The Committee will meet at 10.00 a.m. in Committee Room 2 to consider the following agenda items:

1. **Items in Private:** The Committee will decide whether to take item 2 in private, and whether to consider its draft report on the Commissioner for Children and Young People (Scotland) Bill in private at its next meeting.

2. **Lines of Questioning:** The Committee will consider its lines of questioning for items 3 and 4.

3. **Holyrood Project – Financial Position Report:** The Committee will take evidence from:

   - Paul Grice, Clerk and Chief Executive, Scottish Parliament;
   - Robert Brown MSP, Member, Scottish Parliamentary Corporate Body;
   - Stewart Gilfillan, Director of Corporate Services, Scottish Parliament;
   - Sarah Davidson, Project Director, Holyrood Project Team.

4. **Commissioner for Children and Young People (Scotland) Bill:** The Committee will take evidence on the Bill’s financial memorandum from:

   - Karen Gillon MSP, Convener, Education, Culture and Sport Committee;
   - David Cullum, Clerk Team Leader, Non Executive Bills Unit, Scottish Parliament.

5. **Work Programme:** The Committee will consider its future work programme.

   David McGill
   Clerk to the Committee
The papers for this meeting are:

**Agenda item 2**

Paper by the Clerk and the Adviser on Financial Memoranda  
PRIVATE PAPER

**Agenda item 3**

Holyrood – Financial Position Report  
FI/02/25/1

**Agenda item 4**

Commissioner for Children and Young People (Scotland) Bill  
Explanatory Notes (and other accompanying documents)

Letter from the Presiding Officer  
FI/02/25/2

**Agenda item 5**

Paper by the Clerk  
FI/02/25/3
FINANCE COMMITTEE

Holyrood Project – Financial Position Report

Background

This paper comprises three separate elements. The section marked FI/02/25/1 is a letter from Sir David Steel to the Convener of 10 December 2002, providing a financial position report on Holyrood. This letter refers to two further letters, which, for the sake of clarity, have been reproduced as annexes:

Annex A – is a letter from the Convener to Sir David Steel of 4 December 2002, which refers to a press release issued on 19 November.

Annex B – is the press release and an accompanying letter from Sir David Steel, also dated 19 November.

David McGill
Clerk
Thank you for your letter of 4 December. I entirely appreciate the Committee’s concern and I apologise for the fact that you were not fully updated on the revised position before the issue of the press release explaining the further delay to programme. As you will have noted, we did not include any revised cost information in the news release and acknowledged that once we had written advice from the cost consultant we would report that to the Committee in the usual way. That written advice was only received by the Project Director on 28 November.

Programme position

As you will recall, the latest report which we made to the Committee was based on the risk review undertaken in May 2002, known as Review P. That review was undertaken in the context of a working target programme referred to as ‘6a’ and the costs identified in the risk review were those deemed necessary to achieve completion of the works by April 2003. Between May and late September, there was some slippage against 6a, but the Construction Manager continued to advise us that these delays were capable of being absorbed within the overall programme by re-organisation and re-sequencing of works. In addition, as the Committee is aware, we were awaiting confirmation in September from the Specialist Glazing company that they could meet the client’s target programme.

As the Project Director indicated in giving evidence to the Committee in October, concerns were then emerging about the viability of programme 6a and the prospects of continuing to absorb further delay. The Construction Manager was subsequently asked to prepare a revised ‘best’ programme and to report it to the HPT by the end of October. That programme review, (resulting in new programme ‘6b’), made it clear that a number of important areas including the specialist glazing around the public stair and systems commissioning in the Chamber could not be completed until around the end of August 2003. This slippage is due to a number of factors, including the resolution of some complex technical challenges and the finalising of blast testing of the East windows.
Forthcoming ‘risk review’

Whenever a revised programme is agreed, a risk review is normally undertaken in order to assess the financial implications of the timetable that is being targeted. In this instance, given the critical importance of programme to migration planning, a dual-purpose review is being held which will assess the risks to programme as well as reviewing the cost requirements to complete. That exercise is scheduled for 11th December and the analysis will not be available to us until the results have been examined in detail by the cost consultant. Unfortunately, therefore we will not be in a position to report the outcome of that on the 17th, although we will of course make it available to the Committee as soon as possible after the recess.

Provisional assessment of costs to completion

However, we have asked our cost consultants to anticipate as far as possible that full risk review by advising us specifically on the likely costs of the revised programme.

The cost consultant has provisionally estimated that the move to programme 6b has a total cost of £12m net (£15.9m gross, including fees and VAT). £5m of that net sum is attributable to the costs of slippage against programme 6a. Some, or all of that may be included within the £10m identified for disruption and prolongation at the last risk review.

The remainder of the sum is attributable to the costs of implementing the various measures required to complete the programme by the revised target date. The SPCB has asked the cost consultant what the effects would be of not implementing these and simply allowing the programme to run its course. He has advised that any increased lengthening of the overall programme will carry significant and rapidly growing financial risks and that the simplest way to limit this ongoing exposure is to finish the project. He has also advised that ‘depressurising’ the drive to completion would expose the client to additional costs which would in all likelihood soon eclipse the acceleration costs currently assessed against programme 6(b).

