

# **FINANCE COMMITTEE**

Tuesday 23 September 2003  
(*Morning*)

Session 2

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## **FINANCE COMMITTEE**

### **7<sup>th</sup> Meeting 2003, Session 2**

#### **CONVENER**

\*Des McNulty (Clydebank and Milngavie) (Lab)

#### **DEPUTY CONVENER**

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

#### **COMMITTEE MEMBERS**

\*Ms Wendy Alexander (Paisley North) (Lab)

\*Mr Ted Brocklebank (Mid Scotland and Fife) (Con)

\*Kate Maclean (Dundee West) (Lab)

\*Mr Jim Mather (Highlands and Islands) (SNP)

\*Dr Elaine Murray (Dumfries) (Lab)

\*Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

\*John Swinburne (Central Scotland) (SSCUP)

#### **COMMITTEE SUBSTITUTES**

Mr Adam Ingram (South of Scotland) (SNP)

Gordon Jackson (Glasgow Govan) (Lab)

Mary Scanlon (Highlands and Islands) (Con)

Iain Smith (North East Fife) (LD)

\*attended

#### **THE FOLLOWING ALSO ATTENDED:**

Margo MacDonald (Lothians) (Ind)

#### **THE FOLLOWING GAVE EVIDENCE:**

Robert Brown MSP (Scottish Parliamentary Corporate Body)

Sarah Davidson (Scottish Parliament Holyrood Project Team)

Paul Grice (Scottish Parliament Clerk and Chief Executive)

Mr John Home Robertson MSP (Holyrood Progress Group)

#### **CLERK TO THE COMMITTEE**

Susan Duffy

#### **SENIOR ASSISTANT CLERK**

Jane Sutherland

#### **ASSISTANT CLERK**

Emma Berry

#### **LOCATION**

Committee Room 1



## Scottish Parliament Finance Committee

*Tuesday 23 September 2003*

*(Morning)*

[THE CONVENER *opened the meeting at 10:02*]

**The Convener (Des McNulty):** I open the seventh meeting of the Finance Committee in the second session of Parliament. I welcome the press and the public and I remind members and everybody else who is here to switch off all pagers and mobile phones.

We have received apologies from two members of the committee—Jeremy Purvis and Kate Maclean—who have been delayed, although we expect them to arrive fairly soon.

I welcome Margo MacDonald, who is not a member of the committee, but has asked to be in attendance at the meeting.

**Margo MacDonald (Lothians) (Ind):** I have made myself at home; I hope that that is all right.

## Scottish Parliament Building Project

10:03

**The Convener:** The first item on the agenda is the committee's on-going scrutiny of the Holyrood building project and consideration of the September monthly report. We have before us witnesses from the Scottish Parliamentary Corporate Body and the Holyrood progress group: Robert Brown MSP is a member of the Scottish Parliamentary Corporate Body; Paul Grice is clerk and chief executive of the Scottish Parliament; Mr John Home Robertson is convener of the Holyrood progress group; and Sarah Davidson is project director of the Holyrood project.

Members will be aware that it is intended that this item be consideration of the September monthly report. When that evidence session has concluded we will move on to agenda item 2, which is consideration of the Presiding Officer's letter on commercial confidentiality. If members have questions that are specifically related to that letter, I ask that they wait until we get to that point on the agenda.

Members have before them a copy of the September monthly report, copies of the letters of 10 and 17 June from the Presiding Officer, a letter from Robert Brown following up on questions that were raised at our meeting on 18 June, the July monthly report and the August monthly report. We also have copies of my letter of 22 August to the Presiding Officer following the August monthly report, and the Presiding Officer's response to that letter.

I anticipate that we will not get opening statements from all the witnesses, but I am sure that Robert Brown will want to make an opening statement on behalf of the SPCB.

**Robert Brown MSP (Scottish Parliamentary Corporate Body):** You will not hear statements from anybody else—just from me.

As the committee was—at least in part—a new committee when we met in June, I took it through the background to the Holyrood project, the constraints of the contractual method that was entered into by the Scottish Office, the complexities resulting from the design, and some of the issues that had arisen over time that impacted on the cost and programme of the Holyrood project. I am conscious—as I am sure are committee members—that we meet today against the background that the Auditor General for Scotland and the Fraser inquiry will examine the entrails of the project. Accordingly, I think that the Finance Committee will be interested primarily in developments since June.

Since our previous appearance before it, the committee has received the various letters to which the convener referred. The principal points of those letters cover the revised programme and fees; the latest is on the costs that are associated with the programme delay.

I told the committee previously that the major design and contract-letting risks were behind us. It is worth stressing that the programme is now the main constraint that drives cost. I have to say that the extension of the estimated completion point to July, from the predicted November-to-February window, came as an extremely unpleasant shock, although I indicated to the committee in June that we were not yet out of the woods with some of the more complex trade-package contracts.

The reasons for the lengthy delay in the programme lie primarily with problems in completion of windows in the crucial vortex of the light-well area, which in turn is linked to blast-proofing requirements, which we have hit against at every turn. Members of the committee who have been round the building will be aware of how crucial the light well is to the whole thing—it is right in the middle of everything. The programme delay is more or less the entire explanation for the extra cost.

As the Presiding Officer's letter spelled out in some detail, the Bovis programmers accepted during July that it was going to be impossible for the window installers to meet the programme that was required of them and that that had consequences across the east end of the site. The details of the window difficulties are set out in the technical annex to last month's report, although I do not want to go through those now. It is obvious, even to the layman who visits the site—as I did again last week—that the logistics of working in the confined light-well area are extremely challenging. Only one activity can take place at any one time and every activity depends on the successful completion of the previous one. It is not an area into which one can throw men and just move work forward in that way.

I understand that construction of the glazed public stair cannot start until the scaffold is taken down from towers 1 to 3. The scaffold cannot be taken down until the stone cladding of the façade is complete and that cannot take place until the windows are all installed. The imposed sequential method of working means that many of the finishing works to the debating chamber, the public foyer, the link bridge and the basement façades—as well as the fit out and servicing—cannot take place until the public stair is structurally complete. Those works form the final element of Bovis Lend Lease (Scotland) Ltd's programme, which is now projected to be completed next June and July.

Obviously, we have asked whether the delay could have been foreseen. The previous

programme was based on Bovis's estimate of what key contractors should be able to achieve in production and installation rates, and on some detailed design issues' being sorted out. It is now clear that the confidence that Bovis expressed about earlier completion dates was premature—the reality is that the overall programme was not secure until every package contractor had agreed their individual sequence and duration of works.

The key window and specialist glazing contractors have now committed to the programme, which is crucial. Members of Bovis's staff are working inside the Drawn Metal Ltd set-up. Assumptions about the manufacture and installation of the windows are based on known productivity rates and not on estimates. Drawn Metal has, for the past three weeks, achieved the required installation rate of 12 windows a week, but those remain complex activities.

It is self-evident that a five-month programme delay costs more money. The effects of that are prolongation costs and the more difficult area of disruption costs; those are detailed in the correspondence and the SPCB and the Presiding Officer grudge every pound of that. Our cost consultants and the construction team work hard with every contractor to ensure that only payments that are absolutely justified under the contracts are made. The individual sums that are estimated for each package are not known outside the inner group, but the cost consultant and the project team ensure that there is no assumption of entitlement on the part of any contractor. As I pointed out to the committee at the previous meeting, the figures are projections; they are not paid bills. We very much hope that the new programme date of July can be met, not least because any further delay will cost money and prejudice our being in the building for the start of the autumn term next year.

The SPCB has asked for a full breakdown of the final package costs as they are signed off. The pattern of settlement will become clear as we report those things to the committee. The committee is already aware of the considerable saving on the one big package that has come through to date so far.

Some analysis has been done of the detailed package figures. I have looked at the matter personally—as has Jim Mather, I think. On my assessment, of the 51 packages that are listed in annex B of my letter of 11 August, 19 packages have a current trade value at or about the 1998 cost plan allowance but with inflation added. Quite a few others are just a little bit above that and I can identify about 12 packages in which there have been major increases. Almost all of those relate either to the known major design complexities with the window and glazing work,

with the main frames of the debating chamber and the assembly building or the committee towers, or to the blast proofing. Beyond those specific difficulties, much of the work is coming in at about the projected cost, apart from the cost of the programme delay, which is in turn largely a consequence of those complexities.

I must stress that, at this stage, the cost control is primarily a matter of finishing the job. Whatever the political arguments or the issues that the Finance Committee or the various inquiries might raise, the project team has to keep everyone focused from here to the end. It has to maintain commitment and, importantly, maintain morale on site. That is clearly not easy and I am sure that the committee will readily accept that.

As I have said before, the professional responsibility to deliver and finish the project lies with the architects, the construction managers in particular and the contractors under the terms of the contractual arrangements that were bequeathed to us so long ago by the Scottish Office. Bovis has the full authority of the SPCB and the project team to drive forward the project. The cost consultants—Davis, Langdon & Everest—are charged with the most rigorous appraisal of, and negotiation on, all claims.

I would like, if I may, to end on what I hope is both a realistic and more optimistic note. There has been very visible progress on the site: the MSP block is clearly in its last stages; Queensberry House is in the finishing work stage; and even the famous leaf shapes of the members lobby can now be seen coming up. The committee rooms are well advanced and Horse Wynd should reopen in November after the completion of works there. People are at work considering how best to progress the commissioning and testing of the parliamentary systems. Agreement was, of course, reached to cap the fees. That not only saved almost £5 million; it provided the consultants with a further incentive—if one were needed—to finish the project as quickly as possible.

I am grateful to the committee for bearing with me during my fairly lengthy opening statement, but it is important to put the matter in context and to provide some flavour of the issues with which the corporate body has wrestled. I am sure that there will be questions and further comments on that.

**The Convener:** I thank Robert Brown both for that statement and for the additional information that we have received from the corporate body.

I know that all members want to ask several questions: it is my job to ensure that everyone gets their chance to ask questions in the time that is available. I will invite committee members to ask a question, perhaps followed by one or two supplementary questions, so that we can move

round all members of the committee. Obviously, I will also give non-committee members who are with us today the opportunity to ask questions. Fergus Ewing has the first question.

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** In the August letter, we were told about the problems with the light-well area and the staircase. Is the design now complete?

**Sarah Davidson (Scottish Parliament Holyrood Project Team):** Yes, the design is complete.

**Fergus Ewing:** So there is no design work that is now incomplete.

**Sarah Davidson:** That is correct—

**Fergus Ewing:** And there is no design work that is incomplete for the whole Parliament.

**Sarah Davidson:** That is correct. As we have explained on previous occasions to the committee, construction issues on site sometimes require the contractor to ask the design team to clarify what is meant in a particular area, but the basic design of all the areas is complete. It is the manufacture and the installation that are currently being programmed.

**Fergus Ewing:** I am sure that that will be welcomed.

I want to ask about bomb-blast proofing. Reports have been attributed to Scottish Parliament spokesmen—anonymous, of course—that up to a quarter of the £400 million cost, namely £100 million, is attributable to bomb-blast proofing requirements. There was an estimate in one of the SPCB's previous reports that the cost of the extra materials that were required for bomb-blast proofing was only £30 million, although delays and other consequential costs directly attributable to bomb proofing could take that figure higher. Is the figure £100 million? If not, what is it?

**Robert Brown:** I do not think that we can give a precise answer to that question at the moment. As Fergus Ewing will readily appreciate, there is interlinkage between the different contractual elements, so it is quite difficult to sort it all out precisely. What I can say is that the figure of £100 million that has been quoted is, I think, likely to be not a million miles off the sort of area that we are talking about when the costs of bomb proofing have been added to the cost of delays and all the incidental contractual implications that have been referred to.

10:15

**Fergus Ewing:** That figure was fed to the press, I presume by some spokesman for the Parliament. I note that you say that the figure appears to be correct. What puzzles me is that, right from the outset, the building would have had to have

security and bomb-proofing measures. Since the Brighton bombing and so on, there have been security threats of all types, so the need for security in public buildings was not new. How come we suddenly hear four years later that £100 million is attributable to bomb proofing? Surely the security services, coupled with the Labour Government and the civil servants that work for it, should have established what the security requirements were right from the start.

Alternatively, are you saying that there have been—to use the phrase that was used in one of your previous reports—“ever-changing” security requirements? If they have been “ever-changing”, will the public ever see the documents? Will we see the whole story or will it be kept under wraps?

