out of the block, as everything does. That issue aside, the lines are clear. We are responsible for everything to do with the running of the Parliament. I will be honest—the roadworks probably fall into a grey area. They are not part of the site, we do not own them and we probably would not have undertaken them had they not been in that area. However, it is clear that the work was commissioned by the Executive and was paid for by the Executive through the City of Edinburgh Council, although we were involved in managing the project.

That issue aside, no real dubiety exists. We are clear about where the dividing line is—if funding

concerns the running of the Parliament, it is the responsibility of the corporate body; if it concerns the vast majority of other expenditure in Scotland, it is the responsibility of the Executive.

The Convener: Before we move on to item 2, I have some questions on the capital budget. The total of £135 million in this year's capital budget includes £125 million that relates to Holyrood. Do you have a picture of the variants on that projected spend and do you have a view on what is likely to be carried forward to the next financial year?

Derek Croll: The projections are that we will spend up to that level. That said, progress through the project involves a continuously moving process of reforecasting. We do not expect to spend more than that figure; it represents the worst-case position.

The Convener: Will you explain why the capital costs in the post-Holyrood completion period are £18 million, which is greater than the figure of £15.4 million for 2003-04?

Derek Croll: As part of the resource accounting arrangements, the cost of capital reflects the depreciation on buildings. Depreciation does not affect the building until it is operational. The difference in capital costs reflects the fact that the completed building will incur a depreciation charge.

The Convener: On the landscaping part of the project, we would like a better indication of what has been purchased for the significant sum of £14.2 million. The Finance Committee has not been provided with a detailed brief on that area.

Paul Grice: We can do that.

10:45

Sarah Davidson: I can do that now, if members would like. The construction cost is between £7 million and £8 million; fees amount to just under £2 million; the cost of land purchase is £0.3 million; and contingency and inflation costs come to £1.8 million. We also had to do some work in relation to the parks police muster rooms, which amounted to £0.5 million. Those figures, together with VAT of £2 million, produce a total of £14.2 million. The figure that was transferred from the Scottish Executive's budget to the SPCB's budget was £8.1 million. I can provide those details in writing.

The Convener: It would be useful to receive a paper on that, as background information.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): In view of my membership of the Holyrood progress group, I will withdraw from the meeting at this stage, before the committee considers the quarterly report on the Scottish Parliament building project. I will sit in the public gallery.

Scottish Parliament Building Project

The Convener: Item 2 relates to the SPCB's quarterly report on the Scottish Parliament building project. Members might recall that, in June, having received advice from the Presiding Officer that the picture would be clearer at the present stage, we agreed to delay receipt of the report. This represents the third occasion on which we have considered such a report since the Parliament agreed to the provision of information by such means in June 2001.

I welcome Fergus Ewing, who has joined the meeting. Before I invite members to ask questions, I give Sarah Davidson or any of the other witnesses the opportunity to make a preliminary comment.

Robert Brown: The Scottish Parliament building project is a controversial subject. The corporate body is well aware that there is considerable press and public interest in the likely eventual cost of the new Parliament building at Holyrood. It would be helpful to recap to the committee how we got to the current position on costs and parliamentary authority.

The Parliament inherited from Westminster the decisions on the site, the architects' conception, the scheme design and, most important, the contract method. The Government took those decisions prior to June 1999. Commentators have fastened on to a number of figures for the likely cost of the project, which were proposed in the early stages. As those figures were not site specific and did not relate to worked-up designs, they could not fairly be said to represent a realistic estimate.

When it inherited the project, the corporate body, with the sanction of the Parliament, made two significant changes. It instructed changes to the shape of the chamber and, more significant, increased substantially the physical size of the project to reflect our experiences of the Parliament in operation. That resulted in an estimated figure of £230.88 million, which was confirmed by John Spencely in his report of March 2000. Building on the work that the project team had at that time, he recommended certain cost reductions, which reduced the figure to £195 million. The Parliament approved that figure and the Holyrood progress group was established to improve the supervision of the project.

The sum of £195 million formed the base figure for the design project that we are building. On 13 June 2001, the corporate body reported that building-industry inflation in Edinburgh was adding at least 16 per cent to the costs of new contract packages and that the project was exposed to

other, unquantifiable design and construction risks. The Parliament instructed that the project should be completed and that, although risks were to be managed rigorously, quality was not to be compromised. It required the SPCB to provide quarterly reports to the Finance Committee on progress in relation to inflation and materialisation of risk, to inform the committee's consideration of the annual budget act.

The current report follows the earlier reports of December 2001 and March 2002. The total costs in those reports were £261.6 million and £266.4 million respectively. In March, I warned the committee that the figure was the total figure as we saw it at the time, but that, until the project was finished, a substantial risk element remained.

On 20 June 2002, the Presiding Officer advised the committee in a letter that considerable uncertainties surrounded the contracts for the chamber's specialist glazing and the fitting out of the buildings, partly because the engineering drawings were proving highly complex and partly because of increased security—primarily bomb blast—requirements. The result is that our current total estimated project cost is £294.6 million, which represents an increase of £28.2 million since March.

It is difficult to identify the breakdown of the increase precisely, because the engineering design problems cause delays, which in turn add costs in other areas, such as scaffold hire and delays to other contractors. Building-industry inflation has added about £25 million to the initial figure of £195 million. The insolvency of Flour City UK has been responsible for about £3.5 million, bomb-blast work and consequential delays have amounted to about £30 million and the higher tender cost of the specialist glazing for the chamber has cost about £3 million. Delays other than those due to bomb-blast work have cost about £20 million. That figure takes account of the need to obtain a new contractor for the specialist glazing, which arose when the negotiations with the initial tender company failed and which is referred to in paragraph 9 of the report.

Those are the headline bits that make up the difference between the two figures but, as the committee will appreciate, the figure of £294.6 million still includes the remaining project risk of £47 million—our advisers anticipate that that is a realistic figure that is likely to be needed. The committee will also be aware that the SPCB and the progress group have been fairly rigorous in seeking sensible savings, but not at the cost of compromising the quality of the building. As Margo MacDonald said, there have been issues of the balance between the finishing levels and the subsequent contract maintenance costs that will be needed thereafter.

