The Committee will meet at 10.00 a.m. in Committee Room 1 to consider the following agenda items:

1. Scottish Parliamentary Corporate Body – Scottish Parliament Building Project: The Committee will consider the progress of the Holyrood Project and take evidence from-
   - Paul Grice, Clerk and Chief Executive, Scottish Parliament
   - Robert Brown, MSP, Member, Scottish Parliamentary Corporate Body
   - John Home Robertson, MSP, Convener, Holyrood Progress Group
   - Sarah Davidson, Project Director, Holyrood Project Group

2. Scottish Parliamentary Corporate Body – Holyrood Project – Commercial Confidentiality: The Committee will consider correspondence from the Presiding Officer and take evidence from-
   - Paul Grice, Clerk and Chief Executive, Scottish Parliament
   - Robert Brown, MSP, Member, Scottish Parliamentary Corporate Body
   - John Home Robertson, MSP, Convener, Holyrood Progress Group
   - Sarah Davidson, Project Director, Holyrood Project Group

3. Vulnerable Witnesses (Scotland) Bill (in private): The Committee will consider its draft report into the bill’s Financial Memorandum.

Susan Duffy
Clerk to the Committee
The papers for this meeting are:

**Agenda item 1**

Covering Note from the Clerk
Letter from the PO to the Convener, 10 June 2003
Letter from the PO to the Convener, 17 June 2003
Letter from Robert Brown MSP to Convener, 11 August 2003
July Monthly Report from PO, 22 July 2003
August Monthly Report from PO, 21 August 2003
Letter from Convener to PO, 22 August 2003
Letter from PO to Convener, 26 August 2003

PRIVATE PAPER

**Agenda item 2**

Letter from the PO to the Convener, 16 September 2003

**Agenda item 3**

PRIVATE PAPER
Finance Committee
Scottish Parliament Building Project

1. At its meeting on 18 June 2003, the Committee took evidence from the SPCB and Holyrood Project Team in relation to the Presiding Officer’s letter of 10 and 17 June 2003.

2. Following this meeting, Robert Brown wrote to the Convener with responses to questions which were not able to be answered on 18 June.

3. In his letter of 17 June, the Presiding Officer confirmed that monthly reports would be made available to the Committee. The first of these monthly reports was issued on 22 July 2003 together with a breakdown of costs. The second monthly report was issued on 21 August 2003. This report detailed the sequence of construction completion with July 2004 given as the final handover of the completed complex.

4. Following on from this, the Convener wrote to the Presiding Officer on 22 August 2003 with a number of questions to be addressed including questions on potential additional costs resulting from delays to the project, financial projections and timetabling information. The Presiding Officer replied to this letter on 26 August.

5. Copies of all letters and reports detailed above are attached.

6. The September monthly report will be sent to members as soon as it is available.

Susan Duffy
Clerk to the Committee
18 September 2003
As you know, the Corporate Body met this morning to consider the Cost Consultant's latest report on the Holyrood project. We examined the issues carefully and sought detailed answers from the Construction Manager, Architect, and, of course, the Cost Consultant. I am therefore now in a position to make an initial report to the Finance Committee.

The last report to the Committee, (made in February), reflected the Construction Manager's confidence about the team's ability to achieve a target completion date of November 2003. The Committee should be aware that the programme has continued to target this date ever since, up to and including the most recent report received by the Holyrood Progress Group last Wednesday. What is clear, however, is that this target relies on considerable adjustments made to the original programme sequence in order to maintain the pace of delivery. To date we have only been able to discuss these changes at a strategic level with the Construction Manager, but I anticipate that we will be able to provide the Committee with more detailed information very shortly.

We did determine from our discussions this morning that the additional estimated costs result from the ongoing complexity of the building work now underway on site, principally the need to compress and re-sequence tasks to respond to difficulties which arise.

In detailed terms, in the light of today's discussions led by the Corporate Body, I am able to report the following. The £37.7m increase in the overall target figure reported last week comprises £18.75m of predicted construction cost; £6.1m of fees; £8.25m for site running and construction management costs; and £4.6m of VAT on the above.