**Robert Brown:** There are several elements to that. As you rightly say, the issue about blast proofing and security arrangements has existed from the start. As I understand it—although I am subject to correction by the technical side—the requirements have not in themselves changed, but two important elements have come into play: one is the increase in emphasis on security following 11 September and the issues associated with that and the second is the physical testing of the individual components in the Parliament building, which in many instances are not, as you will recall, off-the-shelf things from B&Q, but are separately manufactured. Those components had to be tested—the story on that was given to the committee on previous occasions—and a whole series of issues have flowed from that.

I think that greater stringency has been applied after 11 September 2001, but I think that the things as such have not changed. We have had to rely upon the advice that was given to us by the blast consultants. Everything that has been done in that connection has been fairly rigorously argued through with the blast consultants but, at the end of the day, we have taken their advice on those things.

Perhaps Sarah Davidson can add a little about the technical side.

**Sarah Davidson:** Robert Brown has covered most of the points that I would make. It is certainly the case that, whereas the blast consultant might previously have been happy to rely on desk assessments, he has wished to make every test an actual physical test—what is called a destructive blast test. As we have explained in the past, the development of blast-proof structures is an iterative process, in which designs need to be presented and passed before they can go into manufacture. That has resulted in individual components’ being much more complex and highly developed than had been the original design intention.

Let me also amplify what was said earlier: once we are through this phase of the project, the cost consultants intend to do a rigorous exercise looking back through all the packages and, in particular, looking at the costs of delay in order to reach a broad sum that can be attributed to the impact of the security requirements.

**Fergus Ewing:** I appreciate that both witnesses are seeking to be candid after a fashion, but what has been said today directly contradicts what was said previously. Today, we have heard that the security standards “have not changed”. In the advice that we received from the SPCB in September 2002, it was said that the security requirements were “ever-changing”. Those two statements flatly contradict one another. Perhaps following some reflection after today’s meeting we could have a proper explanation of the whole story about the security requirements. We need to know how it is that we now find that there will be a cost of £100 million or thereabouts for something that should have been foreseen at the outset. If the witnesses could clarify the matter now, I would be extremely grateful. Perhaps they could let us know on what date or dates the security requirements were interpreted more stringently.

**Robert Brown:** That is clearly an issue that the Fraser inquiry and perhaps the Auditor General will wish to look at very closely. In many ways, that is probably the best forum to pursue the detail of this complex matter.

I do not accept that there is a contradiction between the two statements that have been mentioned, although Sarah Davidson might comment on that matter. As I understand it, the basic standards and guidelines are the same, but our blast consultants have examined the precise application of the guidelines and the Parliament’s particular circumstances more stringently because unfortunate foreign events have led to greater concentration on the matter. Frankly, as I have said, I do not see a contradiction in the statements.

**Margo MacDonald:** My questions relate to other issues, but is it all right if I add some information to this part of the discussion?

**The Convener:** Yes.

**Margo MacDonald:** In December 2002, the Presiding Officer informed me in answer to a parliamentary question that the specifications for anti-blast, security and other such measures had not been changed. The guidelines had been laid down by the security services and incorporated into Cabinet Office instructions.

As a result, it seems to be logical that anyone who tendered for a contract before 9/11—I have a list of the dates for tender awards if that helps—did so on the basis of those specifications. If the



specifications have not changed, it is difficult to see how there could have been such a percentage cost increase. I understand that more sophisticated tests for a particular material might have evolved. However, from a lay person's point of view, it seems that the big increases in the various contracts and components are not all directly attributable to increased stringency in testing. Fergus Ewing is fair to press the question of why we did not stick to the original guidelines. Indeed, why have we discovered only now that, in sticking to them, contractors went way over the estimated costs that your cost consultants intimated to you?

**Sarah Davidson:** That question has at least two partial answers, which will probably be amplified by the detailed analysis of all the packages that will happen in due course. First, almost irrespective of when the contracts were let, the detailed design and development in packages such as the windows package, which saw the greatest development in relation to bomb-blast proofing, have taken place over the past 18 months to two years.

However, the main part of the answer to Margo MacDonald's question lies in Robert Brown's earlier comment that it is not an "off-the-shelf" design. As I understand it, the security services set down what are called standard measures. It is almost possible—in theory, at least—to take a window off the shelf that meets those measures and which therefore does not have to be tested. As you say, security requirements would have been part of the general brief and specification of the design of the building and its components from the beginning. However, we will know whether a particular design, or the way in which it has been put together, is able to withstand a blast only by developing that design, testing it at a desk and carrying out destructive tests on it.

**Margo MacDonald:** We must therefore conclude that any estimate that the Finance Committee or the Parliament received was pie in the sky. After all, your cost consultants could not have foreseen what would be required to test such individual and unique structures, yet the Parliament was only told about—and voted on—estimates that you supplied.

**Sarah Davidson:** It is correct to say that the cost consultants' estimate of the cost of a package at any one time is based on their understanding of the design of the package at that stage. Where a package's complexity or specification changes over time, the cost consultants' estimate has necessarily to change along with that.

**Margo MacDonald:** I will not embarrass you by pointing out the number of times when you said that you were sure the costings were accurate.

**Dr Elaine Murray (Dumfries) (Lab):** Although I have a number of questions that are related to an issue that I raised at a previous meeting, I want to ask a supplementary on this matter. I have some sympathy for Fergus Ewing's point. After all, people have been trying to blow up houses of parliament since Guy Fawkes's time—the idea that we might have security problems is not exactly novel.

Sarah Davidson mentioned that some of the problem relates to the testing of designs and so on. In that case, can you tell me what is meant by the

"recognised index estimate of inflation"

in the trade-package comparison paper that we received? Who recognises it? The figures in that particular column vary enormously among different parts of the construction. How reliable is such an index when it comes to possible future costs?

**Sarah Davidson:** The £195 million budget, which was the basis for the original cost plan, was based on a construction cost of £108 million. According to normal practice in the building industry, that figure was set at a base date—in this case, the base date was 1998. However, it was recognised that the construction management method of letting contracts—where the client directly lets the contracts over a period of time—would mean that there would be an inflationary factor. One would assume that, in a contract with a base date of 1998 that was not let until 2000 or 2001, the price that one would use as the standard for measuring would have changed over time.

Those figures are managed or monitored by tracking the level of construction industry inflation, which is higher than the general rate of inflation and is measured using a set of indices called the Building Cost Information Service Ltd indices, which are nationally recognised by the building industry. Over the years, we have discussed whether those indices are the right ones for us to use. Although there are more localised Scottish indices that one might argue better reflect individual local construction hotspots—which Edinburgh has undoubtedly been in recent years—the SPCB decided some years ago to use the BCIS indices because they are the most widely recognised and used. Figures for inflation have been updated a number of times over the project's life and the cost consultants will make a final sweep at the very end of the project to work out the overall impact of inflation. Of course, inflation in that technical sense is different from the reasons for other cost increases. The difference between the cost plan including inflation and the final contract price will show the overall increase in the cost of a package.

**Dr Murray:** As Margo MacDonald has just pointed out, we are talking about a unique design. How can you have a

“recognised index estimate of inflation”

for a building that is quite different from others and, indeed, the like of which has never been built before?

I understand your comments about having to work out the figure for inflation. However, the trade package comparison document details inflation for the different parts of the work. For example, the recognised index estimate of inflation for the debating chamber and tower fit-out is 1,353,607—I do not know, is it pounds per annum? I do not even know the unit that that figure is being measured in. What are these figures telling us? Moreover, can we be confident that the estimates in that column will remain as they are over the time that it takes to finish the project, or will they vary widely depending on what happens over the next couple of months?

**Sarah Davidson:** Since we began this exercise three and a half years ago, the indices have varied by only a couple of percentage points. The index of inflation is relevant only up to the point at which the contract is let, and enables those who let the contract to judge any tender prices that are submitted against a realistic estimate of how much should be paid for a particular contract instead of against a figure that is some years out of date. As I have said, that issue is slightly separate from the increases in package costs due to delays, changes in scope due to bomb-blast proofing considerations and so on.

I am sure that the auditors will in due course examine the way in which inflation is treated in a construction management contract. The SPCB has done its best to present the information to try to break down the various costs involved in such a contract. We are not particularly wedded to the indices; they just seemed like a good way of presenting information.

**Mr Ted Brocklebank (Mid Scotland and Fife) (Con):** I have a supplementary question about security. You have already said that many security aspects were factored into the original equation. However, I still find it very difficult to understand how up to 25 per cent of the total cost can be attributed to security measures. It is not as if we did not know about such things before. After all, we have experienced terrorism in these islands for the past 30 years. Indeed, Westminster has been mortared in that time. It is not as if the threat was not understood long before 9/11. I find it extremely difficult to understand how security has led to such massive and continually increasing costs, especially given our experience of terrorism in the UK.

10:30

**Sarah Davidson:** I do not want to repeat what I have said, but one of the principal issues lies in the design of the components. An entirely separate discussion could be held about the way in which buildings are designed and located in this kind of security atmosphere—indeed, I suspect that such a discussion will be held in due course. However, from what we have seen, there is absolutely no doubt that it has been a huge challenge for individual trade package contractors and the architects to translate particular designs to meet the specifications in terms of fixing and installation as well as manufacturing.

The significant additional costs—whether £100 million or whatever the end cost is—stem from delays, particularly in the later stages, related to the blast window enhancements. Those delays have had a big impact across a large number of packages. They could be called the indirect costs of blast proofing. As I said, I have no doubt that the various inquiries that are currently in train will look very closely at the issue and the way in which it has been handled.

**Mr Brocklebank:** I will turn to one of the key questions in the whole matter, which is the so-called rolling contract. Anyone who builds an extension to their house or adds on a kitchen gets a set of cost estimates. As ordinary, humble individuals, we understand and expect that the estimates will disappear if we make changes to the building. Most people realise that a contractor will drive a horse and cart through the whole estimate if they keep on making changes.

We have heard that literally thousands of changes have been made, even this year. I understand that the overall sums have gone up by more than £40 million this year alone, which—people will remember—was the original estimate for the total cost of the Holyrood building. Who authorised the changes? Who supervised the specifications? Was it the Presiding Officer? Was it the corporate body? Did the matter come before the Parliament? Who is at the bottom of authorising all of the changes?

**Robert Brown:** A good bit of the answer to the question has been contained in discussions we have had at previous committee meetings. I accept that new members face difficulties in getting to grips with the complex issues that have gone before. The corporate body—humble individual members—took over the project in June 1999. We had very similar queries in mind—hindsight is a great thing. We have never been comfortable with the form of contract that we inherited as a number of the difficulties that we have experienced are linked to it.

There are arguments for the contractual method, which I understand was recommended by Her Majesty's Treasury at the time. Savings were supposed to be made in terms of where the risk lay and so forth. The reality is that, whether we liked it or not and whether we thought that it was the right or wrong method, the Parliament and the corporate body have had to deal with the contractual method from the beginning. Once the button is pressed, there is a certain logic about where everything goes from that point onwards.

It might be worth repeating that the client—the corporate body and the Parliament—has made a very limited number of significant changes. Those were changes to the design of the chamber; the increase in the size of the facility once the Parliament came into being and we knew what the staff needs were; and changes related to the particular issues to do with blast proofing.

The greatest number of changes has been made to detailed instructions. Those changes were driven not by the client but by the design. An enormous number of detailed changes had to be made to move the design from Miralles's concept, through the detailed design stage to the instructions that are given to workmen on the site. As Ted Brocklebank rightly says, hundreds or thousands of changes have been made, but they were made at the level of detailed instructions. That is the day-to-day reality of what happens on site. I repeat that the changes were not client driven but were made by necessity. They clarified how the building was to be built in particular, detailed instances.

**Mr Brocklebank:** Certain aspects of the cost of the design have been publicised this week, from which we have been able to see that the cost of the toilets has doubled and the cost of joinery work in the chamber has more than doubled. Those are not new packages. Surely the costs must have been taken into account at the beginning.

**Robert Brown:** Sarah Davidson will deal with those particular points. I repeat the general point that I made earlier, which is that the changes were not client driven but were made at the detailed design and manufacturing level. They have emerged from the necessities of the design, so to speak.

**Sarah Davidson:** A significant proportion of the additional costs of those packages are the costs of delay and prolongation. Therefore, they are slightly different additional costs.

**Mr Brocklebank:** I am talking about costs that have doubled, or more than doubled in some instances.

**Sarah Davidson:** In some instances, a very significant on-cost resulted from delay. The ability to make changes is a feature of project

management in terms of trying to achieve the programme. Clients need to be sufficiently in control to make changes. Robert Brown alluded to the fact that the Parliament took advantage of that ability after the project was handed over to ensure that the building fitted the Parliament's requirements.