I began by commenting on the media interest in the cost of the project, much of which has centred on whether the project cost has reached £300 million. The SPCB fully understands the cost issue, which we have been concerned with throughout. There is also increasing recognition that the Parliament is likely to be a world-class building, which will be a centrepiece for the evolving democracy in Scotland and which, according to the projections that we have had, may attract about 700,000 visitors, making it the third most-visited building in Scotland. The editorial in *The Herald* on Saturday noted that it will provide "valuable economic spin-offs", and that not to proceed

"would have been a missed opportunity, a failure of ambition more worrying than the overspend is today."

The corporate body and the progress group are trustees for the Parliament, within the very difficult constraints of the contract management method that we inherited. Where the risks remaining with the Parliament, as client, have proved greater than anticipated for the reasons detailed, a number of them are substantially outwith our control, not least in security terms. They are an entirely legitimate worry, but they must be seen in that context.

That is all I have to say by way of introduction. I am happy to take questions.

The Convener: Before I invite questions from members, I would like to seek clarification from Sarah Davidson about the distinction between paragraphs 3 and 4 of the report, which deal with inflation. Could you give us some information on that?

Sarah Davidson: As the committee will recall, the initial cost plan was based, as is normal practice in construction, at a base year of 1998 prices. As Robert Brown said in his opening comments, it was therefore necessary to work out what one would expect the effects of inflation to add to that when coming to a pre-tender estimate. Because the figures on which the risk register is based were compiled within the previous six months or so, they do not have the same element for inflation and are therefore at real-terms prices. You do not need to look at the £47 million and then add an impact for inflation; that has already been calculated.

The Convener: That is helpful. Thank you.

Mr Davidson: The risks involved are obviously of interest to some people. How many contracts were let on the same basis as the Flour City one, without indemnity?

Robert Brown: The indemnity was not really the issue with Flour City.

Ms MacDonald: What about the performance bond?

Mr Davidson: Yes—the performance bond.

Sarah Davidson: I do not have those figures to hand, but I can let you have them.

Mr Davidson: Do you know how many contracts have gone through without any risk at all?

Sarah Davidson: No risk has materialised from any of the contracts that have been let in terms of requiring to call in a performance bond or a parent company guarantee, other than in relation to Flour City.

Mr Davidson: Apart from the number, do you know what risks could accrue from the remaining contracts that have not yet been completed?

Sarah Davidson: Inevitably, until any contract is finally complete, there is the potential for risk attached to it. A number of measures are used. Retentions of payments can be used if something goes wrong with a contract. Every piece of work that is paid for must be signed off by the construction manager and the architect before it is approved. Given where we are in the construction of the building, we are satisfied that we are not significantly at risk from contractors getting into trouble, but that is obviously carefully monitored as we go along.

Mr Davidson: Do you have an idea of the total value of those contracts?

Sarah Davidson: If you mean the total value of the outstanding contracts that are to be completed, I am sorry but I do not have that figure to hand.

Mr Davidson: I mean all of them that were dealt with on the same basis as Flour City.

Sarah Davidson: The total value of the contracts that have been let is the value of the total construction cost in the paper. I do not have a breakdown of the different types of contract to hand, but I can let the committee have that.

Mr Davidson: Could we have a note on that? It is a significant measure of risk management within the total contract.

Sarah Davidson: I can certainly supply that.

The Convener: Tom McCabe has a question that we put off earlier.

Mr McCabe: Appendix A lists items that have materialised from the risk register; the total is just over £13 million. One item, in connection with stone cladding, is almost £1 million. I would have thought that you either needed stone cladding or you did not. It now seems that you do, but was there a previous plan? What would the position have been had you not decided to clad that particular area, and what would the aesthetic finish have been?

Sarah Davidson: The answer to that question is relevant to the previous question, as it relates to the outworkings of the Flour City insolvency and the figure of roughly £3.5 million, of which the committee is already aware. That figure reflects the increased costs as a result of having to retender packages that had previously been tendered through Flour City. A number of other items on that list are also relevant.

Mr McCabe: Does that also apply to the mullions and louvres at £500,000?

Sarah Davidson: Yes.

Mr McCabe: There is an additional cost—a small sum in relative terms—of £21,500 for the reconstruction of Queensberry House. Do we now have a total figure for the reconstruction of Queensberry House?

Sarah Davidson: We do not, but we are working on it at the moment in order to identify the total cost of Queensberry House, which we have always known was, in relative terms, not the best value for money. The implications of having to make the building structurally sound have been significant, so we are trying to come to a total cost for each of the components of the building. I hope that we can let the committee have those costs in our next report.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): In his letter to me of 5 September, the Auditor General for Scotland said that there were serious deficiencies in connection with the selection, award and management of the Flour City contract. I would like to focus on just one of the various deficiencies that the Auditor General identified. He states:

“The letter of intent which was issued to FCAM on 26 January 2001 did not require the company to submit a Performance Bond, a requirement which had been notified to tenderers.”

Further to Mr Davidson’s question, am I right in saying that performance bonds were to have been obtained in 33 of the packages, but that in 16 cases no bond was obtained? Am I also right in saying that, of those 16 cases where no bond was obtained, eight packages have now been completed—and it is therefore hoped that there will be no claim—and eight are outstanding? Is it correct that there could therefore be a claim in respect of those eight packages, because they have not yet been completed?

Robert Brown: I would like to ask either Sarah Davidson or Paul Grice to put that in context.

Paul Grice: I shall deal with that. I do not have the exact figures to hand, but they sound broadly right. It is important to understand what a performance bond is. First, it comes at a cost. You have to pay for a performance bond. Secondly, the

terms of a performance bond are very important, so they usually require an awful lot of negotiation, both with the company and with the surety provider—a worthwhile performance bond is difficult to get hold of.

The other point to make is that it is Bovis Lend Lease's job to recommend to us when a performance bond, or indeed a parent company guarantee, is needed. A performance bond is not normally made under an interim contract; it usually awaits a full trade contract. A performance bond is only one of a number of mechanisms, some of which Sarah Davidson has already alluded to, that are used to manage a contract. It is by no means the only way—indeed it is not even the main way—in which one would seek to manage a contract. There is an issue around performance bonds, which the corporate body is seized of and is pursuing at the moment. Performance bonds are not, in any sense, the entire safeguard against risk; they are simply one mechanism.