The £18.75m construction cost element includes £600,000 which is an anticipated increase to the separately funded landscaping works, again due to delays. Of the remaining amount, £9.95m has been allocated to specific trade packages to cover the costs of compressed working, disruption on site and prolongation of contracts associated with re-programming works. A further £5m has been identified as an additional contingency that may be required to resolve issues associated with the complexity of the design during the final stages of construction and £1.7m is reported to be required to cover the longer presence of tower cranes and scaffolding on site as a result of resequencing as well as additional general builders' work. Prolonged working in Queensberry House and MSP accommodation accounts for the final £1.5m.
Given the link between the projected increase in cost and programme, the Corporate Body sought advice, (as it has previously), on whether delaying completion would help reduce costs. The unequivocal advice from the construction professionals is that further delay would in fact exacerbate the problem. The Corporate Body has therefore instructed the Project Team to proceed in line with the latest Bovis programme. However, the complexity of the task in hand and experience to date indicate the need for ongoing caution in relation to the programme. We will be continuing to monitor the situation closely in conjunction with the Progress Group.

Members will share my anger, not only at the scale of the increase but the manner in which it has emerged: in a period of less than five months since we heard such confident assurances from our key consultants on both cost and programme. As the Committee is aware, the method of construction chosen at the outset by the Scottish Office requires the programme and cost risks to be borne by the client, namely the Scottish Parliamentary Corporate Body.

The Holyrood Project Team, members of the Holyrood Progress Group and Corporate Body continue to work extremely hard within the terms of the contract arrangement to keep costs to a minimum, bearing in mind the need to preserve quality and the fact that they do so against the backdrop of a highly complex building design.

The Committee will note that a significant part of this additional reported cost is fees. We have today secured the agreement of all the consultants to cap their fees to the end of the project, in the public interest. That cap will include a reduction in fees in respect of the latest projected increase in cost. We will report to you in more detail on the progress of these negotiations at the earliest opportunity.

These recent developments add further weight to the First Minister’s call for an inquiry. I certainly support the need to examine and learn lessons from the Holyrood project. We must also ensure that the building is completed as quickly as possible and to move in as soon as practicable thereafter. That is the best way to contain continuing uncertainty over costs. The final push to completion will require all the resources available to the project team, construction manager and design team to be focused completely on the job. The challenge is therefore to meet the proper demand for transparency and scrutiny without jeopardising the completion of the project.

This letter provides Committee members with the first update on negotiations on fees that are now underway following today’s SPCB meeting. The Corporate Body will meet again within the next two days to analyse further the information received today from the consultants. Following this, I will write again to the Finance Committee.

The Corporate Body fully recognises the great importance of this issue and the right of the Finance Committee to take evidence on recent developments and we would like to arrange this at the earliest opportunity, at a time to suit your Committee.

My overall aim is to have a clear and robust position on cost, fees and programme before the start of the Summer recess. Only once that is established will we have a clear way ahead to the completion of the project.

I am copying this letter to the Finance Minister.
Given the considerable interest in this matter, I am sure you will understand why I feel that it would be appropriate to release the text of this letter to the media.

GEORGE REID
Dear Des

I wrote to you on Tuesday following the Corporate Body's meeting with key Holyrood Project Consultants and officials. In that letter, I undertook to let you have further information as and when that became available to us. I am now in a position to update you further and I hope that it will assist the Committee ahead of this week's meeting.

I recognise the damage which the controversy over the building has done. The inquiry announced last week by the First Minister is therefore very welcome. All of us connected with the Parliament building project have a responsibility to ensure that the inquiry succeeds in determining why the project has proved so difficult as well as identifying lessons for the future. But our immediate priority must be to provide the Parliament with a building of quality at the earliest opportunity. In practice, that means supporting the Holyrood Progress Group and the project team in their continuing efforts as well as looking for any improvements in the way the project is managed and reported on.

The Corporate Body wishes to be as transparent as possible in reporting developments with the building. We have therefore concentrated since I last wrote on seeking explanations for what happened over the past 4 months. The responses we received highlighted complexity of both design and construction issues, leading to delays which in turn resulted in significant extension of some contracts, compression of others and the "stacking" of work on site. In order to understand how these issues directly impacted on cost, we instructed a breakdown of the additional £18m of construction costs identified in my previous letter to be prepared for us and this is reproduced in the Annex to this letter. Robert Brown and colleagues are ready to discuss this with you on Wednesday.

The information in the Annex represents the cost consultant's advice as to the likely level of claims from contractors for delay and disruption to the periods of work for which they originally tendered. I can assure the Committee that no claim will be paid either in part or in full without full justification being made. A robust process is in place to assess and negotiate claims. As each contract comes forward for the settlement of final account, there will be a careful examination of the circumstances surrounding every claim. All opportunities for counter-claim and set-off will continue to be pursued.