An advantage of construction management from the point of view of achieving the overall design intent is that the architect and engineer work together from an early stage. In some cases, they also work with the specialist contractors. The classic example is the glazing: the glazing contractors were able to bring their specialist knowledge to bear on the way in which parts of the building were designed. The contract was entered into when the design was not entirely finalised to take advantage of the contractor's specialist knowledge.

All the interaction between the design team and the specialist contractor takes the form of what are called architects' instructions or changes. Those detailed instructions account for a large number of the bits of paper that pass between people. The number of architects' instructions and changes that has been quoted recently looks high at this late stage in the project, but almost all of them are entirely due to architects' responses to requests for information from a contractor on site who is working with the architects' drawings and wants to make absolutely sure that they understand what is required of them.

As Robert Brown said, very few client changes have been made for the best part of a couple of years. Where they have been made, they have been largely to effect changes that the progress group or the corporate body have instructed to make savings or simplifications.

**The Convener:** We need to move on.

**Ms Wendy Alexander (Paisley North) (Lab):** I have three questions; one is technical and the other two are substantive. The technical point follows up on inquiries that were made at the last meeting about the current status of the contracts that the Parliament has signed. The corporate body helpfully wrote to the committee confirming that 64 contracts have been signed off by the Parliament, the vast majority of which are to be settled over the coming months.

I would like clarification, in writing if necessary, of how many contracts have been inherited, what their value is and how many of them require to be signed off.

**Robert Brown:** Do you mean contracts that were inherited from the Scottish Office?

**Ms Alexander:** Indeed.

**Sarah Davidson:** That is most easily done in

writing. It is not a problem for us to do that for the committee.

**Ms Alexander:** I will move on to my substantive questions. I accept that the corporate body has made conscientious efforts to contain costs. Over the years in which it has undertaken the project, the corporate body has been reliant on professional advice. Foremost among that advice was the Auditor General for Scotland's report of 2000, the first paragraph of whose recommendations reads:

"I have therefore listed below a number of recommendations which, if they are implemented, should help to ensure that future risks are properly managed and the Scottish Parliament building is delivered on time and within budget."

As the corporate body knows, at that stage the budget was less than £200 million and the completion date was December 2002. It is clear that the situation that the Auditor General described has not transpired. In asking us today to authorise more expenditure, does the corporate body believe that it accepted and acted upon all the recommendations that the Auditor General made in 2000? If so, what is the corporate body's view of why things have not turned out as the Auditor General forecast they would?

**The Convener:** Before Robert Brown answers the question, I want to clarify something that Wendy Alexander said. We are not being asked to authorise any further expenditure this year.

**Robert Brown:** That is absolutely right.

I think that we dealt with this issue at the last meeting. I certainly had a look at the Auditor General's report in detail before the last meeting and I know that Sarah Davidson did so too. I understand that the corporate body considered all of the Auditor General's recommendations. My recollection is that all of them were accepted and acted upon. The Auditor General is not a cost consultant, an architect or a programmer. Although he approached the subject with considerable knowledge, his statement has to give way to the reality of the position on the site.

As has happened with a number of people's predictions, things have not quite gone as even the Auditor General might have hoped. Sarah Davidson will go into this in more detail, but the situation all comes back to problems that we have repeated ad nauseam to the committee—problems with blast proofing and glazing, and the delays inherent in them. The Finance Committee is, I think, most interested today in the changes that have happened between the June report and now. If we are to concentrate on that, we are pretty much dealing with programme issues. They have resulted in immediate cost changes because of prolongations. There is no mystery or magic

about that. I dealt with the reasons for the programme change in my introduction.

**Sarah Davidson:** This point may be more for the Auditor General to deal with in the next stage of his inquiry than it is for me, but the field work was undertaken and that report was made immediately after the corporate body agreed what is called stage D, which is the scheme design. At that stage, information on the complexity and buildability of much of the design was significantly inferior to the information that we have now. Some of the most interesting questions that the inquiries of Lord Fraser and the Auditor General will ask will be about what happened between that stage and now. However, the problems were a product of the time. Information was based on the best understanding that the cost consultants, the construction manager and the architect had at the time of what the next stage in building would be. That understanding turned out not to be the case.

**The Convener:** Did you want to raise a further point, Wendy?

**Ms Alexander:** I wanted to ask a question on a different matter—the immediate issue of claim settlements—but I am happy to leave it just now if others want to pursue the present line of questioning.

**The Convener:** You may ask that question now and then I will bring in Jim Mather.

**Ms Alexander:** I want to probe the process of reviewing claims and their settlement. I know that there are 64 contracts and I think that 50-something have yet to be settled, as they will be. In a letter in August, the Presiding Officer outlined the process for us, saying:

"The claims process is an ongoing and iterative one, whereby, on submission of a claim by a trade contractor the Construction Manager,"—

that is, Bovis Lend Lease—

"Quantity Surveyor and Architect investigate the validity and make up of the claim for reasonableness."

That was the process that was laid out, with Bovis Lend Lease in the lead.

In pursuing the point about the process for settlements, I had a chance to examine the report that we received yesterday. The Presiding Officer said:

"The principal consultants at DLE know that we expect our cost consultant to take a very firm line in negotiations and I reiterated that point when I met him last week ... I expect the cost consultants to continue to scrutinise all claims very rigorously."

In that letter, there is no mention of the construction manager, the quantity surveyor or the architect. In the light of recent experience, has there been a change of policy on settlements?

**Sarah Davidson:** I am happy to confirm that there has been no change of policy at all. I am sorry if the wording of the letter is perhaps slightly ambiguous. The cost consultant is the lead actor on behalf of the corporate body in assessing and analysing claims. To do that, he must go to all those other parties to gain information. Crucially, he must go to the construction manager to understand site management. That is important when considering in detail disruption claims—as in the second figure in the Presiding Officer's letter of yesterday. Disruption or resequencing of the programme usually occurs when the construction manager takes a decision—on site, on a given day and in particular circumstances—that the programme has to be managed slightly differently. Records of that, and justifications, are crucial to the settling of claims.

**Ms Alexander:** The Auditor General's report says that the construction manager settles all construction work contracts. Of course, that might be true, formally. I accept the project director's view that cost consultants will look into these matters. Given the length of time that the cost consultants have been involved and how intimately they are associated with the process—and the same goes for Bovis Lend Lease—does any potential conflict of interest arise in the securing by the corporate body of value for money in the settlement of outstanding claims? As we have seen, those claims are now rising by 200 per cent or more. In the negotiation process, do the construction manager and the cost consultant have the requisite independence?

10:45

**Sarah Davidson:** The contractual requirements on both of them are clear. A reasoned justification for all claims is presented in detail to the project team. The justification is checked very carefully for us before we pay a claim on behalf of the corporate body. I am satisfied with the process.

**Robert Brown:** As Wendy Alexander says, those people are intimately involved. We absolutely require their assistance in finalising all such matters.

**Mr Brocklebank:** I understand that the Presiding Officer has indicated that he is disappointed that certain cost increases have been missed by the cost consultants. If that is true, do you plan to look back over this whole episode to find out whether the cost consultants missed other costs?

**Robert Brown:** I do not recall that the Presiding Officer's letter said that.

**Mr Brocklebank:** In some of the documentation that I have seen, the Presiding Officer expresses disappointment that the cost consultants have missed certain costs.

**Paul Grice (Scottish Parliament Clerk and Chief Executive):** I stand ready to be corrected, and I would obviously be happy to follow this up with Mr Brocklebank, but I think that what the Presiding Officer has expressed on previous occasions is disappointment with the failure to predict the sudden rise in overall costs. We discussed that on our previous visit to the committee.

**The Convener:** To follow up on Wendy Alexander's question, is there a system of delegated authority from the corporate body to the project team for decisions on settlements?

**Paul Grice:** Yes.

**The Convener:** Is there a figure attached to that?

**Paul Grice:** Not to my knowledge. As Sarah Davidson has explained, the process is clear. The cost consultants have lead responsibility. Of course, they must take advice from Bovis in particular, and sometimes from the architect, to enable them to challenge and scrutinise. They then report to the project team, which will also scrutinise. Things are normally signed off at project director level.

**Sarah Davidson:** There are levels of delegation but I cannot remember off the top of my head exactly what they are.

**The Convener:** So are there no circumstances, whatever the size of the claim, in which things might come back to the corporate body for a decision?

**Paul Grice:** As you will remember from your own time on the corporate body, it is always possible, whatever the financial delegations, to have a provision for officials with qualms—whether people in the project team or, indeed, myself—to refer a matter back to the corporate body.

To reinforce a point that was made earlier, relatively few significant claims have been settled at this stage. It is quite possible that, when it comes to final settlements for some of the major contracts in the analysis that Robert Brown provided, decisions will come back to the corporate body. However, we have not reached that point yet in relation to most of the contracts.

**Robert Brown:** The corporate body has insisted on receiving monitoring information so that we can see any patterns. The detail of claims is clearly a matter for professionals to decide on. However, if matters of principle arise, we would expect them to come back to the corporate body. That has always been the way in which we have operated.

**Mr John Home Robertson MSP (Holyrood Progress Group):** I would like to add one point in reply to Wendy Alexander's question on perceived

conflicts of interest among consultants when settlements are paid. The recent agreement on fee capping has major implications. Before that, it might have been perceived that a consultant would get an extra fee out of a higher payment to a contractor, but that no longer applies as a result of the fee capping.

**Fergus Ewing:** I have in front of me an unpriced copy of the contract with Bovis. It contains a section on conflicts of interest. As Mr Grice will know, it says that Bovis had to

"report in writing ... not later than the commencement date of the Contract"

any conflict of interest that arose then. Since the contract was entered into in 1999, Bovis has also had to report any conflict that arises

"not later than seven days after".

Has any conflict of interest been reported by Bovis Lend Lease—the construction manager—to the SPCB? If so, may we have the details?

**Paul Grice:** Not to my knowledge.

**Fergus Ewing:** Could that be confirmed?

**Paul Grice:** I repeat, not to my knowledge. You would need to check back—

**Fergus Ewing:** Could you come back and tell us, "There has been none," rather than giving an answer that is, of course, cleverly ambiguous.

**Paul Grice:** It is not cleverly ambiguous. I am saying that I have not been told of any conflicts of interest. As Scottish Parliament clerk and chief executive, I expect that I would have been told. I will check back. It is not a cleverly ambiguous answer, Mr Ewing; I am trying to give you a straight answer. I will check with more junior members of the project team and, of course, if any conflicts of interest have been reported, I will let you know straight away.

**Margo MacDonald:** As Wendy Alexander mentioned in her questions, we are dealing not only with a potential conflict of interest for a contractor who has had years to build comfort relationships with other contractors or consultants; that contractor will also have a track record of decision making. As I implied in earlier questions, the cost consultants are contractors every bit as much as O'Rourke is, and they can be judged on the quality of the advice that they have given on the basis of which the Parliament must take decisions. Who provided today's figures for the trade package comparisons?

**Robert Brown:** They are from the September report.

**Sarah Davidson:** The cost consultants, Davis Langdon & Everest—DLE—provided the figures.

**Margo MacDonald:** The cost consultants provided the figures. How often are you provided with such reports, Sarah? I have two quite different reports that refer to exactly the same trade packages and I could quote you the numbers in the trade packages. In some cases, the difference between the two lots of figures is millions.

**Sarah Davidson:** I get fortnightly reports from the cost consultants to the progress group. Those reports break down each package into its cost-plan value, its current value, any anticipated changes and an estimated final cost.

I do not know the differences in the dates for the two sets of figures that you have. There is movement all the time between packages, partly because they increase in cost, but also because, sometimes, there are movements within packages. That has not happened as much recently, but at earlier stages, bits of work were sometimes taken out of certain packages for logistical reasons and put into another. That can make a difference. If you give me specific examples of figures, I will happily—

**The Convener:** I am anxious that we do not go down that route because Margo MacDonald has figures that the rest of us do not have. That puts us at a disadvantage.

**Margo MacDonald:** I did not supply members with the figures in case they were unreliable. That is why I tried first of all to determine how often the figures are provided and on what basis. I will confer with Sarah Davidson and supply the committee with the list that I have, if that helps.

**The Convener:** That would be helpful.

**Robert Brown:** It would be helpful to have an explanation. Then, if there is a problem, we can deal with it.

**Margo MacDonald:** The SPCB reported to us in December 2002 that money was to be spent on accelerated working. There is no mention in the report of any expenditure on accelerated working. Was there any accelerated working? Did you spend up to the limit? Why has it dropped off?