Robert Brown: At the moment, trade contracts are in place on all the let contracts, which is an important reassurance to the committee.

The Convener: Alasdair Morgan would like to ask a supplementary question before we come back to Fergus Ewing.

Alasdair Morgan: This may be a question that Mr Ewing was going to ask. He suggested that certain contracts had been let with performance bonds for which the performance bonds were not used. You said, Mr Grice, that asking for a performance bond puts up the cost, because you are effectively paying for the insurance.

Paul Grice: Yes.

Alasdair Morgan: In cases in which the performance bond was not received, was the cost adjusted downwards to reflect that fact?

11:00

Paul Grice: Yes. Where there was no performance bond, I would not expect to pay for one. I do not know whether a rebate on costs would be sought in every case where a performance bond was not secured or whether costs would simply not be incurred—I will have to check. A bond is usually about 1 per cent of contract value. I agree that if insurance is not taken out—a performance bond is simply an insurance policy—we would not expect to pay for it.

Alasdair Morgan: We would not expect to pay for it, but have we done so?

Paul Grice: Sarah Davidson may be able to fill in the details on the issue—I am not familiar with all of them. I will be happy to check the situation and write to the committee.

Sarah Davidson: We can check the details.

The Convener: The committee would welcome that.

Fergus Ewing: Is it true that the Auditor General for Scotland strongly advised you that performance bonds must be obtained in all the contracts where they were supposed to have been obtained but were not?

Paul Grice: No, the Auditor General did not give that advice. To be more accurate, he asked where performance bonds were if Bovis had recommended them. He would be the first to say that one cannot generalise and that performance bonds must be considered case by case. If a performance bond is deemed to be required, we should pursue it, bearing in mind the difficulties that I have explained. It is not always straightforward to get a performance bond. He also accepted that if—originally or on reflection—a performance bond were judged not to be required, we would not need to pursue it. I think that that is closer to his advice.

Fergus Ewing: What—

The Convener: I apologise for interrupting you, Fergus, but Brian Adam has a supplementary question.

Brian Adam: I will be corrected if I am wrong, but I understand that Bovis recommended that there should be performance bonds in 33 cases, but there were performance bonds in only 16 of them. Is that correct?

Paul Grice: I would need to check the figures.

Brian Adam: Broadly speaking, is that correct? I do not wish to make a point about absolute numbers, but is it correct to say that there have not been performance bonds in roughly half the cases?

Paul Grice: There still are a number of outstanding performance bonds. The judgment has to be made as to whether it is worth continuing to pursue performance bonds, given that in all those cases, nothing materialised that has been a call on the bond. In other words, insurance has not been used.

Brian Adam: Surely that calls into question the judgment of the project's professional managers. If they tell us that we need performance bonds, but there were performance bonds in only half the cases, something is not quite right. If the advantages in having performance bonds are offset by the fact that we cannot get beyond the letter of intent for performance bonds timeously to allow the project to proceed, that does not say much about Bovis's advice in the first place.

Robert Brown: We should be cautious about how far we go down that line. The matter seems to

be more properly one for the Audit Committee in due course. Suffice it to say that the corporate body insisted on a meeting with Robert Black, the Auditor General. We have gone through in considerable detail with him and officials a number of implications that members have discussed today. We are satisfied that full trade contracts are in place and that, where necessary, performance bonds have been followed through. As Paul Grice rightly said, those constitute part of the risk management on contracts against the background of the construction management method, which has been the source of many difficulties in managing the project.

Brian Adam: You are almost saying that performance bonds are hardly worth the effort. If that is the case, why did we go down that route? Why did Bovis recommend that approach? Why did we fail to take that approach in 50 per cent of cases? Such questions are relevant and relate to managing overall costs. If we have failed in the fundamental technique that has been applied, there is a problem, especially as 10 per cent of total costs are in fees. I note that more than £40 million is to go on fees. A significant proportion of that amount will go to Bovis for managing the project, yet in 50 per cent of cases in which performance bonds were supposed to have been in place, they were not. Fortunately, that has not cost us much so far, except in respect of Flour City.

Paul Grice: It is important to put the record straight about Flour City. We had a parent company guarantee. As you rightly say, the approach has cost us nothing in respect of the other cases. In the case of Flour City, a parent company guarantee was in place and the matter is currently under legal consideration.

As Robert Brown said, we have had discussions with the Auditor General. We are talking about audit matters. The corporate body takes such matters seriously. I have had a discussion with the Auditor General and there has been follow-up action. The corporate body has listened carefully to what the Auditor General has said and is pursuing all the cases vigorously.

The Convener: The Finance Committee should not encroach on audit matters—we must maintain boundaries. Tom McCabe wants to clarify something.

Mr McCabe: It is important that we take proper aim. If Bovis, as our contractor, recommended performance bonds, it is up to the client whether to take that advice. It could be said that the client has exercised good judgment in that the expenditure was not incurred and that has so far not been detrimental to costs. I am sure that such decisions are taken in the private sector all the time and that people live or die by them. However, in the public

sector, people are required to be more accountable and to explain management decisions. It would be helpful to have a better explanation of why sometimes a performance bond was taken up as a result of advice and why sometimes it was not. I am sure that there were good reasons for doing so, but we are talking about public money and an explanation would be helpful.

Robert Brown: We are discussing a difficult issue, convener. Could we come back to the committee with something in writing? We could give some background to the issue.

The Convener: Members would welcome that.

Mr Davidson: I have a brief question that touches on what Tom McCabe said. Could the report clarify who took decisions on a performance bond once Bovis recommended yes or no? It would clarify matters if we knew who was involved in taking such decisions on behalf of the client. If the corporate body took such decisions, that is fair enough, but if a decision was delegated, we need to know.

Paul Grice: I can answer that question now. A decision would be taken by the project team on Bovis's advice. I do not mean literally that a decision would be taken by members of the corporate body personally. It would be delegated to the project team.

Mr Davidson: Thank you. That is helpful.

Brian Adam: It should be clarified whether decisions were based on taking a risk or whether it took too long to negotiate a performance bond and activity was already well under way or completed before such a point was reached.

Robert Brown: We can deal with that. In fairness, there is an element of both.

The Convener: The committee can therefore expect a paper that highlights issues that have been raised. I apologise to Fergus Ewing for interrupting him earlier, but members were seeking clarification.