Cont'd....
The central question before both the Corporate Body and the Finance Committee must be whether the latest estimate represents the funding required to complete the job. We are not, as you know, dealing with a fixed price contract. In that respect, the die was cast when the construction management route was chosen. The imposition of an overall cost cap, whilst attractive in theory, is simply not possible contractually. But I can assure the Finance Committee that the Corporate Body, in partnership with the Progress Group, will make every effort possible to complete the building within the latest estimate.

We cannot do that with the full commitment of all involved. Today's Progress Group meeting, involving the principals from Bovis, the Design Team and cost consultants, will concentrate on the key issues of cost and programme and how to move forward from here. It is essential that all concerned remain clearly focussed on the successful completion of the project. No one doubts the need to scrutinise or to learn lessons. But we must be mindful of the enormous burden which the intense scrutiny to which this project has long been subject places upon those actually engaged in producing the building. I am concerned, in particular, at the amount of project management time which has been taken up responding to questions and queries. A balance must be struck if we are to hit the latest targets of programme and cost.

The review will, I am sure, uncover the fundamental issues. The Audit Committee may well play a role as it has in the past on this project. The Finance Committee has rightly taken a keen and constructive interest in the future financial implications of progress with the building. To assist that process, we propose to report monthly to the Committee from now until the end of the project on the overall position and specifically against the issues identified in the Annex. I would be very happy to agree a precise format with you after the Committee has met.

Yours sincerely

GEORGE REID
<table>
<thead>
<tr>
<th>Works</th>
<th>Estimate</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension of contracts for logistics and temporary works</td>
<td>£2,898,900</td>
<td>Cranes and scaffold were under contract for specific periods of time, the changes in programme meant that they were not required as long. Compression of works also required more adjustments to scaffold, since different contractors working on the same area at one time require different layouts of scaffolding. Sequencing impacts on builders' work since temporary works are required in order to carry out works safely, e.g., walkways, trenches, etc.</td>
</tr>
<tr>
<td>Extension of time where works cannot proceed due to delays in adjacent works (including services, flooring, joinery, fixtures and fittings, office, etc.)</td>
<td>£3,869,000</td>
<td>These are anticipated claims purely related to an extension of time. They relate to works which are not themselves problematic but where the agreed contract periods have not been met due to site congestion or delay. An example is cladding which cannot proceed until all other finishes in the area are complete.</td>
</tr>
<tr>
<td>Extension of time where works have been delayed by the resolution of design or construction issues (including windows, cladding, boundary walls and glazing packages, etc.)</td>
<td>£2,003,000</td>
<td>These are anticipated claims where work has been delayed by the need to resolve design or construction issues. For example, the problem at a boundary wall on the Hangar 2 required huge pile core concrete piles which pose logistical challenges to erecting steel. Until these problems are resolved, the programme for this item is at risk.</td>
</tr>
<tr>
<td>Contingency</td>
<td>£8,692,000</td>
<td>Our cost consultants have advised that it is prudent to include this sum to cover the possibility of additional design, construction and logistical issues which may arise and are not at present the subject of claims.</td>
</tr>
<tr>
<td>Landscaping</td>
<td>£600,000</td>
<td>Again, we have been advised to include this sum to cover the possibility of further delays to the landscaping scheme.</td>
</tr>
</tbody>
</table>
Dear Des,

Following the meeting of the Finance Committee on 18 June, I undertook to respond in writing to some of the detailed questions about the Project which could not be answered by witnesses on the day.

Fergus Ewing also submitted a series of questions on the morning of the last meeting and I said that I would ensure that any points not dealt with at the Committee would be addressed in this way. Most of these issues were in fact answered in evidence and others have been dealt with since in response to PQs tabled by Mr Ewing. However, the remaining points are covered in this letter.

**Trade Package values**

Jim Mather requested a schedule which would give a comparison between original trade package values and current package values. Such a table was produced and included in a letter to Fergus Ewing in March of this year, Bib. Number 26936, and, that table has been updated and included at Annex A.

The changes to individual contract values identified in this Annex provide a clear illustration of how the issues we have previously reported have been the main factors behind increases to construction cost. In particular, the cost of resolving blast issues for glazing and cladding packages and for the structure of the Assembly building can be clearly seen. Glazing and other packages also show the effects of additional work required to resolve design complexities on site. Equally, the increased cost of scaffolding and craneage contracts can be seen to have risen as a direct consequence of the prolongation on site.

**Fee capping**

Ted Brocklebank and Fergus Ewing asked about fee capping and an update was provided in the Presiding Officer’s letter of 22 July to you. As you will have seen from that, good progress has been made and the intention is to
include a full report on the outcome of these negotiations in the August report to the Committee.