Notwithstanding this advice, measures have been put in place by the Project Team to ensure that specific acceleration measures are instructed only on the basis of a clear recommendation by the construction manager and cost consultant as to their value.

The sums set out above will be reviewed in detail at the forthcoming risk review, along with all the other allowances made at the time of Risk P. We are aware that it is possible that variations and delays to some packages may have exceeded the overall allowances against individual packages made at Risk P, although this cannot be confirmed until the cost consultant has reported on the risk review.
Conclusion

I can assure you that as soon as the revised risk review has been considered by the Holyrood Progress Group and the Corporate Body, we will report it to the Committee in the usual way.

David Steel
HOLYROOD PROJECT

Thank you for your letter of 19 November in connection with the delaying of the move to the Holyrood building and I note the press release to which your letter refers. I should say at the outset that the Committee is concerned that, considering the responsibilities that the Parliament has given the Committee in relation to scrutinising the Holyrood Project, the latest information was supplied to it by reference to a press release. The Committee would welcome your assurance that, in future, it be accorded the courtesy of receiving information of this nature first hand.

The Committee discussed the issues set out in the press release at its meeting on 3 December and has decided that it wishes to hear again from the witnesses who provided information on the Holyrood Project on 8 October. That additional meeting will take place on 17 December. As the debate on the Committee’s report on the Executive’s draft budget will take place on 19 December, there is some urgency in securing further information.

I note that your letter states that you expect a further update to be made to the Committee within a month. I would be grateful if you would indicate whether you expect that report to be available for the meeting on the 17th.

I am copying this letter to the Chief Executive of the Parliament and to the Director of the Holyrood Project.

CONVENER
HOLYROOD PROJECT

In giving evidence to the Finance Committee on 8 October 2002, representatives of the SPCB indicated that they were currently awaiting further information on some key issues relating to the programme for project completion. They undertook to revert to the Committee with an updated report if a delay to programme would occasion any change to the forward budget information supplied at that time.

As you may be aware, the Corporate Body met with the Holyrood Progress Group and key consultants to the project this morning. As the attached press release explains, it is clear that the target of occupying the building next summer recess cannot now be met. More detailed analysis of the migration strategy requires to be undertaken before we are in a position to identify an alternative firm date for the move. At that point and with the advice of our cost consultant, we will be in a position to update the financial position with a further report to your Committee. I would anticipate that such a report will be made within the next month.

David Steel
SPCB SETS OUT LATEST HOLYROOD INFORMATION

The Scottish Parliament’s Corporate Body (SPCB) announced today that the migration to the new Parliament building at Holyrood will not take place as planned over the 2003 summer recess.

Following a meeting of the SPCB and members of the Holyrood Progress Group, it was decided that further options be explored on migration due to additional difficulties which have recently emerged, in particular on aspects of bomb blast proofing on areas in the east side of the complex, primarily around the chamber and the committee towers.

The shift in programme came on the same day as members of the SPCB announced that MSPs would meet in the nearby Hub during the Church of Scotland’s 2003 General Assembly.

Bovis Lend Lease, the Parliament’s construction managers, reported that while the majority of the site remains on target for completion by the end of April 2003, uncertainty remains over some key elements. Work on site is not now expected to be fully completed until August 2003 at the earliest, which would not allow migration to Holyrood to be carried out over the summer recess 2003.

The design team, including the architects, the structural engineers and the construction managers, are working to ensure that design problems can be resolved as quickly as possible, but the nature of this process means that the current uncertainty is likely to remain for some weeks yet.

Sir David Steel, the Parliament’s Presiding Officer, said:

“Everyone involved in the project has experienced great frustration with the delays and difficulties associated with it. Nevertheless, the Corporate Body is aware that what is being built is a highly complex and sophisticated building, meeting the highest standards of quality and environmental best practice, and will be an internationally recognised design landmark.

“While there is no doubt that the information we heard today was unwelcome, it remains the Corporate Body’s responsibility to ensure that a permanent building fit to serve future generations as Scotland’s new Parliament is delivered at Holyrood at the best possible cost and programme. This project is at all times being carefully controlled and managed.
“This work is facilitated by first-rate colleagues, including both the elected and professional members of the Holyrood Progress Group and the Holyrood Project Team under Sarah Davidson.

“Given the need for sufficient time to migrate staff from our temporary accommodation to Holyrood and to test systems ahead of occupation, the delay we are announcing today means that we will not be able to begin full Parliamentary business at Holyrood in September 2003.

“In the light of this information, the Corporate Body will consider a range of options for migration once more certainty has been reached, especially on the ongoing issues related to blast. These options will include dates both in the standard recess calendar and outside it. The preferred options will focus on 2003, but others may extend into 2004.

“There has been extraordinary speculation recently about the cost for the Holyrood Project. Contrary to some reports, the information recently given to the Finance Committee was based on the latest and most accurate assessment of progress and risk from our professional advisers as at September 2002.