Fergus Ewing: I never mind being interrupted by SNP colleagues. To put things simply, a performance bond is an insurance policy. It is sensible to take out an insurance policy at the beginning of the year before one's house is burned down or one crashes one's car, and it is obvious that that did not happen. I want to put matters in a wider context. Does any witness know whether other clients of Flour City International for other projects throughout the world are in the unhappy position that we find ourselves in—namely, that they do not have a performance bond? Do you have information on whether performance bonds had been obtained in other contracts on which Flour City defaulted? If so, how much has been paid?

Paul Grice: I do not have that information, but Shepherd and Wedderburn, which is giving us expert legal advice on the pursuit of Flour City International, is using American agents to help to find that out. If the information is relevant, I am sure that Shepherd and Wedderburn will report it to the corporate body to help it to decide whether Flour City is worth pursuing and, if so, how to do so.

Fergus Ewing: I appreciate that. Perhaps I could give Shepherd and Wedderburn a wee help. Some \$70 million has been paid out by the bondholders, which includes a payment to the client for the Bronx city courthouse, where the bond was obtained under a letter of intent and the principal contractor was Bovis Lend Lease. How is it that just about every other client in the world receives a pay-out, but we end up without a performance bond? Do you agree that, as that is the case and because it was a requirement that was plainly notified to pre-tenderers, there is a strong *prima facie* case that Bovis should repay the taxpayers £700,000?

Robert Brown: I do not want to go in that direction. As we have told the committee before, the reason why the contract with Flour City came to an end was that the performance bond could not be obtained, despite the fact that the parent company guarantee had been put in place. Had the performance bond been obtained and the matter been able to proceed, perhaps we would not have had to move in that direction. However, it was not and the protection of the Parliament required the termination of the contract on that basis.

Ms MacDonald: At the previous meeting of the Finance Committee, I suggested that we should go after Bovis, as it had offered the advice on Flour City. We should be grateful to Fergus Ewing for the detailed investigation that he has undertaken.

As the corporate body is returning to the committee with a more transparent explanation of the way in which the decisions on performance bonds were arrived at, perhaps you could also explain what post-contract financial provision has been made for the replacement of defective components in what is going to be a very complex fit-out. We know that there is huge pressure to get the building completed and fit for occupation, with many other contracts depending on the entry date and the delivery date. We also know the pressure that exists on the construction industry in Edinburgh and that it will be difficult to recruit craftsmen of the consistent quality that you are looking for. Although I am not a professional in the industry, I would have thought that you would have to make provision for some inconsistency and unevenness in the quality of the fit-out. Has financial provision been made for that?

Sarah Davidson: I will answer that question in two parts. There is a requirement on every contractor stipulating the quality of the work that they have to deliver. If work of that quality is not delivered—such things are checked daily and weekly by the construction manager and the architect—the work must be replaced at the expense of the contractor. That has happened in one or two cases, at the contractor's expense.

There are also different kinds of warranties. Although warranties are applied to the vast majority of the contracts, they are not applied to all. I do not have the details of the way in which those warranties work, but we could easily get those for the committee. The warranties provide, for a certain period after completion and occupation, for the emergence of the kinds of problems that are not immediately clear and which the contractor would be expected to remedy at their expense.

Ms MacDonald: I am sorry to press this point, but it is important. You have said how difficult it has been to engineer the roof and ceiling. There are many other buildings in Edinburgh with imaginative and difficult-to-engineer ceilings, underneath which buckets are normally to be found on the floor. Therefore, it is reasonable to assume that there might be teething problems with such a complex piece of engineering and architecture. I would like to ensure that we have covered ourselves by making financial provision for such problems. If there could be some parallel to the gamble that was taken in relation to performance bonds, let us not take it with regard to the cover that we would get for the roof.

Sarah Davidson: I do not have anything to add to what I said before. We expect the contractors to be responsible for such issues.

Ms MacDonald: You also expected Flour City to cough up.

The Convener: Let us move on to another theme. Paragraph 8 of the report makes vague reference to an estimate that puts the bomb-blast requirements in the region of £20 million to £30 million. How was that estimate arrived at and how were the requirements influenced by the events of 11 September? What kind of margins were created in that context?

Robert Brown: For obvious reasons, security has been an issue from an early stage. However, the events of 11 September concentrated minds and added to the pressure for security. Sarah Davidson has the details.

Sarah Davidson: Our past reports should have indicated the fact that we have become increasingly aware of the impact of bomb-blast requirements on the building. The architects and engineers have to design elements from the

façade to the structure that can withstand a charge of the depth that is set out by the security services for a medium to high-risk building—that is how the Scottish Parliament is categorised. As has been said, it is a highly complex building that is designing components at the cutting edge of engineering. If someone wanted to design a blast-proof building, they would not start from here, but would put a bunker in the middle of the Meadows. However, as we have not done that, and given the fact that there are no hard and fast details concerning how a building should be designed to withstand such blasts, we have been involved in a constantly iterative process in discussion with the blast consultants.

11:15

Following the previous report that we made to the committee, we asked our cost adviser to return to all the packages that have been finalised or which are in the process of being finalised, to try to identify how much of the cost of each of those was likely to be attributable to the fact that the building has to be blast resistant. For example, he considered each of the windows and thought, “If we were buying this and it did not have to have extra reinforcements or bolts of a certain length, how much would it cost?” He then worked out the difference. That has been done for all packages that are affected by the bomb-blast requirements, and a figure of between £20 million and £30 million has been produced.

That figure relates simply to the hard material cost of purchasing those packages and does not take into account the iterative design process. For example, if a window looked as if it fitted the requirements, but taking it to North Yorkshire and blowing it up on the Ministry of Defence range showed that it did not, it would have to be redesigned. That component of delay has knock-on implications for many other packages and we estimate that it has added considerably more than £20 million to £30 million to the costs. Much of the cost of delays that is being reported to the committee now could be attributable to that component. We would not want to over-egg the pudding, but the iterative nature of the design process is a significant factor.

The security services have told us that although they have not changed any of their guidelines following 11 September—because the events of that day did not tell them much about the impact on a building of a blast—they have been led to encourage Government departments, via the Cabinet Office, to regard previous guidance as all the more mandatory and important because of the recognition of the risk that is posed to high-profile buildings.