**Contracts**

Wendy Alexander asked about the number of contracts that the Parliament was signatory to, and I can confirm that the SPCB, as Client, has signed 64 contracts directly relating to the new Parliament building's construction and associated landscaping.

**Claims**

Jeremy Purvis asked about the number of claims where payment has been refused. The claims process is an ongoing and iterative one, whereby, on submission of a claim by a trade contractor the Construction Manager, Quantity Surveyor and Architect investigate the validity and make up of the claim for reasonableness. A claim is only settled after it is agreed that something is due to the claimant, following thorough investigation of the basis and substantiation of the claim.

As a result of informal discussion, many elements of a claim are dismissed immediately and others are agreed at a significantly reduced level than that originally believed due by the claimant. Due to the nature of the process, to date no claims have been rejected in their entirety, but it is estimated that overall claims have been settled at around half a million pounds below the total value initially claimed.

Margo MacDonald asked about the total value of claims that had been settled. The most recent DLE cost report put the figure of final accounts completed, (i.e. those on which all claims have been settled), at just over £21.75million.

**Landscaping**

Sarah Davidson offered to provide new Members of the Committee with a breakdown of the landscaping costs and a paper is attached at Annex B.

Fergus Ewing also asked separately about any savings that could be made on the cost of the landscaping. The Progress Group and Project Management consider opportunities for cost savings on an on-going basis across the whole project, and this includes savings for the landscaping development. However, the bulk of the costs here are in road works and other ‘hard’ landscaping, most of which is in progress and therefore the capacity for savings at this stage is negligible.

Mr Ewing also asked if there was a specific device to prevent birds inhabiting the water features. A water supply and circulating system will function to keep water clean and moving. The primary function of this is to ensure the water does not stagnate and begin to develop pond life and other algae type growth, but it will also deter wildlife from settling.
Fergus Ewing asked about the current estimate of the additional costs to the project as a result of the insolvency of Flour City. I can confirm that there is no update to the figure of £3.85 million which was previously reported to the Committee.

I hope this covers all of the outstanding points.