**Robert Brown:** We dealt with that matter last time in the report to the committee.

**Margo MacDonald:** So there is no accelerated working now.

**Robert Brown:** No. It was an option at the time that might have helped to speed things along, but it was always to be a decision that the SPCB would take at a later point. As a result of the various developments since then, we decided that accelerated working would not have been of particular assistance. None, or very little of the money, was spent on accelerated working.

**Sarah Davidson:** That is correct. Among the remaining risk money that is set against the fit-out packages, there is still a certain amount of money that could be used later to accelerate the final stages of fit-out if that was felt to be necessary or appropriate.

**Margo MacDonald:** How much was laid aside for accelerated working?

**Sarah Davidson:** I think it was about £5 million at that stage.

**Margo MacDonald:** I thought that it was £10 million. Anyway, was that money moved into other columns?

**Sarah Davidson:** Any money that was not used was moved to other columns or else it remains in that package for acceleration.

**Margo MacDonald:** Right, we were talking about—

**The Convener:** Margo—

**Margo MacDonald:** I have one more question.

**The Convener:** One more and that is it.

**Margo MacDonald:** Well, actually, I have loads of questions, but I will ask only one.

**The Convener:** I allow you only one question.

**Margo MacDonald:** Can you confirm that Select Plant Hire, which is a considerable contractor, is a wholly owned subsidiary of O'Rourke?

**Sarah Davidson:** I do not have that information.

**Margo MacDonald:** The companies share the same headquarters, so I assume that Select Plant Hire is a subsidiary. Were you not aware of that? The issue is about the times that cranes are on site and the reasons for that.

**Paul Grice:** I am told that that company is a subsidiary of O'Rourke.

**Margo MacDonald:** I just wanted to confirm that. As I say, there are a few matters that I want to confirm.

**Mr Jim Mather (Highlands and Islands) (SNP):** I want to build on Margo MacDonald's point about the reporting of costs. I have scheduled an appointment with Sarah Davidson to produce a statement that reconciles the position on a single sheet of A4. There will be a column to show the opening costs as per the Auditor General's figures from March 1998. The statement will then build in the inflation component and the other increases and, finally, it will reconcile the £401 million. The statement will be exceedingly helpful and I look forward to having that meeting and putting the position on the record.

No other public building project has been subject

to such rigorous management, parliamentary, media, public and audit scrutiny as this one has.

**Mr Home Robertson:** No one will deny that.

**Mr Mather:** I expected you to agree with that.

One might compare the project to other projects such as Portcullis House, the dome, Wembley stadium and the Millennium bridge, which were all initiated and contracted by Westminster and were all completed over budget. Why is the Scottish taxpayer allowed to contribute fully to all five projects whereas taxpayers from the rest of the UK pay for only four of them and are absolved from payment of the Scottish Parliament overrun?

**Robert Brown:** That issue goes beyond the remit of the Finance Committee and the SPCB; those decisions come from on high. Whether the Finance Committee feels that it should deal with that matter further is a matter for the committee, but we, as the management group of the Parliament, cannot deal with it.

**Mr Mather:** Another principle is involved. All five projects have been amended to be fit for purpose, but only four of them have been underwritten and paid for by the taxpayer. We are dealing with an issue of fairness. I raised at an earlier meeting the matter of what happened to Ferranti in the 1960s. Ferranti was involved in a cost-plus contract with the Ministry of Defence that ran over budget. The MOD was bailed out, tanks were still bought and soldiers were still paid.

**Robert Brown:** That issue goes far beyond the remit of the SPCB. Paul Grice will say something about the matter to which you refer.

**Paul Grice:** I was grateful to Mr Mather last time for pointing us in the direction of Ferranti. We managed to uncover one of the original auditors as well as the audit reports. We have had a useful discussion. Mr Mather put his finger on it when he mentioned the cost-plus contract. The key lesson that was learned from the Ferranti example, and which has been learned from the current contract, is that overheads, staff and other costs under the non-competitive, fixed-price contracts are almost what one would call a closed-book policy. I have sought and received reassurances from the project team that, before we agree a final settlement, our cost consultants will have the right to examine books where appropriate so that they can check the position in relation to all the issues that placed the Government in a difficult position over the Ferranti contract. It was useful to research the Ferranti contract. On the Holyrood project, the lessons have been learned about cost-plus contracts. I cannot comment more widely.

**Mr Mather:** Moving on from that point, I have re-read the Auditor General's report. It strikes me that, in June 1999, the Treasury recommended

that the construction management route should be used only where there was a clear value-for-money case for doing so. In June 1999, there was an emphasis that public bodies should be moving to prime contracting, which was a new, radical procurement model that the Treasury had encouraged public bodies to explore since 1999. Why then, in June 1999, was there no attempt to renegotiate from a construction management formula to a prime contracting model?

**Robert Brown:** We dealt with that at the last meeting. I was concerned about that matter at the time and later, when I asked the team what our position was. As I am not a professional in that respect, I did not know about the change in the Treasury guidelines until I saw the Auditor General's report. I am not sure whether professionals on the team were aware of it. The fact remains that, although some thought was given to renegotiating the contract at the time, we were in a contractual position and we were subject to the instructions of Parliament, which had taken several decisions on the matter.

The issue was approached primarily in terms of whether we could cancel the contract and start again rather than whether the contractual method could be changed—at least, that is my recollection. Of course, there were certain unpredictable costs associated with cancelling the contract, but that was the issue, rather than a change in the method, which, I suspect, might not have solved the problems in any case.

11:00

**Fergus Ewing:** Robert Brown has just said that, although the Treasury guidelines changed in June 1999 to advise specifically against using the construction management type of contracts, the Parliament was contractually bound at that point and therefore not in a position to change course and follow the guidelines. However, I would like to point out that the contract—the unpriced copy of which I have in front of me—was not signed until around October 1999. Therefore, it did not exist or apply in June 1999 and its obligations were not created at that point. The only way in which what Mr Brown has said could conceivably be factually correct is if, prior to the signing of the full contract, there had been a letter of consent that had the effect of requiring the parties to enter into the full contract. As far as I know, the letter of intent is one of the many documents that has not been made public. Will Robert Brown confirm, however, that the full contract was not entered into until after the advice of June 1999 and that, therefore, it is quite possible that Lord Steel could have embarked on a different course that would have ensured that we would not be in the fine mess in which we find ourselves?

**Robert Brown:** We are beginning to stray into Audit Committee territory and starting to discuss things that have been raked over to a degree already.

I must also point out that Sir David Steel, as Presiding Officer, was chair of the Scottish Parliamentary Corporate Body and party to the corporate decisions made by the body on whatever issues arose. He did not make personal decisions on those matters.

Having said that, I think that Fergus Ewing has identified the issue correctly as far as the contractual position is concerned. I understand that, when the SPCB took over the project, we were contractually bound by the arrangements that had been entered into by the Scottish Office. Paul Grice might be better able to deal with the detail of that issue.

**Paul Grice:** I would have to examine the circumstance properly to give a detailed answer, but I think that there would have been a letter of intent committing the SPCB to the construction management route.

To reiterate a point that has been made on one or two previous occasions, I say that construction management is a fundamentally different approach from a fixed price or primary contract. There would have been serious questions relating to European Union procurement rules if we had renegotiated the contract. I am speaking entirely hypothetically, but I think that it would have been much more likely that we would have had to stop the process and start on a different route from the very beginning. As with all hypothetical questions, it is difficult to be certain to any great degree about what the outcome might have been.

**The Convener:** I remind members that the focus of today's meeting is the report that we have in front of us. Although it is interesting to follow some of the issues that are being raised, they are issues for the Audit Committee, not necessarily for us.

**John Swinburne (Central Scotland) (SSCUP):** We have had an interesting hour this morning. I did not come into politics to listen to platitudes and excuses and to be patronised by Robert Brown as being one of the four new members who should be brought up to speed by him on matters relating to this fiasco.

In the past few months, the bill has gone up by more than £25 million. If that upward trend continues, in a year's time we could be faced with the magical figure of half a billion pounds for the cost of the Parliament building. There has been talk of indices of inflation and I wish to God that somebody would send them down to the Chancellor of the Exchequer so that they could be applied to senior citizens' pensions. Right now, in



2003, we are selling people's homes to pay for their residential care and spending hundreds of millions of pounds on this white elephant. It is a fiasco.

**The Convener:** John, you are here to ask questions, not make political speeches.

**John Swinburne:** I have sat here patiently for an hour and I had to vent my spleen and express the way that people out there feel.

**Dr Murray:** My question is supplementary to John Swinburne's comment. The last time I asked about the accuracy of the figures, they seemed to be accurate to within £500 either way. In the discussion that we had on that issue, Ms Davidson said that the intention was to bear down on the contingency figures and Mr Grice said:

"We will consider the idea of ranges and, if possible, report on that basis in future."—[*Official Report, Finance Committee*, 18 June 2003; c 48.]

My question is quite simple. If the project is completed by June or July next year—and that proposal requires a considerable leap of faith for some, if not all, of us—what will be the maximum cost of the project?

**Sarah Davidson:** After our previous meeting with the committee, we spent some time discussing the issue of ranges and trying to think of the best way in which we could bring that kind of consideration to bear on the figures.

The figures that are before you today have been arrived at using two separate methods. The prolongation costs were reached by considering the programme that Bovis has agreed with all the contractors, working out how many additional weeks each contractor will have to spend on site and multiplying their weekly standard cost for administration and staff by the number of additional weeks. That should not be taken as implying that there is a guaranteed contractual entitlement of every one of those contractors to the extension of time. For example, one contractor might need to be on site for an additional 12 weeks under the revised programme, but scrutiny of the circumstances might reveal that two or three of those weeks were as the result of delays on the part of the contractor. However, we cannot be clear about that until the retrospective exercise takes place.

I would not want to suggest that prolongation costs are absolutely fixed but, if the programme rolls forward as is currently anticipated and each contractor is on site for as long as is currently anticipated, the prolongation costs should be broadly correct.

The disruption costs are the second element of the costs. They are necessarily harder to quantify at this stage. As I indicated earlier, they depend on

what happens with site management on any given day or in relation to any given piece of work. Therefore, until the retrospective exercise takes place, it is almost impossible to know, for example, whether the stone fixer had to use an additional five men on a particular day in order to allow another part of the process to be completed and whether that was justified by site management requirements.

The cost consultants have looked across all the packages that are, because of the complexity of programming, most likely to be subject to resequencing, delay or the knock-on effects from delays in other packages and have given their professional estimate of how much extra money might be needed in those areas. Without any doubt, that is the area in which there is the greatest scope for bearing down on the costs.

In so far as there is a range of costs, the situation is best expressed by saying that the prolongation costs are at the bottom of the range—because the contractual entitlements to those are clearer, if not certain—and that the top end of the range will be reached if all the disruption and resequencing that might occur does occur. If there is a range, then it is between the figures of £15 million and £25 million that are mentioned in the report. I hope that that is a slightly more helpful way of understanding the situation than we gave you before.

**Dr Murray:** I understand what you are saying, but I am asking you to give us an estimate of what the total cost would be in the worst situation, if there were the maximum amount of delays and if we were unable to pull any of the costs back in. I appreciate that everyone is working to ensure that that does not happen, but what is the nightmare scenario, apart from the building never being completed at all? We need to consider the worst-possible situation if we are to work out how well we are doing.

**Paul Grice:** We cannot do that. We have consistently reported the figures that the cost consultants have given us based on certain programmes. We cannot go beyond that. Numbers are bandied around and, although one could make up a number, all that we have a rational basis for are the figures that we are giving you, which are the estimate of professional cost consultants based on a certain programme.

The consultants have told us the costs that they foresee if the programme is adhered to. I cannot give you a worst-case scenario, because we would simply be guessing. However tempting it might be to put out an enormous number and then come in under it, that would not be helpful to the Finance Committee. We should stick to giving you the professional advice that we have taken, and that is what we are doing. The question was

reasonable, but I am afraid that we cannot answer it.

**Dr Murray:** I appreciate the fact that you cannot pull such a figure out of the sky. The problem is that the cost consultants have got it horribly wrong already. I do not have a huge amount of confidence in their £19.7 million, because their £18 million was not right last time.

**Mr Home Robertson:** Publishing the risk register all the time, which we as a public agency must do—and it is right and proper that we do so—carries inherent risks. It tends, and has tended in the past, to be a self-fulfilling prophecy if it is perceived that money is swilling around—that is the perception that we do not want. The only way of drawing a line under the costs is to complete the job. If we could get the contractors off the site and take possession of the building, we could draw a line under the matter that way. That is what we want to do and that is what would be in the best interests of the whole Parliament.