Mr Davidson: I return to Miss Davidson's comments about glazing. There were difficulties

before—some of which you have clarified for us in the past—with designing the glazing. Paragraph 9 of the report seems to indicate that the glazing is still an issue and I presume that the difficulties are compounded by the blast-proofing requirements. Bearing in mind the previous technical difficulties and the new blast-proofing requirements, where are we at with the designing of the glazing?

Sarah Davidson: I understand that that is nearly complete and that what is being done at the moment is the design for manufacture rather than the design itself. I also understand, from what our blast consultant said to me last week, that there are no more blast issues concerning the glazing package and that it is now resolved.

Mr Davidson: All the issues concerning the membranes and seals have been resolved.

Sarah Davidson: Yes. That is my understanding.

Mr Davidson: That is clear. Do you now know what the additional costs of the glazing package are?

Sarah Davidson: You are referring to the specialist glazing package for the debating chamber.

Mr Davidson: Yes.

Sarah Davidson: The final tender price will depend on the final programme, and that is not completely resolved yet. However, the latest report that I received indicated that the figures are within the total allowance that had been made for the glazing. In other words, it will not cost more than has been anticipated.

Mr Davidson: So, it will be within the £47 million risk package.

Sarah Davidson: Yes.

Alasdair Morgan: I am a bit concerned about the £30 million, which is a huge sum. What consideration was given to whether the security specialists' advice should be accepted? They are always going to be in the business of making things as safe as possible. What estimate was made of the risk in Scotland of the kind of threat that they are protecting us against? I know that you are not going to tell us what the protection will be, as that would be giving away sensitive information. However, if such costs are incurred, one wonders whether another public building is ever going to be built again under these conditions.

Sarah Davidson: You are right. Those are the kinds of questions that we have agonised over quite a lot recently.

Since devolution, for the purposes of security and the processes that people see when they

come in the front door of Scottish Parliament or Scottish Executive buildings, Scotland has remained analogued to the Cabinet Office and Whitehall departments. That is therefore our source advice on security. It is guidance and is not mandatory. However, it has been made clear to us that any accountable officer who chose to take decisions that differed from that guidance would have to leave a very clear audit trail explaining why. In the discussions that we have had about that, we have not felt that the Parliament, the corporate body or the accountable officer would feel comfortable with that. However, we have been mindful of the costs of individual decisions and have looked at them very closely. There are still one or two outstanding decisions that we are considering strategically in order to decide whether we ought to accept the guidance.

As is always stressed to us, when we are building security into a building, we do not just have to take account of what might happen today or tomorrow; we have to take into account what might happen in 50 or 100 years. The advice of the security services is to err on the side of caution. It is a balanced judgment.

Mr McCabe: I have a quick question about paragraph 19 of the report, which reads:

"The figure of £5m identified previously equates broadly to a £10m 'cost of completion' figure ..."

I do not understand that. Could you explain?

Sarah Davidson: That sentence has become detached from what it should have been sitting with.

As paragraphs 13 to 17 explain, in an earlier report to the committee we reported that our cost consultants had identified a sum of approximately £5 million that, given the programme at that time, might have to be spent on specific late acceleration measures such as round-the-clock working, double-shift working and environmental protection. Since that time, the anticipated occupation date has not changed, but there have been significant delays. That means that a lot more work has to be concentrated into a shorter period. That means that there will be more overlapping of contractors and more need for environmental provisions and late-shift working.

Through risk P, we are therefore advised and have advised the committee in the quarterly report that the figure of £5 million, which was previously identified as being likely to deal with that issue, has now become £10 million.

Brian Adam: Earlier you mentioned that performance bonds were not the only way of dealing with risks. You suggested that retention of some of the money might be better. Have we done that in any cases? Are you in a position to tell us how much has been done?

Annex A to the report says that the additional cost for the Queensberry House scaffolding is £500,000. Are we buying the scaffolding or are we renting it?

Sarah Davidson: There have been retentions. I do not have the details to hand but I can get them for the committee. That is a tool used by Bovis.

The figure for the scaffolding has come from the cost consultant. I do not know the details about how much longer the scaffolding was on the building, but the figure is almost wholly related to delays and requiring the scaffolding for longer. The scaffolding is highly complex because it has to protect the façade of the building. It is not just scaffolding; it is what they call a hairnet protection for limewashing the building. It is more than just scaffolding. I can get you the figures.

Fergus Ewing: I pursue the question raised by Alasdair Morgan. The resolution of blast issues is mentioned in paragraph 8. You talk about works being done "to the required standard".

I appreciate that you cannot go into security issues. I will not be flippant by suggesting that many people find the Scottish Parliament building so unpopular that they would like to do something physically about it. However, the question must be asked: what sort of bomb will we be protected against? If we are serious about the topic, how on earth can you protect a building against an extremely powerful nuclear bomb? If you cannot, are we not wasting £20 million or £30 million? The public does not understand that. If we are not going to be protected against a particularly strong bomb, are we not just chucking away that money?

The Convener: I do not think that that is a practical question. Presumably the project team has taken advice from security experts that is based on their specialist expertise and knowledge. The project team has had to respond to the advice that it has been given and turn it into a building programme. I do not think that it is for the project team or anyone else to speculate about the type of threat or the type of bomb.

Fergus Ewing: I believe that it is directly relevant.

The Convener: I do not think that it is.

Ms MacDonald: With all due respect, £30 million is a considerable sum and if we cannot justify its expenditure to ourselves, how are we going to justify it to the people who pay our wages? It is a perfectly valid point and it could be added to the list of issues that are going to be made more transparent by the committee.

I have another couple of questions.

Robert Brown: I am sorry but I do not want to leave that issue like that. We are not undertaking

to come back on that specific point. I dare say that if someone drops a nuclear bomb on the building, that will do the trick. As the convener has rightly said, the decision was made based on security advice and I do not think that it is appropriate for us to go into further detail about that at this stage.

Mr McCabe: There is a dividing line here and we are running the risk of being flippant. I hope Mr Ewing is not suggesting that, in future, we should not build public buildings that would withstand the actions of individuals with evil intentions. We live in a different world that changes all the time. We have all seen horrendous acts in different parts of the world and it would be irresponsible if people who are engaged in major construction projects did not take account of those.