ROBERT BROWN
## ANNEX A
### TRADE PACKAGE COMPARISON

<table>
<thead>
<tr>
<th>Trade Package</th>
<th>Cost plan allowance (1998 prices)</th>
<th>Recognised index estimate of inflation</th>
<th>Current trade contract value</th>
<th>Package contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1510: Tower Cranes</td>
<td>1,906,300</td>
<td>95,700</td>
<td>4,502,000</td>
<td>Select Plant Hire Ltd</td>
</tr>
<tr>
<td>1520: MSP/Queensberry House Scaffolding</td>
<td>599,725</td>
<td>15,000</td>
<td>867,212</td>
<td>Lyndon Scaffolding PLC</td>
</tr>
<tr>
<td>2010: Queensberry House Down taking &amp; Reconstruction</td>
<td>3,100,000</td>
<td>350,000</td>
<td>3,810,000</td>
<td>Ballast Construction Scotland</td>
</tr>
<tr>
<td>2015 Queensberry House Miscellaneous Works</td>
<td>81,000</td>
<td>4,000</td>
<td>81,518</td>
<td>Kinsley and Bolton Ltd</td>
</tr>
<tr>
<td>2045: Well Probing</td>
<td>30,000</td>
<td>1,500</td>
<td>29,293</td>
<td>Wimtec Ltd</td>
</tr>
<tr>
<td>2046: Well Drilling</td>
<td>97,500</td>
<td>4,875</td>
<td>96,155</td>
<td>Richies Ltd, Kilsyth</td>
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<tr>
<td>2091: Asbestos/Pigeon Dropping Removal</td>
<td>200,000</td>
<td>10,000</td>
<td>202,966</td>
<td>Chamic Industrial Services</td>
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<tr>
<td>2100: Retention and Piling (west basement)</td>
<td>1,570,486</td>
<td>97,834</td>
<td>1,668,320</td>
<td>AMEC Civil Engineering Ltd</td>
</tr>
<tr>
<td>2200: Substructure (west basement)</td>
<td>3,164,000</td>
<td>148,000</td>
<td>2,999,500</td>
<td>O’Rourke Scotland Ltd</td>
</tr>
<tr>
<td>2205: Substructure (east basement)</td>
<td>6,452,000</td>
<td>909,732</td>
<td>7,241,717</td>
<td>O’Rourke Scotland Ltd</td>
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<tr>
<td>2300: Excavation West</td>
<td>833,490</td>
<td>45,000</td>
<td>831,319</td>
<td>Barr Ltd</td>
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<tr>
<td>2600: MSP Building Frame</td>
<td>5,395,000</td>
<td>250,000</td>
<td>5,650,871</td>
<td>O’Rourke Scotland Ltd</td>
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<tr>
<td>2605: Assembly Building Frame</td>
<td>14,672,003</td>
<td>2,848,610</td>
<td>34,353,604</td>
<td>O’Rourke Scotland Ltd</td>
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<tr>
<td>2905: Assembly Brickwork/Blockwork</td>
<td>923,000</td>
<td>133,575</td>
<td>664,000</td>
<td>Lesterose (Scotland) Ltd</td>
</tr>
<tr>
<td>2940: General Building Work</td>
<td>125,000</td>
<td>19,263</td>
<td>118,083</td>
<td>Ogilvie Construction Ltd</td>
</tr>
<tr>
<td>3235: Assembly Building Pre-Cast Concrete Cladding</td>
<td>657,647</td>
<td>137,974</td>
<td>1,285,367</td>
<td>O’Rourke Scotland Ltd</td>
</tr>
<tr>
<td>3320: Assembly Foyer Frame &amp; Glazing</td>
<td>1,525,000</td>
<td>319,945</td>
<td>7,365,000</td>
<td>Mero (UK) Ltd</td>
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<tr>
<td>3350: Specialist Glazing</td>
<td>1,862,534</td>
<td>500,835</td>
<td>10,400,000</td>
<td>Mero (UK) Ltd</td>
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<tr>
<td>3519: MSP East Steelwork</td>
<td>559,415</td>
<td>146,735</td>
<td>1,005,000</td>
<td>R Miller Fabrications Ltd</td>
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<td>3520: MSP cladding (Terminated)</td>
<td>713,685</td>
<td>140,382</td>
<td>854,067</td>
<td>Flour City (UK) Architectural Metals</td>
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<td>3523: MSP Mullions and Louvres</td>
<td>1,011,517</td>
<td>271,997</td>
<td>1,900,000</td>
<td>Lesterose (Scotland) Ltd</td>
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<tr>
<td>3525: Assembly Pre-cast Concrete Cladding</td>
<td>657,647</td>
<td>137,974</td>
<td>1,285,367</td>
<td>O’Rourke Scotland Ltd</td>
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<tr>
<td>3526: MSP Stainless Steel Vent</td>
<td>642,687</td>
<td>172,819</td>
<td>2,883,113</td>
<td>Coverite Ltd</td>
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<tr>
<td>3528: MSP Bay Window</td>
<td>1,504,302</td>
<td>340,273</td>
<td>3,495,339</td>
<td>Baydale Architectural</td>
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<td>3529: MSP Windows &amp; Stainless Steel Cladding</td>
<td>1,007,170</td>
<td>264,181</td>
<td>2,448,558</td>
<td>Mero (UK) Ltd</td>
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<tr>
<td>3640: MSP Roofing</td>
<td>716,756</td>
<td>140,986</td>
<td>942,977</td>
<td>Coverite Ltd</td>
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<tr>
<td>3645: Assembly Roofing</td>
<td>4,361,242</td>
<td>986,513</td>
<td>7,500,000</td>
<td>Coverite Ltd</td>
</tr>
<tr>
<td>Project Type</td>
<td>Quantity</td>
<td>Unit Cost</td>
<td>Total Cost</td>
<td>Contractor</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>----------</td>
<td>-----------</td>
<td>------------</td>
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<tr>
<td>3646: Assembly Rooflights</td>
<td>244,658</td>
<td>55,342</td>
<td>1,900,000</td>
<td>Space Decks Ltd</td>
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<tr>
<td>4100: Queensberry House External Render</td>
<td>235,753</td>
<td>53,817</td>
<td>289,570</td>
<td>Balmoral Stone</td>
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<tr>
<td>4460: Stone Flooring &amp; Screed</td>
<td>1,323,180</td>
<td>347,070</td>
<td>1,802,842</td>
<td>Vetter (UK) Ltd</td>
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<tr>
<td>4520: MSP Timber Flooring</td>
<td>964,208</td>
<td>218,104</td>
<td>1,321,091</td>
<td>Mivan Ltd</td>
</tr>
<tr>
<td>4600: MSP Carpentry and Joinery</td>
<td>1,894,930</td>
<td>267,185</td>
<td>2,949,875</td>
<td>Ultimate Finishing Systems Ltd</td>
</tr>
<tr>
<td>4602: Queensberry House Carpentry &amp; Joinery</td>
<td>500,358</td>
<td>113,181</td>
<td>692,000</td>
<td>Mivan Ltd</td>
</tr>
<tr>
<td>4702: Queensberry House Blast Windows</td>
<td>846,698</td>
<td>38,763</td>
<td>1,102,000</td>
<td>Drawn Metal</td>
</tr>
<tr>
<td>5050: Toilet Fit-Out</td>
<td>1,338,103</td>
<td>350,984</td>
<td>2,412,000</td>
<td>Mivan Ltd</td>
</tr>
<tr>
<td>5110: Debating Chamber and Tower 1/2 Fit-Out</td>
<td>5,033,888</td>
<td>1,353,607</td>
<td>11,972,849</td>
<td>Mivan Ltd</td>
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<td>5120: Tower 3/4 &amp; Canongate Fit-Out</td>
<td>2,904,150</td>
<td>780,930</td>
<td>6,519,523</td>
<td>Mivan Ltd</td>
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<td>5300: Back of House Catering Equipment</td>
<td>487,200</td>
<td>127,793</td>
<td>582,002</td>
<td>Scobie McIntosh Ltd</td>
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<td>5500: Broadcasting Systems Integration</td>
<td>1,045,783</td>
<td>-</td>
<td>976,883</td>
<td>Television Systems Ltd</td>
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<td>6010: Mechanical and Plumbing West</td>
<td>1,489,921</td>
<td>210,079</td>
<td>1,996,405</td>
<td>Skanska Rashleigh Weatherfoil Ltd</td>
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<td>6015: Mechanical and Plumbing East</td>
<td>6,408,715</td>
<td>945,285</td>
<td>6,814,000</td>
<td>Rotary (Scotland) Ltd</td>
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<td>6500: Fire Alarm &amp; Fire Protection</td>
<td>861,000</td>
<td>126,998</td>
<td>1,346,089</td>
<td>ADT Fire &amp; Security</td>
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<td>6900: Building Management System</td>
<td>1,603,485</td>
<td>236,514</td>
<td>1,996,194</td>
<td>Honeywell Ltd</td>
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<td>7010: Electrical West</td>
<td>1,577,564</td>
<td>222,436</td>
<td>2,081,433</td>
<td>Rotary Group Ltd</td>
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<td>7015: Electrical East</td>
<td>6,759,746</td>
<td>1,004,383</td>
<td>8,264,129</td>
<td>Forth Electrical Services Ltd</td>
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<td>7500: Lift works</td>
<td>1,086,730</td>
<td>131,037</td>
<td>1,237,767</td>
<td>Otis Ltd</td>
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<td>7700: Structured Cabling</td>
<td>500,000</td>
<td>73,750</td>
<td>805,801</td>
<td>Steel Networks</td>
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<tr>
<td>7800: Security (Whole Site)</td>
<td>1,677,058</td>
<td>247,366</td>
<td>1,824,424</td>
<td>Honeywell Control Systems Ltd</td>
</tr>
<tr>
<td>9100: Hard Landscaping</td>
<td>5,374,017</td>
<td>253,371</td>
<td>3,117,752</td>
<td>Laing O'Rourke</td>
</tr>
<tr>
<td>9101: Turfing Procurement</td>
<td>70,521</td>
<td>-</td>
<td>70,521</td>
<td>Stewart &amp; Co Seedman Ltd</td>
</tr>
</tbody>
</table>
LANDSCAPING