**John Swinburne:** I am surprised that no one who is associated with the project seems to be living in the real world. If you do not have enough money in your purse, you cut your cloth accordingly. Why not brick up windows instead of having them cost hundreds of millions of pounds? That might not be beautiful, but it would be sufficient for the small number of MSPs who attend the debates. So there you go.

**The Convener:** That is one suggestion.

**Robert Brown:** The corporate body has always been concerned, on the instructions of Parliament, with cost, programme and quality. There is no point in our having spent all that money and arriving at this point just to do something ridiculous at the end to finish the project.

**John Swinburne:** Another £100 million is neither here nor there.

**The Convener:** Do not barrack the witnesses, John.

**Robert Brown:** The building has to be finished and made use of.

**The Convener:** We talked a wee bit about the timetable and the issues associated with the delay. You talked about the way in which you are splitting the additional costs into two packages. Have you factored in the costs of continuing to use the parliamentary headquarters and the chamber or does that come under a separate budget?

**Paul Grice:** We will be coming to the committee at the end of October with a bid for next year. I will be happy to talk to you about that in more detail then. We have a migration budget, which will fall in the next financial year, as opposed to the previous one—we had thought that it might fall between the

two. Under end-year flexibility, we hope to carry it forward.

As long as we remain here, we have lease payments to make on the premises and rates to pay. On the other hand, we are saving money all the time that we are not occupying the new building, which has a high rateable value. The two factors balance out. There is probably a small net saving on running costs here. As we said previously, we are expecting a vastly increased number of visitors to the new buildings and the corporate body will have to address that. We are tracking those issues and we will probably make a small net saving while we are here. I am happy to discuss in more detail the one-off cost of migration when we report on our running-costs bid for 2004-05.

**The Convener:** I turn to the claims that are likely to be made in this context. Are contractors liable for other costs that might arise out of their delays, such as the cost of knock-on effects on other companies, or do those additional costs fall on the corporate body and the Parliament?

**Robert Brown:** That has to be sorted out. In principle, claims can arise and settlement of claims will be part of negotiations as we proceed. The detail of that is quite complex, given the need to investigate what the causes of delays were—there are probably a number of different complex causes in certain instances, so there are issues to deal with. In principle, the answer to your question is yes, contractors may be liable.

11:15

**Margo MacDonald:** I have what might be a technical question—I am not certain. As regards fitness for purpose and so on, we can judge the physical work that is undertaken by the building contractors. How do we judge the quality of the information that you have been given, which has provided the basis of your decision making? If we come to the conclusion—as I think most of us have this morning—that the cost consultants might have given contradictory advice or advice that is difficult to follow, how do we judge the quality of it? Does the Auditor General for Scotland do that?

**Sarah Davidson:** The Auditor General will have access to all the papers that we have and, through us, to all the papers that our consultants have. We would expect the Auditor General to have a view on any judgment beyond that which we would take ourselves.

**Robert Brown:** The Parliament has its own lawyers and specific advice will be drawn on as required during the process. There are a number of levels at which the advice might be considered.

**Margo MacDonald:** Have you been asking the lawyers for their advice on that aspect of the contract until now?

**Robert Brown:** I do not want to go too much into this line of questioning. Advice has been taken from the Parliament's lawyers on various aspects as they have arisen. The Parliament's lawyers are involved closely in the contractual developments as they take place. They have devoted considerable time to a number of issues.

**The Convener:** That leads me on to my third question, which is about the management capacity of existing systems to deal with a combination of issues, such as the running of the Parliament, the process of migration and dealing with complex legal issues and other issues over the next year. Has the corporate body had any thought about how those issues might be managed more effectively, given the stresses and strains that are likely to emerge?

**Paul Grice:** There is no doubt that the project already places an enormous demand on a number of key staff, particularly those in the project team, but also other parliamentary staff—no doubt even the committee's clerks get caught up in it. That process will intensify over the next year.

Migration will be a particular challenge. We have had long and detailed discussions with the corporate body as to how we will manage that. The big challenge will be a period when we could be almost double-running. There will be a period when we will still have responsibility for the premises that we are in just now and we will have ownership of and responsibility for, and at least access to, the premises down the road. Further down the line I will be happy to say more to the Finance Committee on that. How we manage that process will put a great strain on the whole Parliament and we are looking at where we can put in extra resources on a short-term basis to allow the process to happen.

In the longer term—it might be more relevant for me to discuss this when we come forward with future revenue bids—there is no doubt that the new building is iconic and more complex and that visitor numbers might be 10 times what we get here. That gives the Parliament a fantastic opportunity to engage with people, but it places huge demands on us. I have already made a start on meeting those demands, by restructuring the organisation to give us a greater focus and I will discuss with the corporate body the allocation of resources to match.

You put your finger on a key point. I hope that I can offer you comfort on the short-term issues that have been examined. When we have a programme that we can say “snap” to in terms of migration, the corporate body will be invited to

make specific decisions about the allocation of staff and resources to maintain a service to the Parliament while letting us make a smooth and effective migration to the new campus.

**The Convener:** Obviously that is a crucial issue, which we hope to hear about in so far as it has a bearing on our issues.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** I apologise to the committee and to the witnesses for being late. I hope that I will not duplicate what has been said already. I want to develop the convener's question and ask whether you have considered the line of management for the decision-making processes from now until completion. The committee would like an assurance that the project from now until next July will be managed in a way that is designed for closure. There should be a clear sense that you will enter possible litigation proceedings confidently and that the migration of the Parliament will be seamless, so that none of our constituents is affected. That is the goal. Is it time to consider again the observation in the Auditor General's report that there should be a split between the function of chief executive and that of project manager?

**Paul Grice:** You have lost me on your final point.

**Jeremy Purvis:** I refer to paragraph 3.66 of the Auditor General's report, which states:

“With hindsight, it may have been advisable to allocate the responsibility for the Holyrood project”

to a senior official in the Parliament other than the chief executive.

**Paul Grice:** The corporate body, the Audit Committee and others considered that issue three years ago. One can debate the matter but, as I have said before, in any organisation there needs to be one official who takes final responsibility. That is my aim. Of course, the Scottish Parliament is a large and complex organisation. Directors are responsible for the clerks, the official reporters, the researchers, security and other staff. My task is to run things through others. In two-headed organisations, there is a great danger that people will blame each other and not take responsibility. I did not accept the point that the member raises when it was made and I do not accept it now.

However, like the convener, Jeremy Purvis puts his finger on an important point—how we deal with the future. The corporate body has always on its horizon the management of the project, which it discusses with the Holyrood progress group. The new Presiding Officer has taken a considerable interest in the matter. The SPCB, the Holyrood progress group and the Presiding Officer are all satisfied that the reporting lines and structures are

largely as they were instructed by the Parliament two or three years ago, when the corporate body established the progress group and other mechanisms. In my judgment, those remain the right structures to see us through. Of course everyone needs to be on their mettle and there is now a shift of emphasis to closure and completion. However, the team that we have in place is the right one. By "team" I mean everyone from the project team through the progress group to the corporate body.

The member also makes a very good point about post-contractual matters. Although it is a little premature for me to give any details, I can say that we have given careful thought to the issue and have held initial discussions with the SPCB. We will have more detailed discussions with the body with a view to getting its decision on a particular structure. However, I will say that a different team will complete what you have described as possible claims and other post-contractual matters, all of which might last a considerable time. Although it is likely that we will carry over some expertise, we are as likely to bring in new specialist expertise to deal with such matters. I hope that that will give some comfort. When the SPCB takes any detailed decisions on the matter, I will be more than happy to discuss things in more detail. However, that is probably as much as I can say at this stage.

**Robert Brown:** It is worth adding that, both off its own bat and in accordance with the Auditor General's report, the SPCB has very much strengthened the team on its own side to deal with a number of issues in light of developments. That is partly the way in which the matter has been managed.

**Mr Brocklebank:** My question follows John Swinburne's point. I understand why you do not want to give any more hostages to fortune over the project's eventual overall cost. However, I wonder whether you can help us a little. Back in June, you were prepared to say that you were 95 per cent certain that the costs and time scale then would be adhered to. If you cannot give us the ultimate cost, will you project in percentage terms how much closer to completion we are on this occasion?

**Robert Brown:** I was very careful to say that those percentages were based on advice that I had received through the various structures. That advice has been the subject of an exchange of views between the SPCB and a number of key players.

I am slightly reluctant to give percentage figures on this matter, because I do not think that they add much to the reality of our current position. The figure was given in good faith the last time round. In the event, for reasons that we all know, that

result has not materialised. I think that Sarah Davidson can give a more detailed response to the question; all I can say in general terms is that the nearer we get to the endgame, the easier it will become to be certain about things.

That said, I do not think that anyone would make a significant bet on the precise arrangements in this respect. As far as we can see, the key difference between now and then is that our information is firmer than it was before because the individual contractors have signed up to this approach. However, there is quite a long time to go between now and the end of the project and quite a lot of complex work remains to be done. I, for one, will be hugely relieved when we are a little nearer to the end of the game, and I am sure that my colleagues feel the same way.

**The Convener:** That is a lengthy way of saying, "Once bitten, twice shy".

**Sarah Davidson:** I do not really have much to add to Robert Brown's comments, other than to say that we developed with Bovis the notion of using percentages as a way of getting better clarity and understanding of the programme. With hindsight, I do not think that that approach was particularly helpful. As Robert Brown has mentioned, the significant point is that we now have contractor commitment to and resourcing of the current programme, which gives us greater confidence. However, we will proceed with caution.

**Ms Alexander:** I realise that some of the issues that we are dealing with are complex. One of the difficulties is that the largest risk factor relates to some of the longest-standing contracts that will need to be negotiated and signed off in the coming months. Robert Brown said a moment ago that he thought that renegotiation had been considered at some point. I think that that response is slightly different from the one that we received at a previous meeting. I would be grateful if you could write to us on the matter to ensure that the record of the previous meeting and this one is accurate. Of course, any such response would refer only to the SPCB's role; I realise that you cannot speak for others.

Fergus Ewing said today—and I have no idea whether it is true—that there was nothing to be renegotiated at the initial stages because nothing was signed until October 1999. He also claimed that Treasury guidelines were issued in the interregnum. I would be grateful for some clarification on that point. Finally, in his various considerations of the project, has the Auditor General taken a view or offered advice on the advisability or otherwise of renegotiating the initial or any subsequent contracts?

As I have said, I realise that the matter is complex and that the personnel have changed markedly over time. Nevertheless, the largest contracts are those that remain outstanding and in the coming months the cost consultants will have to take a view on whether they should be settled. I just do not want the record of this meeting to contradict the record of the previous meeting, and written clarification would be helpful in that respect.

**The Convener:** We should certainly have consistency. However, I must remind members that we do not want to stray into the Audit Committee's territory, and some of those questions are clearly for that committee to ask.

**Robert Brown:** I recollect that I said that we had thought about the possibility of cancelling the contract and starting again. I do not think that we discussed renegotiating the contract, even if it had been possible to do so. Paul Grice has already said that he will check the precise contractual position on the matter. However, I think that the issue is for the Audit Committee rather than for this committee.

**Fergus Ewing:** I want to ask about claims. We have already heard of a case in which, after successful negotiations, there has been a reduction of £1 million. Obviously the contractor in that instance submitted a bill that was inflated by £1 million. That happens in business. I acknowledge that any such negotiations must be conducted in private—no one is suggesting that it would be anything other than foolhardy if that did not continue to be the case. However, after those negotiations are completed, a huge amount of public money is paid out. I seek an assurance that, once claims have been adjusted, settled and agreed, we will find out which contractors have submitted what will then prove to have been artificially inflated or unjustifiable claims. That will ensure that the public, who are paying for the project, find out what has happened behind the scenes and whether a contractor has habitually claimed in excess of their ultimate entitlement. Will all of that be kept secret, as it has been for the past five years?

**Robert Brown:** Despite occasional insinuations made by others about this issue, the SPCB has made it clear that it is endeavouring to be as open as possible within the constraints that operate on this matter. We have also said—and this is the next item to be dealt with under this heading—that we will produce the key figures on the eventual settlements at the end.

I will make two other points. First, the detail, for example on the appropriateness or otherwise of settlements, is going to be looked at with professional rigour by the Auditor General and the Fraser inquiry. While the contract is on-going, I am

not sure that I want officials' time to be spent dealing with very detailed inquiries instead of the end figures. It is a question of striking a balance, as is said in the next paper—

11:30

**Fergus Ewing:** I accept some of that, but not the rest. The Auditor General has already said that it will be business as usual, which means that documents will not be made public, but can you tell us the identity of the contractor that claimed £1 million more than ultimately was agreed?