The dividing line is that the project team should be able to demonstrate to us that, whether the cost is £20 million or £30 million, it was incurred in making that building safer against blasts. That is all that the project team is required to do.

The project team would be in an invidious position if it received advice that it should spend whatever sum of money to protect the building against the things that happen in our world, and it rejected that advice. I do not think that MSPs or—I completely disagree with Mr Ewing—the general public of Scotland would be happy if the project team proceeded in that fashion.

Ms MacDonald: I have one or two questions about the landscaping. There has been a lot of comment about the amount allocated to landscaping. Although I support making the best possible job of it, I am interested in how we arrived at the figure of £14 million. That is proportionately bigger than anything else that has been done in Scotland.

The Convener: I will interrupt Margo to say that we have already asked for a report on that issue.

Ms MacDonald: I want to ask for a specific item in that report.

How much will it cost to put the machinery in to keep the ducks and other wildfowl away? They live across the road from the building and any planner would have told you that they will probably go for their holidays to the pools that we will have around the forecourt of the Parliament. I am just interested in how much that planning mistake cost us.

Paul Grice: I will give Sarah Davidson a break on this one. As I understand it, the pools have been designed specifically with that risk in mind. The pools are designed to be too shallow for ducks to swim on them. That is the technical explanation. That is a serious point but the more general point is that there was awareness that the pools could be misused by ducks and they have been designed with that in mind.

The Convener: I will allow Margo one more question and then we must press on.

Ms MacDonald: I return to the projections that have been made for the expenditure that is still to be incurred. If I am correct, there is £19.9 million outstanding in contracts that still have to be allocated for the later stages.

Sarah Davidson: Still to be let, yes.

Ms MacDonald: The report says that that figure is based on 1998 prices. Why is it based on prices that are five years out of date, particularly given what is happening in the construction industry?

Sarah Davidson: That is just carrying on in the way in which the cost plan has always been compiled. Each package had a cost against it when it was originally broken up, and that was at 1998 prices. The £4.4 million in the table in paragraph 21 of the quarterly report should be added to that £19.9 million to give a realistic pre-tender estimate on those packages.

11:30

Alasdair Morgan: A statement that Robert Brown made earlier led me to think that the outstanding risk, which is shown as £47 million, was likely to be the actual cost—in other words, that the entire outstanding risk would be realised. Is that what you meant?

Robert Brown: The figure is defined as risk, and that is what it is. The best information that we can give the committee is that it is likely that all or most of that sum will be needed.

Alasdair Morgan: That statement is slightly different from comments that were made in previous discussions about the risk register. The risk register referred to things that might or might not happen. You are now saying that those things will happen. If so, why are they still on the risk register? Why are they not included in the costs?

Sarah Davidson: Between the previous reports and this one there has been a significant shift in the type of risk that exists. As Alasdair Morgan said, the previous risks were identified as what we call design and construction risks—the risk that when we go to the market to buy something, it will cost more than we expected or wanted to pay for it. However, until we had tenders on the table, we could not know whether those risks would materialise. We were uncertain about whether they would come to fruition.

The member is right to say that the term “risk” is perhaps not the most apt term to apply to the remaining risks. Those risks, which relate largely to the cost of delay, are based on a much firmer understanding of the impact on each contractor of delays that happen to their or to other packages

and which incur claims from them. On our behalf, the cost consultant is able to make a well-informed calculation of what the current programme means for contractors. Unless some miracle happens and a few months appear where they do not currently exist, we know that the costs are fairly firm. Alasdair Morgan is right to say that there is a significant difference between the type of risk that existed before and the risk that now exists.

Fergus Ewing: The report details acceleration measures without specifying their cost. What is the total cost of the acceleration measures? Is it possible that that money may be wasted and that the project may not be completed until 2004?

Sarah Davidson: The acceleration measures that are referred to in the report are covered by the £10 million that appears in paragraph 19. The figure against the type of round-the-clock and double-shift working to which I referred is £10 million. As we say in paragraph 17, we have been advised by our cost consultant that, given the stage that the programme has reached, those costs will be incurred—whether they are incurred by remaining on site for longer or whether they are incurred by acceleration.

Fergus Ewing: I asked about the completion date.

The Convener: I intended to ask about that.

You are asking for additional funding of £28.2 million. Of that, £18.9 million will be required in 2003-04; the remaining £9.3 million will be required in the current financial year. Are you confident that the target handover date will be met?

Sarah Davidson: In paragraph 10 we refer to outstanding information that is expected from the specialist glazing contractor. The most recent firm programme that the SPCB received from the construction manager envisaged building construction completion in April or May and occupation by the Parliament in September—as was discussed earlier. That was subject to Mero being able to provide the dates that were required in relation to specialist glazing.

It has been reported to us that most of the dates from Mero comply with the construction completion date. However, there are one or two outstanding dates about which Bovis is concerned. It is working closely with the specialist glazing contractor and the other contractors that would be affected to pull back those dates within the envelope for building handover. It is fair to say that there is still a degree of uncertainty about the handover date, because there are a few outstanding dates. Once we are certain of those and of any financial implications that they may have, we will report back to the committee.

The Convener: It would be useful if in the next report you could provide us with an outline of the completion dates and the risk attached to those.

Mr Davidson: The SPCB is asking the committee to approve a budget line. We have just received information that suggests that a firm budget figure cannot be given. How do those two things sit together?

Robert Brown: Because of the construction management method that is employed in this project, there has never been a firm budget figure. The most that we can say is that the figures are becoming firmer as time goes on. As Sarah Davidson explained, the type of risk to which the contract is now exposed relates mainly to delay, rather than to the design issues about which we were so concerned before.

Mr Davidson: But what you are saying is that there could be variation within the budget year that we are talking about, rather than the money being pushed forward to another year's call-down.

Robert Brown: Sorry, to which budget year are you referring?

Mr Davidson: In common with everybody else who is asking for money as part of the budget process, you are asking for money now, for a specific period. Are you saying that there will be another round and that you will push any extra moneys that you may need into another year, or are you firm that what you are bidding for currently is sufficient to see you through the next financial year?

Paul Grice: We have given you our best estimate of the cost and the years in which it will fall—2002-03 and 2003-04. Obviously, when we report back to the committee, which we will do as part of the next round, we will update the committee on that, but we are giving the committee the best estimate that we can at this time.