The estimated cost of the landscaping works is £14.8m, and a breakdown is provided below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction cost</td>
<td>7.8m</td>
</tr>
<tr>
<td>Fees</td>
<td>1.9m</td>
</tr>
<tr>
<td>Land purchase</td>
<td>0.3m</td>
</tr>
<tr>
<td>Risk and inflation</td>
<td>2.3m</td>
</tr>
<tr>
<td>Muster room etc.</td>
<td>0.5m</td>
</tr>
<tr>
<td>VAT</td>
<td>2.0m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14.8m</strong></td>
</tr>
</tbody>
</table>

The construction cost includes:

- Construction of a new public area between the Parliament and the palace, including road improvements; paving; ponds; infrastructure (e.g. drainage)
- Creation of a new road at Queen's Drive; improvements to the existing surfaces and works related to safety and traffic flow
- Additional footpaths and cycle-ways and lighting provision in the area;
- Upgrading Reid's Close;
- 'Hard' landscaping including the construction of walls;
- 'Soft' landscaping such as planting of trees, bushes, shrubs etc.
Dear Des,

HOLYROOD REPORT, JULY 2003

When I wrote to you in June, I undertook to report monthly from now on to the Finance Committee in order to keep you and your members fully up to date on both the cost and programme of the new Holyrood campus.