**Robert Brown:** I think that that is in the public domain already. I am sure that it has been mentioned—

**Fergus Ewing:** Well, can you tell us, now that we are here?

**Sarah Davidson:** It was a company called Ballast Construction Scotland, which was doing work on Queensberry House.

**Margo MacDonald:** My next question was about Ballast. I do not mean to amuse the committee, but there is an entry for removing pigeon droppings and then taking off the roof. Presumably, the droppings were on the roof. Did you clean it first?

There are one or two entries under Queensberry House, the detail of which I will not go into just now, which point to my concern about some of the figures that you are supplied with and with which you have to work. I wonder about their robustness.

**Sarah Davidson:** If you want to send them to me, I will happily look at them.

**Jeremy Purvis:** Sarah Davidson's "proceed with caution" comment probably sums up the perception of what the management will be from now until July. I have a question for Robert Brown and the corporate body. If I were in the outside corporate world and I were the chairman of the board, I would be looking for closure—to use an American phrase. I would be looking for a clear indication of a transparent closure programme, but I do not think that such a programme exists. I do not know how we can have confidence, now that we are not even going to be putting out the risk estimates, because that is too risky, or the percentages, because we are not going down that road again. We do not seem to have much more of a grip on the process than we had before, at a time when the project is going to get a lot more complicated.

**Robert Brown:** I do not think that the project is going to get more complicated. With any luck, most of the design and programming complexities are behind us. The issue of the light-well area is complex, but it is fairly well analysed and known

about, and it is now a question of the sequencing of work. The problem is that if something goes wrong with any of the bits and pieces that have to happen in that crucial area, that will impact further down the line and cause further delay. The programming information as I understand it—like yourself, I am not a professional—is such that Bovis, as our advisers, and others are reasonably confident that they will be able to achieve the programming. Is that a fair summary, Sarah?

**Sarah Davidson:** Absolutely. I would not want any suggestion to remain that my team or any of the construction or design teams that are working on this project are anything other than 100 per cent focused on closing down the remaining areas of work. The programme as produced by Bovis is entirely focused on moving across the site and closing down first the MSP building, then Queensberry House, then all the packages on the east side. If they are not closed down, the building will never be finished. I would not expect us to be anything other than focused on that. All our teams are divided into groups of people who are focusing on individual packages with a view to finishing them. Speaking personally, I find any suggestion that we are anything other than concentrating on that to be entirely misleading.

**Jeremy Purvis:** The problem is that you do not have the deadlines or percentages or figures to back that up. I do not think that anyone doubts the commitment of all the witnesses. Everybody who is part of the project has been entirely committed to it. The difficulty is whether the structure and programme are in place to implement it.

**Sarah Davidson:** A very detailed structure and a very detailed programme are in place. If we have been led into any difficulties in the past, it is because, in an attempt to explain things, we have tended occasionally to over-simplify a complex process. The Bovis programme comprises an immense number of interrelated, complex programmes, all of which are shared with and understood by the individual trade-package contractors. Completion and achievement of the trade packages is key to completing the programme.

Where we get into difficulties is when we take the project as a totality and try to express percentages of likely achievement. That can lead to dangerous over-simplification of the project. The information is there. Anyone who has any interest in looking at it in detail is more than welcome to contact me to do so.

**The Convener:** I do not want to cut off Jeremy Purvis, but I have a suggestion. One of the characteristics of the reports that we have received is that they have focused relatively narrowly on changes in the cost pattern. It might be useful for the next Presiding Officer's report to

include a focus on the management plan that is in place to take the project to completion. It would be helpful for us to have further information on that.

**Robert Brown:** I am happy to agree to that on behalf of the corporate body. The request fits very much with what Paul Grice said about the move from what could be called the current programming and building arrangements into the migration scenario and the management of that stage. In any event, the emphasis is going to change.

**The Convener:** That information would be welcome.

**John Swinburne:** I seek a point of clarification from Sarah Davidson. How many MSPs will be accommodated in the building?

**Sarah Davidson:** All MSPs.

**John Swinburne:** All 129. In the near future, when fiscal autonomy is transferred to Scotland, we will probably need about 150 MSPs. We will do away with all the MPs going south of the border—

**The Convener:** I think that—

**John Swinburne:** Will we be able to accommodate those additional MSPs? Are we going to build portakabins to hold the additional MSPs?

**The Convener:** I think that the question could be said to be rhetorical.

**Mr Home Robertson:** Is Mr Swinburne inviting us to build an extension?

**The Convener:** I want to get one or two technical issues out of the way. One of the figures that concerns me a wee bit is the £50.3 million figure for fees—the capped lump sum. The figure seems to differ from the fees figure that we were given last time, which was £63.6 million. Could you explain the difference?

**Sarah Davidson:** I will write to clarify, but the difference is largely due to the fact that, for clarity's purposes, we removed site organisation costs from the figure and have expressed them as a separate line. The convener will find that line after the fees line. We did that because, according to the programme and the specific requirements for facilities on site, site organisation costs will continue to be liable to some measure of fluctuation. We wanted to make it clear that the fees figure will not change again. We separated the figures to make that clear. The site organisation costs, plus the reduction in fees, should account for the total cost. As I said, I will clarify that in writing so that the record is clear.

**The Convener:** That would be helpful. It would also be helpful to have amplification of the figure of £14.6 million that you added to the construction

reserve. You talked about that in your opening statement, but I would like to have more information on the figure.

**Sarah Davidson:** That would be slightly more difficult to do. As the convener appreciates, the only further information that we could give would be to break down the figure contractor by contractor. The corporate body is understandably anxious about those figures, as it does not want to run the risk of them getting into the public domain. If that happened, it would give away the figures involved. The feeling at this stage is that the figure is best expressed as a total figure. As individual contracts are settled, the information that is given to the committee will clarify how the money has been allocated, but that will be a retrospective exercise.

**Margo MacDonald:** Does the sum that you have allocated include moneys that might require to be spent when the building is tested or in the period following the testing of the building? Given that we are talking about a unique and complex building, we must expect a higher percentage of glitches in its operation. Where is the money coming from to sort that out? The Finance Committee will also be concerned about that money.

**Sarah Davidson:** I should make it clear that those sums are allocated by the cost consultants, not by us. They are to cover prolongation costs. If any problems are identified when systems or parts of the building are tested, those would be the liability of the contractors concerned, not something for which the Parliament would expect to make financial provision.

**Margo MacDonald:** However, those are also areas that could be subject to legal contest.

**Sarah Davidson:** Absolutely.

**The Convener:** Some of them might be. Fergus Ewing tells me that he would like to ask a technical question on fees.

**Fergus Ewing:** A moment ago, the convener referred to the papers that we have before us. One of those papers states that the total fees that are payable to contractors are around £50 million. I have just checked the contract and, as far as the construction managers are concerned, their entitlement is to three things: the construction fee; the staff costs; and on-site management or organisation costs. Can you confirm to me that the total figure of £50 million incorporates all those elements and that there is no extra money that we have not heard about going to any of the contractors?

**Sarah Davidson:** The figure that we have now agreed as a lump sum with Bovis includes its percentage fee and management costs. The third

aspect is the site organisation costs, to which I referred a moment ago.

**The Convener:** That is the £2.5 million.

**Sarah Davidson:** Yes, the additional £2.5 million, on this occasion. Those are costs for which Bovis is directly remunerated; they include, for example, the costs of the people who provide the portakabins, the canteens, the toilets and so on. Those costs increase the longer that those facilities are on site. However, we are negotiating with Bovis to try to come to an economically advantageous lump sum in relation to those costs, now that we know what the programme is likely to be.

**Fergus Ewing:** I would like to clarify that, as this is an important issue. We thought that the figures that we were given as the totals were the totals. Now we hear that extra money is being paid to Bovis and, presumably, the other contractors. Can we have a total total rather than an incomplete total, which is what you have provided us with up to now, even though we have been calling for this information to be provided for yonks?

**Robert Brown:** In fairness, and with respect, that is not actually the situation. Perhaps Sarah Davidson can return to that issue to clear it up.

**Sarah Davidson:** We would never have knowingly given the impression that we were seeking a lump sum in relation to site organisation costs, as we have always understood that those were costs that Bovis managed for us but which were reimbursed by the Parliament. We have negotiated a lump sum on the percentage fee that Bovis gets and on Bovis's construction management costs. Those two figures will not change. The latter of the two increased by £2.5 million this month, but we anticipate that that will be the final increase.

**Robert Brown:** We are talking about outlays, in short, not fees.

**Sarah Davidson:** That is right.

**The Convener:** How did you calculate the figure of £3.9 million for fit-out? Do you believe that that figure is adequate for the costs associated with the process?

**Sarah Davidson:** The £3.9 million is a transfer this month from the risk reserve into the construction cost and is all time related. It is the coming to fruition of additional costs that were envisaged for delay around nine months ago but which have not been claimed yet. In the most recent figures, there is still money for delay against the fit-out packages. In due course, there will be further transfers for delays later in the programme.

**The Convener:** So that is not the total cost.

**Sarah Davidson:** No, it is the transfer cost.

**Mr Brocklebank:** On consultant fees, I seem to recall that the Miralles architectural firm from Barcelona was among those who were slightly reluctant to cap their fees—in fact, it did not respond to the Presiding Officer's request for some time. Can you identify what part of the fees is going towards the architectural work and what part is going towards the Miralles firm?

**Sarah Davidson:** The Parliament has a contract with the joint venture, EMBT/RMJM Ltd. The internal split of the fee between the firms is a matter for them and is negotiated by the three directors of that company. We do not know how much goes to the Edinburgh firm and how much goes to the Barcelona firm.

**Mr Brocklebank:** Can you tell us the overall architectural fee?

**Paul Grice:** The Presiding Officer has committed to presenting to the committee information on the priced consultants' contracts. That will include the fee paid to the joint architectural company.

**The Convener:** I will allow one more question before I wrap up this agenda item.

**John Swinburne:** Robert Brown referred to legal fees. We all know the complexities that lawyers can get into, but are there hidden costs, as yet unexposed, in all the legal complexities that the Executive has to pay for? At our next meeting, could you give us a list of the legal fees since the beginning of the project?

**Robert Brown:** That is really internal to the SPCB budget, but Paul Grice will specify that more clearly.

**Paul Grice:** If it would be helpful for the next meeting, I will be happy to provide information on external legal advice that we have brought in and paid for. Just as we have clerks and official reporters round the table here as part of the parliamentary staff, we also have a legal department. That department has been involved, but that is part of the normal running costs of the Parliament. However, I will provide information on external legal advice.

**Robert Brown:** We may have provided that information before.

**The Convener:** I should be clear and say that such costs are met not by the Executive but out of the Parliament budget.

We have asked a good range of questions and we now have a lot more information than we had before; we welcome the new transparency that has been a characteristic of the past few months. However, some questions remain. We will try to resolve them in writing.

I propose that we take a five-minute break before moving to the second item on our agenda.

**Members indicated agreement.**

11:45

*Meeting suspended.*



11:50

*On resuming—*

## **Scottish Parliament Building Project (Commercial Confidentiality)**

**The Convener:** The second item on the agenda is a discussion about the letter from the Presiding Officer on issues of commercial confidentiality. If Robert Brown wants to make a brief opening statement, I am happy to let him.

**Robert Brown:** This issue is more for Paul Grice who, as chief executive of the Parliament, has been closely involved in the matter.

**Paul Grice:** I am really here to answer questions but I will make some brief opening remarks. Members will have in front of them the Presiding Officer's letter of 16 September, which sets out the position. I will not repeat the information that is in that letter.

Throughout the project, we have sought to strike a balance between providing information—by answering parliamentary questions, answering letters and organising site visits—and meeting the extraordinary demands of actually working on the project. We have had to have regard to commercial issues. At the end of the day, this is a commercial venture involving around 70 private companies. We have always been able to respond in detail to the many requests for information that we have received, with the exceptions of requests in three broad areas—information that relates to the tendering process; information that relates to contracts; and information on the specific case of Flour City Architectural Metals (UK) Ltd.

That is not to say that no information has been provided. We have explained processes and, for example, we put an unpriced copy of the Bovis contract in the Scottish Parliament information centre. As has been discussed at some length earlier in this meeting, we have put out information on the costs of the various trade packages. However, we have regarded ourselves as being bound by commercial confidentiality in the first two areas that I mentioned, and we have accepted the advice of lawyers that to reveal details on Flour City may undermine our position with respect to potential recovery. Legal advice has now confirmed that we are indeed bound by commercial confidentiality in respect of the tendering process, and the advice on Flour City has been reiterated. However, that advice made it clear that the corporate body could take a policy decision with respect to contract information. After receiving that advice, the corporate body decided to release priced copies of the consultants' contracts.