The Convener: The submission is for us to comment on; that is its status at this point.

On behalf of committee members, I thank the witnesses for coming before us. We have given the issues a considerable amount of attention.

I suggest that we have a five-minute break.

11:36

Meeting suspended.

11:45

On resuming—

Outcome Budgeting

The Convener: I hope that we can deal quickly with our remaining agenda items. Members will recall that the committee commissioned external research into moving to outcome budgeting. After the research was published, a number of public sector bodies were asked to take part in a consultation exercise, and their responses are summarised in the paper that members have received. Copies of the full responses are also attached. Do members have any comments?

Brian Adam: I suggest that we deal with the two recommendations at the end of the paper.

The Convener: That is fine by me.

Brian Adam: I am quite happy to take evidence from the Scottish Executive at this stage. However, I am not convinced that we need to rush immediately into a civic participation event. Indeed, we should certainly hold off on any decision to take further steps until we speak to the Executive, as it is responsible for and has ownership of the original concept.

The Convener: That seems fair enough.

Mr Davidson: I agree with that point. Given the evidence, it is questionable whether the committee should invest any time on the matter, other than to ask the Executive for a point of view. There is no danger of us dealing with the public. If the basic organisations in Scotland have reported a lack of understanding of the procedure, the issue will come up in three or four years' time. In the meantime, we should seek the Executive's views.

Alasdair Morgan: I wonder whether we even need a special evidence-taking session with the Executive. I suspect that, given the stage that things have reached, we could cover the matter under a regular budget item instead of making it a separate item on the agenda.

Mr Davidson: Perhaps we should also ask the Executive for a specific paper in advance.

The Convener: I suggest that we link our consideration of the issue with a request to the Executive for a paper updating us on how resource accounting and budgeting and the monitoring processes that are attached to it are being implemented this year and next. We could also ask about its intentions for future years. Are members agreed?

Members indicated agreement.

Budget Process 2003-04

The Convener: Our next item was to have been consideration of the Executive's response to our stage 1 report on the budget process. However, the paper has not arrived in time to allow us to consider it properly.

Alasdair Morgan: Has it arrived yet?

The Convener: No. As a result, I suggest that we postpone the item until a later stage. Are members agreed?

Members indicated agreement.

Financial Scrutiny Review

The Convener: The fifth item relates to the financial scrutiny review. Professor Arthur Midwinter has provided a paper on block allocations, which are clearly an important issue for health boards and local authorities. Subject committees have expressed concern that they do not have adequate scrutiny of such matters.

I ask Professor Midwinter to speak briefly to his paper.

Professor Arthur Midwinter (Adviser): After the meeting with Mr Peacock, who said that we needed to discuss the matter further, the committee decided that it would be helpful if I produced a short summary of the issues. The convener is correct: every year that I have been involved in the process, the Health and Community Care Committee and the Local Government Committee have complained about the lack of information on the uses of money and, in particular, the absence of any serious consideration of outputs. Ironically, the tension is more marked in the Health and Community Care Committee, which is deeply concerned that it is unable to make an informed judgment about the adequacy of allocations to particular types of care or disease.

The Local Government Committee is torn between its desire to support local autonomy and argue against ring fencing and its desire to see what the money is being spent on. We ought to clear up the issue once and for all, because between them health and local government account for nearly 60 per cent of the budget. The Parliament must consciously decide whether that part of the budget is not to be scrutinised in the way that other budget elements are.

I see parallels between the issues that we face and the Convention of Scottish Local Authorities' reply to the committee's consultation on the outcome budgeting research. My concern about the COSLA reply is that we must ensure that we avoid ending up with an outcome agreement framework that is agreed between the Executive and COSLA, which deals with the high-level aspirations that appeared in "Building a Better Scotland". COSLA is looking for well-being and quality of life indicators, for example a 50 per cent reduction in cancer in 10 years.

We need to be clear about the role of the committee and the Parliament. At the moment, it is fairly clear that measuring performance in health is done by the Executive and the health boards, and that committees are not seriously involved. I want to find a role for Parliament, so I suggest that we examine the possibility of setting up a joint working group to take the matter forward. Twice we have

asked the minister to deal with that and he has taken the issue away and has not dealt with it. Either the committee should decide to drop the matter or it should be serious about it and get on with it.

Peter Peacock has asked us to consider the matter once again. I suggest that the finance people who deal with the local government budget, the Minister for Health and Community Care, and the conveners of the Health and Community Care Committee, the Local Government Committee and the Finance Committee could thrash out what information is acceptable and what is attainable. For example, in this year's health budget we have information on what the Executive spent on various programmes in 1998, but we have no information on what it plans to spend in the next three years.

The Convener: Are members happy with the idea that we need to have a mechanism to take the matter forward? We can then discuss what the mechanism should be.

Members indicated agreement.

The Convener: My feeling is that Peter Peacock is probably the minister whom we would want to be involved, for a variety of reasons, such as his grasp of the issues. I suspect that if the Minister for Health and Community Care were on the group, it would not get much attention, because although the matter is crucial, it will not be what he is most concerned with. I was wondering whether we could get Peter Peacock in combination with senior officials from the health department and local government division. That might be the best combination of parties to bring to the table. I suppose that that is a hybrid of suggestions (a) and (b) in the paper. Arthur Midwinter would have to be involved so that we have expertise available.

Mr Davidson: A number of issues are buzzing round in my mind following Arthur Midwinter's comments. The Parliament has never got to the point of saying what local government should be responsible for. That is the headline issue when leaving people to get on with it. COSLA's problem in identifying which strand it wants to go down is that we have not made the decision in the Parliament.

We recognise that the Executive deals with health boards fairly directly through the health department, but outcomes are rolled out between the boards and the trusts. No parliamentary committee seems to be involved in the linkage between the boards, which set and agree targets, and those who deliver the targets. They are not in the same loop. There is an issue about the legal relationship between trusts and boards. Nobody has done anything to change the legal position of combined boards—currently there are three such

legal entities. We are at an early stage and it would perhaps be useful to consider the structural issues as part of the review.

The Convener: I think that that can be picked up.

Mr McCabe: Those two questions are critical, particularly if we consider that there is a desire to allow local government the freedom to take the decisions that it thinks would best benefit communities. However, local authorities also sign up to national achievement targets with the Executive. There must be a way of monitoring whether those targets are met.