I indicated that I wanted to be as open and transparent as possible about where we are in these key areas, and that the reports and their explanatory notes should therefore be made publicly available.

The fact that we are now reporting every four weeks should also help to concentrate the attention of all of us who are engaged in both monitoring and construction on the work in hand. If there are further problems, this new approach will assist us all to spot them as far in advance as possible. The Progress Group continues to meet fortnightly and reports detailed financial and programme advice to the SPCB, providing the basis for these reports.

The main issues this month are as follows:

1. There is no change in the overall bottom line of £373.9m (£359.1m for the main project, plus £14.8m for landscaping).

2. Since June, £4.46m has been moved from the risk reserve into construction commitment. Details are given in the attached cost breakdown.

3. Bovis are currently targeting the following sequence of completion:

   MSP Building – November
   Queensberry House – November
   Debating Chamber and Towers – the outstanding issues are covered below.
4. As each area becomes available, Parliament staff will now move in to start fixing IT and bedding in Facilities Management. Members of IT staff and their contractors will be in working in the building from early December.

5. Negotiations are well advanced on final, capped fees with Bovis, RMJM and DLE and we have either reached, or are very near to reaching, final agreement with these companies. Despite sustained efforts by all involved, I regret to inform you that we have not as yet been able to secure such agreement from Benedetta Tagliabue of EMBT.

6. We are now focusing on completing each area of the complex as quickly as possible, and I give details of this process below.

Since your Committee considered my last report in June, our principal objective has been to ensure that everyone involved in the project is properly focused on the key issue of getting into a building of quality at the earliest possible date.

I have had a detailed, and very positive, meeting with all the principal consultants. I followed this with one-to-one discussions with the architects, Brian Stewart of RMJM and Benedetta Tagliabue of EMBT, and with Alan Mack, the Bovis construction manager. We agreed that, with fees capped and the Fraser inquiry now under way, we could concentrate our efforts on completing the complex.

Against this encouraging background, it is disappointing that Ms Tagliabue has failed to respond to the deadline of Monday (21/7) on proposals put to her by the project director and her Scottish partner on fee capping. This is a matter which we shall continue to pursue vigorously.

On programme, we now intend to focus on closing out each area of the complex as quickly as possible in order to phase in Parliamentary IT and related services as the beginning of our migration strategy. You may find the following summary helpful:

— MSP Offices: the internal areas are now well on the way to completion, with external cladding being finished in September and October. Bovis report that final completion of the commissioned building is expected in November.

— Queensberry House: Bovis predict final completion in November

— On the Towers and the Chamber, the proposed programme submitted by the fit-out contractor currently interfaces with related building services and targets completion by Christmas. There remains, however some uncertainty about aspects of this work, since elements of specialised glazing and windows have still to be fully integrated into the detailed fit-out programme.

— That leaves only the final parts of the east side of the site, including the Chamber and the glazed lift well and public stair. As you know, these are some of the most technically complex areas, which are also very tight to work in.

Bovis are currently finalising the programme for these areas and most trade contractors are signed up to the required dates and proposed strategic sequences of working.
The two packages which are key to these areas (‘Drawn Metal’ for the Windows in the Assembly buildings and ‘Mero’ for the Specialist Glazing), are endeavouring to incorporate their detailed proposals into the overall programme by the first week of August. Bovis are working intensively with the two companies to boost their on-site resources to the levels required to achieve that target. Until that work is complete we cannot give definitive completion dates for this critical part of the complex.

We will make our next report to the Finance Committee in the last week of August.

Yours sincerely

GEORGE REID

Encl. Holyrood financial summary, July 2003
Dear Des

HOLYROOD REPORT, AUGUST 2003

This is the second of the new-style monthly reports on Holyrood, keeping the Finance Committee up to date with the Project cost and programme.

The key developments over the past four weeks are:

1. Bovis Lend Lease reported to the HPG on 8 August that their projected completion date of November 2003 now required to be extended to July 2004. This letter and its technical annex provide the fullest possible information on the reasons given for this further delay.

2. Agreed ‘once and for all’ fee settlements have been reached with our five principal consultants, (EMBT-RMJM; RMJM Services; Ove Arup; DLE and Bovis Lend Lease). Further costs of delay will not incur any fee for these companies. £4.6m has been saved against the last estimate of the overall fee.

3. The current costing has been reduced this month by £4.6m to take account of the final fee figure negotiated with the consultants. £3.2m has been moved from the risk reserve into construction commitment.