We acted in good faith in answering a number of queries by saying that we regarded ourselves as legally bound by commercial confidentiality. That position has now changed in some respects. As indicated in the Presiding Officer's letter, analysis is still under way that suggests that in a number of instances—although relatively few—the position may have changed. We will, of course, inform the Finance Committee of the results of that analysis and clarify the position wherever necessary. We are happy to answer questions.

**The Convener:** What is the expected time scale for changing the answers to parliamentary questions that turned out to be incorrect?

**Paul Grice:** We are keen to do, as far as is possible, a comprehensive if not exhaustive check of all information that will be given; that is taking time. I hope that it will take merely a matter of weeks and that we will finish it as soon as we can. In giving the information, we want to be as confident as we can that we have swept it all up. If we need to clarify any answers to bring that into line with the corporate body's policy, we will do so.

**The Convener:** Will you do that on a piecemeal basis as issues arise, or will you release the corrected answers as a batch?

**Paul Grice:** The corporate body has not yet taken a view on that. It will want to see the analysis first. If there is a relatively small number of corrected answers, which I hope is the case, that might point away from giving a general answer. Either way, we will want to ensure that all members of the committee, as well as any other members who are affected, have updated information.

**The Convener:** I am sure that it would be helpful to members of the committee if we, as well as the member whose question had been answered incorrectly, were to receive the information.

**Paul Grice:** I am happy to undertake to make that information available.

**John Swinburne:** The revealing of contracts is a step in the right direction; it is very good indeed and the public will welcome it. Unfortunately commercial confidentiality of tenders puts a big question mark over the contracts that were accepted. How are the public to know that the contract was awarded, and the other tenders were rejected, using all the correct criteria? Unless we have that information, we cannot compare the contracts that were awarded with the tenders. We could possibly have built the place for half the price if some of the tenders had been accepted, but we will not know that until you publish the information.

**Paul Grice:** There is no evidence or reason to suggest that that last claim is true. The job of the Auditor General and the Audit Committee is to examine those matters. The Auditor General has access to all the papers—as you know he has already produced two reports and will continue to examine the information. That is the proper way to get round the difficulty of commercial confidentiality while providing reassurance that the issues that John Swinburne quite properly raised are dealt with.

**Fergus Ewing:** As witnesses will acknowledge, I have been pursuing for a long time a campaign for the release of information. On the argument that the approach that was pursued by the first Presiding Officer about commercial confidentiality was unfounded in law, I understand from the letter from the current Presiding Officer that the decision to adopt the approach that I have been advocating for some years was taken on the basis of fresh legal advice, and that incorrect answers will now be corrected. I am therefore delighted that the Presiding Officer is taking a fresh approach. However, I do not believe that that goes anywhere near far enough.

I have specific questions about Flour City. I want to get to the nub of whether specific documents will be brought into the public domain. We talked earlier about the contract with Bovis, which was entered into on 25 October and—I think—another date around the end of October. Will the letters of intent, which preceded the contract with Bovis, be put into the public domain?

**Paul Grice:** I will need to take separate advice on that. The normal position is that letters of intent are in any event subsumed into contracts, but I am happy to check that.

**Fergus Ewing:** We are trying to get at the truth. Wendy Alexander raised the point that if it is the case that the Parliament could have taken a course other than construction management, that would be a material and fundamental fact. At the moment we do not know, because the letters of intent have not been made public, even though we have been promised that a new approach will be taken. I hope that that will be pursued.

The Auditor General in his report of September 2000 reviewed the tender process through which Bovis got the contract. He told us in his report that Bovis was not the lowest bidder or the second lowest bidder, but the second highest bidder. He has refused to tell us—he argues, in my view dubiously, that he is prevented in law from doing so—what the bids were. I do not expect that any information can be divulged about a tender process while it is on-going—that would be ludicrous—but after it has finished, we are talking about public money. Will you tell us what Bovis's bid was and what were the other three bids? Why

was the lowest bid, which I understand was from Alfred McAlpine Construction Ltd, not accepted? Will we get to know that information?

**Robert Brown:** With respect, convener, a good bit of that will be examined by the two inquiries in one format or another. As we have always said, the full documents will be made available to those inquiries regardless of any legal issues or grey areas that need to be dealt with. Anything that is wanted by Lord Fraser or the Auditor General will be made available to them, as has always been the case. Paul Grice has said that all of the information will be put into the public domain at one go, including the price, the contractual stuff and the nuances of the letter of intent before that. To be quite honest, the committee should tell us after that is done whether any issues of concern remain. That will happen very shortly.

12:00

**Fergus Ewing:** With respect, I asked a specific question to which I am entitled to have an answer, particularly when we are being told that there is a new approach of candour. Can you tell us now, or will you tell us when you have the information, what bid Bovis originally put in and what the other bids were?

**Paul Grice:** The first general point is that I understand that the Auditor General has looked at all of that. That is his job—he examines the process. As you know, he has undertaken a specific examination of, and made observations on, the award of all the contracts. I gave evidence to the Audit Committee following the Auditor General's report. That committee made a report; we have been through that process—

**Fergus Ewing:** No. The Auditor General has not made that information public—

**Paul Grice:** But that is—

**Fergus Ewing:** Hang on a second. With respect, convener, I am not getting an answer to a very simple question. I asked the same question of the Auditor General before the Audit Committee, but he did not give me an answer. I wrote to Lord Fraser to ask him a similar question on disclosure, but Lord Fraser responded in a letter that verged on being rude and accused me of having something called “apparent legal training”—I must have imagined the past 20 years of legal practice since the day that I got my degree.

Nobody is coming up with the truth. I am determined to get at the truth, but I think that the inquiry is heading for a whitewash. If we cannot even be told what the original bids that went in were, the people of Scotland will also agree that we are heading for a whitewash.

**The Convener:** With respect, Fergus, we need to be clear about the role of the committee. I am very clear about that. Some issues that you have raised are undoubtedly issues that are ultimately for the Audit Committee. I presume that Lord Fraser's inquiry report will be dealt with by that committee, as will whatever is produced by the Auditor General. The issues that bear on our role are to do with monitoring of costs and specific contractual issues that might arise. However, I am not entirely clear that the question that you have asked is strictly germane to the interests of the Finance Committee. We need to be very cautious about that matter.

**Fergus Ewing:** Will you give me guidance, then, convener? To whom should the question be addressed? I have asked Lord Fraser; I have asked the witnesses; I have asked the Auditor General. None of them has answered the question. I am afraid that that approach will not wash with the public, so I will continue banging on about the matter until somebody answers the question.

With respect, will Mr Grice tell us whether we will be informed by the SPCB what were the bids of Bovis and the other tenderers?

**Paul Grice:** What I can say is that, yes, the information about the Bovis bid will be given, because that ended up in the contract. As I said earlier in answer to, I think, Mr Brocklebank, the copy of the priced contract will contain that information. As I said in my opening remarks, the legal advice that we have received confirms our previous position that the tendering process was commercially confidential. The judgment is that that is a legally binding relationship that the corporate body inherited—

**Fergus Ewing:** If that is the case, why—

**Paul Grice:** I am trying to answer your question.

The answer is no: when the corporate body makes available copies of the priced contract, it will not also make available other related tendering information because that information is regarded as being commercially confidential.

**Fergus Ewing:** If that is the case—

**Paul Grice:** If I may just finish, I will then answer any other questions—

**Fergus Ewing:** You have not answered the question at all yet.

**Paul Grice:** The function of the Auditor General was set up as part of the overall governance of the country. He gets access to all papers—nothing is withheld from him in this regard. He has, to my knowledge, seen all the tender information and he reports to Parliament and advises the Audit Committee. I personally gave evidence to that

committee and took questions from it. There is a process. I am not saying that everybody has to like that process, but that is the process for providing scrutiny and assurance that such matters are dealt with properly.

If the Auditor General, having seen all the information that Fergus Ewing talks about, sees something that gives him concern—the same will apply to the Fraser inquiry—he has the right to ask those questions and they must be answered. That is the process. Whatever one's views are on it, it is the process that was established as part of the Scotland Act 1998, which established this Parliament. That is the system that we operate within.

**Margo MacDonald:** Convener, would it be possible for this committee to suggest to the Audit Committee that it might be able to keep to the terms of the legal advice that was received by the corporate body by publishing the range of bids instead of disclosing and naming each individual bid for contracts by individual contractors? If the range of bids were published, we would be in a better position to judge value for money.

You will recall that the Gardiner & Theobald report, which was commissioned by the Auditor General but not published, gave rise to the Fraser inquiry, because I brought it to the attention of the First Minister and he agreed with the serious concern that was raised in the report that the main contractor—Bovis—had been dropped from the first round of tendering because of non-compliance. As I understand it, a non-compliant tenderer should be counted out. Having been dropped from the first round of tendering, Bovis was reintroduced and won the contract.

There is an area of concern and mystery, in terms of the public interest and public respect for how we conduct our business, that we should investigate. It is not the business of this committee—

**The Convener:** Absolutely—that is the point that I was going to make.

**Margo MacDonald:** It is for the Audit Committee. To short-cut things, if the committee agrees, we can suggest to the Audit Committee that that is what it should do.

**The Convener:** It is not for this committee to suggest to the Audit Committee what it should do. It is clear that there is a separation of roles between the Finance Committee and the Audit Committee and that the responsibilities of the Audit Committee are clear. If issues emerge from our testimony that attract the interest of the Audit Committee, it is for that committee to pick them up. I am sure that the Audit Committee will examine in detail whatever emerges from the Fraser inquiry and anything that is produced in the

Auditor General's report. I am absolutely clear that that is what will be done.

**John Swinburne:** Would it be in order for us to call the Auditor General here so that we can question him directly?

**The Convener:** That would not be appropriate—he reports to the Audit Committee. The matter is very specific.

**Margo MacDonald:** Can we write to him?

**The Convener:** We can write to him.

**Dr Murray:** We are pleased to hear that at least some of the details of the contracts will be made publicly available and that we will be able to access them through the Scottish Parliament information centre. I note from the Presiding Officer's letter that that will apply to copies of the principal consultants' contracts. How many contracts will we get details of? Also, a lot of the problems with the increasing costs have arisen because changes have had to be made to contracts because of delays that were caused by, for example, the problems in the light well and contractors' not being able to work there at the same time as each other. I presume that those contracts have had to be renegotiated as time has gone on. Will the variations to the contracts be published and made available in SPICe?

**Paul Grice:** The principal consultants are Bovis, Davis Langdon & Everest, EMBT/RMJM Ltd, RMJM Services and Ove Arup, and their contracts will be placed in SPICe. Those contracts do not necessarily need to be varied in the way that the contracts of package contractors have to be varied, for the reasons that we discussed earlier.

The reason why I was not able to bring them here today—I would have done so if I could—is that minutes of variation putting into effect the price caps are currently being negotiated. In other words, an agreement in principle has been reached and the lawyers on both sides are now looking at the details. When we have that, we will be able to present single documents with explanatory notes, giving not just the price information but other information as well. Those are the contracts that we will make available just as soon as we can. I hope that that will take no longer than a matter of weeks.

**Mr Mather:** I understand that it is absolutely vital to have confidentiality during a tendering process, but I do not understand the lack of openness after the contract has been placed. I suggest that it would be strongly in the public interest to have openness at that point. Such openness would hone a current value-for-money mentality; it would also hone a future value-for-money mentality in the bidding contractors and make for sharper pencils as those bidding contractors proceeded.

We could make openness a virtue. Perhaps we could make it a condition of placing a contract before the Parliament that, after the tendering process, the bid would be made public.

**Paul Grice:** I take your point. I am always happy to consider confidentiality when the Parliament tenders for contracts. Looking back, however, when the companies tendered for the contracts, they did so with the understanding that they would have commercial confidentiality. Our legal advice is that it is not open to us to alter that subsequently, unless by some other agreement.

There is always a good debate to be had about the issues that Mr Mather raises and I accept his points. The SPCB feels the same way under the new Presiding Officer as it did previously: there are other issues that we cannot discuss now for practical reasons, because we have a team of people on site trying to build a building and, in answering the questions that we have already answered, we place a great burden on them. One needs to strike a balance. When the project is over, we might be able to make more information readily available; the SPCB will commit itself to considering that. I am happy to revisit Mr Mather's comments when we do not have the current burden.

Unfortunately, it often falls to the same few individuals who have the information to manage the project on site, and they are the people whom we can least afford to miss. Jeremy Purvis referred to having a strategy and a focus on closure—that is what those few people are doing. We have to decide whether they should be taken off the project to comb through historical papers. When the project is over, the SPCB will be willing to consider the matter. If, however, the legal position bars the SPCB from doing so, that is a problem. Nonetheless, we must examine that situation.