In some areas, we do not need to reinvent the wheel. We know that the bulk of authorities underspend on transport grant-aided expenditure, for example, then continually moan that they require billions and billions of pounds to be invested in their road infrastructure. What was the fantastic figure that came out last year? We already have evidence that the rhetoric does not match reality and that people are not living up to their commitments.

The Executive might be in danger of indulging too heavily in rhetoric in saying that decisions should be taken at a local level and that it will not influence local democracy. That raises people's expectations, which then either are not met or are met in a haphazard way. Disillusionment among people is a big problem, as is people's confidence in those who are in public life, in what politicians say and in the enormous figures that are announced. People find the figures difficult to comprehend and then they do not see the expected outcomes. That is a big issue in local government.

Equally, it is a big issue in health. At the moment, monitoring is done by the Executive and the national health service boards, which have a vested interest. It seems appropriate for the Finance Committee—or another parliamentary mechanism—to stand between the Executive and the NHS boards to provide proper scrutiny, otherwise the arrangement is too cosy.

Brian Adam: That is particularly true in health. Currently, no complications arise from someone having a separate electoral mandate. We need to have an overview of what is being done in the health service and I do not believe that the Health and Community Care Committee or the Parliament has that.

We must be sensitive to local government's separate mandate, but there are major discrepancies. Tom McCabe highlighted the roads issue, but social work is another. There are major discrepancies across the board and there is a role for the Parliament and the committees in scrutinising what is going on and finding out what is being delivered. We need to do that.

I do not know how or when we should go about implementing the recommendations. The effect of suggestion (a) in paragraph 8 of Professor Midwinter's paper would be that only members of the Executive parties would be involved in the process. There might be a question about whether that affords Parliament its proper role. I do not know whether we want to pursue the matter before the election or later.

The Convener: We could do useful preliminary work on the issue before the election. I do not know how far we should go down the route of preparing a report.

Brian Adam: Is that something that might be better done in a non-partisan way, involving officials and our adviser, along with the appropriate minister, rather than elected members? If it were to involve elected members, we might want to consider the appropriate political balance. I can understand the logic of involving the conveners of the committees, but if Executive members are involved, all that will happen is that they will speak to the Executive.

The Convener: That is not right.

Mr Davidson: Two members from each committee could be involved. We could get over the problem that way.

Brian Adam: Alternatively, the matter could be left with officials. Rather than being involved at this stage, members from all three committees could take part in a joint meeting to consider the report.

Mr McCabe: That is quite a good idea, up to a certain point, but with the best will in the world, we all run into times when it is difficult to be politically objective. We require a much higher degree of objectivity on both matters. It might be helpful if a piece of work were taken to a certain level before the politicians become involved.

The Convener: We could say that the Finance Committee wants to proceed in a certain way. Does Arthur Midwinter agree with that suggestion?

Professor Midwinter: My understanding is that you are suggesting that the spadework be done between the Executive officials and ourselves and that we take the matter forward to the stage of agreeing a paper. As long as the convener and Peter Peacock agree that that is what will happen and agree the remit and what is expected of us, we can bring a paper to a joint meeting thereafter.

Brian Adam: At that stage, because the report will cover health, local government and finance, it may be necessary to have a joint meeting or to arrange to deal with the matter jointly. We may say one thing, the Local Government Committee might want to deal with the situation in a different way and the Health and Community Care Committee might want to deal with it in yet another way. We

should take parliamentary scrutiny forward; that is what this is all about.

The Convener: It might be useful to have an interim position in place for the start of the next budget round, because it would need to inform that process.

12:00

Mr Davidson: I suggest that we agree to authorise the convener to write to the minister to indicate what we would like to see done and to ask him for his views by return. The convener would kick off an interface between himself, on behalf of the committee, and the minister. Until we go through that process, Arthur Midwinter will not be in the loop to do anything other than work that is directly for the committee.

The Convener: That is fine. I can easily do that. The burden will fall on the clerks and Arthur Midwinter to take the matter forward.

Professor Midwinter: It will make a difference once the officials know that the process has political backing. Currently, we have discussions with the finance officials, who are our appropriate point of contact. When we get into health matters, they immediately say that they will have to discuss the problems with their colleagues in the health department. On two occasions they have not come back with a response.

Brian Adam: That is why you wanted to have the convener's authority.

Professor Midwinter: At the previous meeting, Mr Peacock stated clearly that we should examine the matter and get a clearer picture of what is possible.

Brian Adam: In the first instance, we should give authority to the convener and Professor Midwinter to engage in the process. We should also refer the matter and the paper to each of the other committees to seek their support in principle for the approach, with a view to the process being dealt with in such a way that politicians are not initially involved. Thereafter, we will take a joint approach.

The Convener: I do not think that we will say that politicians will not be involved, because ministers will want to see what happens. We are saying that a technical exercise will be carried out and that the matter will come back to us in due course.

Are members happy with that?

Members indicated agreement.

Items in Private

The Convener: Agenda item 6 concerns items in private. At the next meeting, on 29 October, we will take evidence on the financial memorandum to the Mental Health (Scotland) Bill. We may want to consider our lines of questioning for that in private. Is that agreed?

Members indicated agreement.

The Convener: The final issue that I want to raise is the external research that Professor Talbot is carrying out as part of the committee's review of financial scrutiny arrangements. It is an international comparison of budget setting and budget scrutiny. Professor Talbot is due to report in November. We are looking for somebody to liaise with Professor Talbot. Are there any volunteers?

Mr Davidson: Could you repeat the brief?

The Convener: Professor Talbot is carrying out an international comparison of budget setting and budget scrutiny as part of the committee's review of financial scrutiny arrangements. I do not think that any international travel is associated with the role; it is just a review of the arrangements.

Mr Davidson: Alasdair Morgan has not got much to do, has he?

Mr McCabe: From everything that I have heard so far on the committee, David Davidson is very well qualified for the role. I have no hesitation in putting his name forward.

Mr Davidson: In other words, Tom McCabe does not want to do it.

The Convener: Are there any volunteers?

Mr McCabe: Elaine Thomson.

The Convener: I will discuss it with the deputy convener. If she is not willing to do it, I will consider the matter.

Meeting closed at 12:04.

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