“While any such delay is likely to have cost implications, the figure of nearly £400m reported in the press is seriously misleading and inaccurate. Once more detailed information is available on blast-related delay and hence cost, the SPCB will report it to the Finance Committee in the usual way.”

May 2003 post-election arrangements, during Church of Scotland’s General Assembly

It has been clear that alternative arrangements to meeting at the Mound would be required for the duration of the Church of Scotland's General Assembly in May 2003 (17–23 May).

Given that the Assembly will meet during the key post-election period following 1 May 2003, subject to the Parliament’s agreement it will meet to carry out its own plenary session business in The Hub, Castlehill, Edinburgh.

As the Church’s Chamber will be out of use from a parliamentary point of view for approximately one week either side of the Assembly’s dates, the SPCB will lease the use of The Hub from 12 May until 29 May. This will enable Parliament to carry out all of its essential, constitutional functions as required under the terms of the Scotland Act.

During May, the following parliamentary business must be conducted:

• The General Election will be held on 1 May.
• Within seven working days of that date the Parliament must meet to allow Members to take the Oath and elect a Presiding Officer and two Deputy Presiding Officers.

• The Parliament has ten sitting days to elect a Corporate Body.

• The Parliament must also nominate a candidate for appointment by The Queen as First Minister within 28 days of the election.

In addition during this period, Ministerial appointments are likely to be agreed by the Parliament, as is the establishment of the new committees.

It is expected that Members’ Oath Taking and the election of Presiding Officers will take place in the Chamber at the Mound. From 12 May, business will be in The Hub. As a venue, The Hub offers the Parliament a visually impressive setting that is large enough to accommodate its key business. Its close proximity to Parliament Headquarters means that there will be minimal disruption to staff and Members, who will not need to vacate their Edinburgh offices. The Hub also has a good-sized public gallery for up to 100 people. The hire cost of The Hub is expected to be less than £40,000.

For further information, the media contact is:
James Mackenzie: 0131 348 5605
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Out of hours: 07699 717177

For public information enquiries, contact: 0131 348 5000
For general enquiries, contact: 0845 278 1999 (local call rate)
email: sp.info@scottish.parliament.uk

Visit our website at: www.scottish.parliament.uk
Thank you for your letter of 9 December seeking advice on the financing of the provisions of the Commissioner for Children and Young People (Scotland) Bill.

I can confirm the financial provisions in this Bill are generally similar to those legislated for in respect of the Scottish Public Services Ombudsman and the Scottish Information Commissioner. Funding for these offices is channelled to the office-holders through the SPCB’s budget. Additional safeguards also exist in that the office-holders, or one of their staff, are appointed Accountable Officer for the funds allocated to the offices. This means that they will account for and answer separately to the Parliament for the budgets allocated to them. The SPCB’s main role, in practice, will be to act on behalf of the Parliament in scrutinising the annual budgetary proposals from the office-holders before forwarding them for approval as part of its overall budget.

There is, however, one main difference between the arrangements for this appointment and the others mentioned above. This is that provision had already been put in place for funding by the Scottish Executive for the Public Services Ombudsman and Information Commissioner given that the Executive initiated the legislation. This funding was then transferred to the SPCB. However, the Commissioner for Children and Young People (Scotland) Bill has been initiated by the Education, Culture and Sport Committee and therefore the Executive has not pre-planned any funding provisions. The expenditure, as set out in the financial memorandum, is anticipated to be £1.54m including start up costs in the first year.

Cont'd…
and £1.217m annually thereafter. I can confirm the SPCB will therefore be putting forward an in-year supplementary bid for funds to meet the costs of the provisions in this Bill in 2003-04. We will be discussing the funding arrangements with the Executive.

The only other costs associated with this Bill are those to cover the administrative support to the selection panel to nominate a candidate to the Parliament, and other administrative support associated with the office set up. These costs can be met from within the SPCB’s existing budget.

I hope this is helpful.

David Steel
**FINANCE COMMITTEE WORK PROGRAMME (as at 9 December 2002)**

**January 03 to March 03**

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<th>Date</th>
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<td><strong>Wednesday 8 January</strong></td>
<td>• Children’s Commissioner Bill - Consideration of draft report</td>
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<td><strong>CR3 (1.00 p.m. – 2.30 p.m.)</strong></td>
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<td><strong>Tuesday 14 January</strong></td>
<td>• Cross-cutting reviews – Consideration of draft reports</td>
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<td><strong>Tuesday 28 January</strong></td>
<td>• Cross-cutting reviews – Consideration of draft reports</td>
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<td><strong>CR2</strong></td>
<td>• Budget (Scotland) (No. 4) Bill – Stage 2*</td>
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<td>• External Research - consideration of report</td>
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<td>• Legacy paper</td>
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<td><strong>Tuesday 11 February</strong></td>
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<td>• Holyrood Quarterly report</td>
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* On the presumption that the Parliament has agreed to the Bill at Stage 1 by this stage.