**Mr Mather:** I agree that it might be worth re-examining the situation. As a former contractor, I can say that I would not have chosen not to bid if, on the basis of winning or losing the contract, my price would be published.

**Robert Brown:** Jim Mather makes a good point. Apart from any other immediate considerations, the Parliament will be under the regime of the Freedom of Information (Scotland) Act 2002 in due course. Work is being done in my SPCB portfolio to consider questions about freedom of information. The practical issues that have arisen from the Holyrood contract offer a good drawing board example of the problems that can occur. At some point, we might want to consider the practice of different councils with regard to freedom of information. We might find that there is a variance of detail on what is made available and what is agreed. We must return to that broader point.

**Fergus Ewing:** I return to the Presiding Officer's letter and the precise wording about the disclosure of tender documentation. The Presiding Officer wrote:

"the SPCB owes to tenderers under the tender documentation and the Scottish Parliament and Treasury Procurement Guidance an obligation of commercial confidentiality. Accordingly the legal advisers conclude that such an obligation is, and continues, to exist in respect of such documentation."

That is curious. It is stated not that the contract says that we must keep the tender details secret, but that a combination of the tender documentation plus Treasury guidance has somehow resulted in that conclusion. I am extremely anxious that the legal advice does not quite say what is represented in the letter. I simply cannot fathom why, after the tender process is over, those unsuccessful tenderers can have a legal entitlement, for all time coming, for that information to be kept secret. I am suspicious about that.

The only way that I can imagine of resolving the matter—I hope that the committee might agree to this—is to suggest that the SPCB share with members of the committee the legal advice so that we, too, might understand. If it is the case that the legal advice is crystal clear and that we can never be told, for legal reasons, what the unsuccessful bids for the main contract were, at least we would know that that was the precise legal position. Without that information, I am afraid that the argument will run and run.

I make the constructive suggestion that all the legal advice be made available to the Finance Committee. That would allow us to take matters forward. I say to Robert Brown and Paul Grice that the argument is not going to go away. In the end, there will be egg on the face of everybody who was associated with keeping the information from the public gaze.

12:15

**Robert Brown:** The corporate body is not prepared to make the legal advice that pertains to this or any other matter available to the Finance Committee.

**Fergus Ewing:** Have you asked?

**Robert Brown:** It has been a matter of—

**Fergus Ewing:** By definition, you could not have asked the corporate body. I have only just asked the question.

**Robert Brown:** The matter has been discussed by the corporate body in a number of contexts, but more particularly in relation to this issue.

**Fergus Ewing:** The matter is serious. The Finance Committee is asking you a question and

you are saying that you will not go back to the corporate body for it to consider the matter. How much more arrogant could you get?

**The Convener:** Let Robert Brown answer the question.

**Robert Brown:** There are very good reasons for legal advice not being made available. There is a considerable parallel—in terms of the practical position on the ground and the way in which the matter will be dealt with under the Freedom of Information (Scotland) Act 2002—between the position of the corporate body vis-à-vis the Parliament and the position of the Executive in respect of Cabinet papers. There is a similarity in the way in which those matters are approached. A body that has to take legal decisions on the basis of advice is normally required to keep the advice confidential to itself.

The corporate body has made available to the committee the tenor and essence of the advice. In particular, the chief executive and the Presiding Officer have come to the committee with the agreement of the corporate body as soon as the issue became available and they made a decision on the matter. There is no question about the corporate body's commitment that the appropriate information is made available to the public or about our commitment to be as open as we possibly can. However, that does not apply to the legal advice that was given in confidence to the corporate body.

**The Convener:** Perhaps you could respond to the question a bit further. Fergus Ewing made a point about the separation between the obligation that the SPCB owes to tenderers under the tender documentation and the obligation that the Scottish Parliament owes under Treasury procurement guidance. Is it possible to separate those two elements to see which part of the legal advice relates to one or the other?

**Ms Alexander:** Can I make a suggestion? I am struck by whether the decision that was made by the corporate body reflects the new tone that has been taken by the current Presiding Officer. I can see the difficulties that officers are having in anticipating what might be the attitude of the corporate body or the Presiding Officer to a set of circumstances that cannot be precisely anticipated.

I suggest that we write to the Presiding Officer—by implication we would be writing to the corporate body—saying that the one piece of information in which members are interested is the tender prices. We can ask for clarification on whether, if we cannot see the prices, that is because of contractual obligation or Treasury guidelines or whether it is a matter of judgment. The suggestion does not require us to see the legal advice. It is

clear that the long-established pattern is that that advice is confidential to the corporate body. The letter would give the Presiding Officer and the corporate body the chance to reflect on the matter and also, if they so wish, to clarify the basis on which they are—or are not—comfortable with acceding to the request.

**The Convener:** That is a helpful suggestion.

**Robert Brown:** I, too, would like to say that it is helpful; it concentrates on the essence of what people are trying to get hold of. That is the important point.

**Margo MacDonald:** This is probably where Robert Brown will duck for cover—I am coming to your rescue, Robert.

I endorse absolutely what Wendy Alexander said. I want to keep the suggestion on the table, however, that we ask for the range of contracts to be provided. That would enable us to make comparative judgments without knowing the names of the companies, as that would breach Treasury guidelines on confidentiality that are laid down to keep us out of jail.

I doubt very much whether the public, in whose name we are spending all the money, understand what is so commercially confidential about the prices that were submitted by the companies that took pigeon droppings off the roof. I presume that that contract went out to tender as well and I do not expect that any of us would judge it to be as serious as others—although the company that got the contract might think so.

We have to think about how the public will perceive things. The maximum amount of information must be given. Previously, information was given only on a need-to-know basis. We now need to know very much more. If the same legal advice holds for the contractor that took the pigeon droppings off the roof as holds for Bovis or anybody else, we will definitely need to investigate that area.

**Robert Brown:** The information that Margo MacDonald refers to on cost figures for individual contracts has been given in my most recent letter to the Finance Committee. About three quarters of the contracts are covered there. It was explained that we are still waiting for agreement and consent on some of them, but we expect to be able to give the remaining information on contracts and prices to the committee within the next 10 days or a fortnight. To make it easier, we will put all the information together.

**Margo MacDonald:** My point about the disclosure of tenders still holds. Some of the tenders are not for a huge amount of money, and some may appear to be less important than others, but the public will want to know why they

cannot know about certain things. I presume that the same legal advice is given to you for all contracts, regardless of their price or how serious they may be in the scheme of things.

**Robert Brown:** We would like to consider that point a little further, to see what information can be given. As Paul Grice has made clear, Lord Fraser and the Auditor General will have unfettered access to all such information. That is not at issue. However, the question of what can be made public is a bit of a tangle. We have to consider commercial agreements of one sort or another and we have to consider the practicalities. We would like to consider the extent to which information on tenders can be released, and an appropriate time scale for that.

**Margo MacDonald:** I can't wait.

**Robert Brown:** Nobody would dispute that there are areas of public interest. However, what is at issue is the balance between that public interest, the progress of the contracts and the practicalities of providing information. We have to consider the sheer amount of information as well as the legal issues involved. We undertake to come back to the committee on that.

**Fergus Ewing:** I want to ask about the, if you like, over-bidders—over-bidders in most cases, that is—by which I mean the bidders who were not successful. The Auditor General has adopted a practice that is totally different from the one that Robert Brown has described. In his December 2002 report on Flour City, which followed my submissions to him in January that year and again later, the Auditor General revealed that the second bidder put in a bid of, I think, £7.2 million. Flour City's bid was £7.1 million—a tiny fraction less, interestingly enough. The Auditor General has revealed the identity of that other bidder; it is, I believe, in the public domain. Is the Parliament preventing the Auditor General from releasing information about the main tender? Is the Parliament happy that the Auditor General can, if he wishes, release information about the other bidders and the construction management tender?

**Robert Brown:** That is for the Auditor General.

**Fergus Ewing:** But is the Parliament happy? You are here to speak for the SPCB.

**Robert Brown:** The Parliament does not seek to constrain the actions of the Auditor General in any way. That is the bottom line. Matters will be up to his discretion and his judgment. No doubt, he will require to take account of any relevant legal issues.

**The Convener:** As we draw this evidence-taking session to a close, I think that we will take up my suggestion—which was significantly refined by Wendy Alexander—and add Margo MacDonald's

point on banding. We will see whether we can exchange information. If you can clarify the SPCB's view on that matter, that would be helpful.

**Robert Brown:** We would be delighted to take a further view. Our exchanges about what might be possible have been helpful and we will come back to the committee as soon as we can.

**The Convener:** Fergus Ewing will ask a couple of questions about Flour City.

**Fergus Ewing:** The Presiding Officer's letter says that further advice and opinion was sought on the Flour City matter. I want to ask a few detailed questions on that issue. First, was that further advice sought from the same external legal advisers as those who provided the previous advice, namely Messrs Shepherd and Wedderburn?

**Paul Grice:** Yes.

**Fergus Ewing:** Did they obtain counsel's opinion?

**Paul Grice:** Not to my knowledge.

**Fergus Ewing:** The advice is that the documents about Flour City should not be disclosed on the basis that doing so might prejudice options for recovery. Does that advice also say that it would be wrong to disclose copies of the documents? I quite understand that, on the best-evidence rule, original documents such as signed contracts might be required to be produced in court in any action and that they would therefore need to be kept, protected and preserved and not passed to just anyone. However, I do not understand why copies of those documents, which I have requested for quite a long time, should not be made available. Does your advice specifically say that those documents may not be copied and that the same conclusions apply to any copies as they do to the originals?

**Paul Grice:** We have debated this matter for some time and I am afraid that I have nothing to add. The SPCB's position on Flour City remains as it was and as it has been discussed in committee. I cannot remember off the top of my head what the advice says about copies, but I can check that. However, I am able to say that the advisers have given clear advice, which they have repeated, that in their opinion it would not be in the Parliament's best interests to disclose the documents.

We should bear it in mind that the SPCB, as owner of the project, uniquely has a legal responsibility and must take judgments on the matter. The SPCB has received advice from Shepherd and Wedderburn to the effect that releasing information about Flour City might prejudice future recovery. The SPCB has taken that view and drawn a line in the sand on it; as the

legal owner of the project, it is right for it to do so. I am happy to repeat the undertaking that I gave previously on the SPCB's behalf that, if there is any prospect of recovering any moneys that were lost as a result of Flour City, the SPCB as legal owner of the project and whose duty it is will take that action, regardless of the information that is put out at the moment.

It is important to stress that, although the SPCB has to make difficult judgments, it is right that it does so as the owner of the project. It has taken Shepherd and Wedderburn's advice and adopted that approach in the Parliament's interests. That is its clear position and I have received no indication that it has changed its mind on any previous questions about Flour City.

**The Convener:** I will allow Fergus Ewing to ask one further question on this matter.

**Fergus Ewing:** Everyone will accept that my question was very specific and clearly put and entitles me to an answer. I should also say that today is not the first time that I have asked this question; I have put it to the previous Presiding Officer and the current Presiding Officer. I have put it in writing more than once and raised it at meetings with the Presiding Officer. I am afraid that I deeply resent Mr Grice's refusal to answer a very simple question. I will not be giving the matter up. Personally, I find it hard to see how there is any legal impediment to disclosing these documents. I know for a fact that the chances of recovering any money from Flour City International under the guarantee are zilch, because its debts are probably approaching £100 million. The company has no assets, no employees, no contracts, no business—no nothing. It seems to me that the only people from whom we will recover the Flour City losses are the construction managers and possibly other members of the team. Finally, Mr Grice, has legal advice been obtained on the possibility of seeking money for the Flour City losses from the construction managers Bovis Lend Lease?

**Paul Grice:** I am afraid that I have nothing further to add about Flour City, for the reasons that I have already outlined.

**Fergus Ewing:** Not to answer MSPs' questions is fundamentally unacceptable. I certainly intend to pursue the matter.

**The Convener:** On a positive note, I want to say that we have had a very thorough session on the Holyrood project. As we have agreed, we will communicate further in writing—[*Interruption.*] I say to John Swinburne that I am closing the meeting. We will communicate further with the SPCB in writing and seek further information. I hope that we will receive a speedy response to that letter. We also look forward to a further report

that I presume will be brought out at the end of October.

The committee will move into private session to discuss the draft report on the Vulnerable Witnesses (Scotland) Bill.

I ask the official report, members of the press and public and those who are not members of the committee to leave the meeting.

12:29

*Meeting continued in private until 12:31.*



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