   It is clear, however, that the additional delay will have cost implications. For reasons given in this letter, it is not possible to quantify these at this stage. It is my intention to report to the Finance Committee on this issue in my next monthly report.

4. The gaps in the July report can now be filled and the targeted sequence of construction completion is:
   - MSP Building – end November
• Queensberry House – end November
• Towers 1 & 2 – end January
• Towers 3 & 4 – end February
• Canongate Buildings – end March
• Debating Chamber and Press Tower – end March
• Lightwell and public stair area behind Chamber – early July including a period of 22 weeks for follow-on works after completion of the glazing works
• Final handover of completed complex – July 2004
• External landscaping, (plantings and final removal of site accommodation) – end August 2004

Programme

I reported in my July letter that the tasks of the glazing contractors working around the Chamber remained to be fully programmed and indeed the complexities of completing the lightwell area remain the most significant outstanding challenge. Despite very considerable efforts to meet the programme, it has proved impossible. The key reason is that Drawn Metal, the Window Contractor has been unable to fit the windows quickly enough, largely due to the additional blast proofing. The result of this is that Mero, the Specialist Glazing contractor, cannot access the same lightwell area to complete their works. These delays have a knock-on impact on our ability to fit out the Chamber and other critical works. This is explained in more detail in the attached annex B. There are of course a range of issues to be resolved across all the remaining areas of the complex, but the lightwell is the most problematic and has the most significant impact on programme.

Elsewhere on site there is substantial progress. The dates for the MSP Building and Queensberry House are unchanged from the last report. The basement and Towers 1 and 2 will be available for Parliament staff to gain access for familiarisation, training and systems testing in January, with Towers 3 and 4 following in February.

Taking the lightwell issues into account, the early indication is of a July final completion date of the whole complex (excluding some landscaping). Being able to start business at Holyrood as soon as possible remains a key priority for the Parliament, but it is clear to me that these remaining complex problems simply have to be worked through.
When I met the Construction Manager in July, I asked him to let the Project Director have an immediate warning of any problems with the proposed programme. This is therefore early information; Bovis have only just issued formal programmes for areas other than the MSP Building, QH and the Towers and these are now being analysed by the Project Team.

Clearly, there are many issues for the Parliament to confront if we are to postpone migration to the new building until next summer. I take these issues very seriously indeed. I am not yet in a position to offer solutions to the problems, but I have asked officials to report to me as a matter of urgency on how we are to manage them.

**Costs**

Annex A shows two movements this month; a reduction of £4.6m in the bottom line as a result of the successful fee negotiations and £3.2m which has moved from the risk reserve into the construction commitment.

The Cost Consultant made provision in his latest estimate of costs for prolongation up to mid-February. This will need to be reassessed and it is clear to me that the costs will increase. You will appreciate that DLE are unable to quote specific figures before they have had the opportunity to examine the final programmes; indeed, to do so could be commercially damaging. As soon as these costs are substantiated we will of course report to the Committee and I anticipate that this information will be contained in next month’s letter.

I am pleased to report that in the context of the related fee negotiations discussed below, we have been able to secure agreement with Bovis to a capped lump sum covering Construction Management staff costs from now to completion of their contract. This, as well as extended site organization costs, will be included in the assessment of additional costs in the next report.

**Fees**

As promised in the July letter, we now have a result on fees to report. All the consultants have worked hard with us to achieve this outcome which is a good deal for the public purse.

We have secured a reduction of almost £5m on our last estimate of the overall percentage fee. Not only that, but as this is a ‘once and for all’ deal, that component of the budget is now fixed, giving us a greater degree of cost certainty. The unfolding programme position underscores the significance of having agreed lump sum caps at this stage; whatever assessment DLE make of the increased costs due to delay, it will not include a fee for the consultants.

Such negotiations are never easy, particularly in a situation such as this where final construction costs and programme have both been uncertain. I am therefore
particularly grateful for the co-operative spirit in which these discussions have progressed and for the approach taken by the principal consultants of EMBT-RMJM, RMJM Services; DLE; Ove Arup and Bovis Lend Lease.

We will make our next report to the Finance Committee by the end of September. I also wish to take this opportunity to record my appreciation of the key role played by the HPG in progressing these important matters throughout this recess period.

Yours sincerely

GEORGE REID
This technical report has been produced, at the request of the Presiding Officer, to enable those without a detailed knowledge of the Holyrood site to understand the complexities of the lightwell area and their impact upon completion of the project.

**Location**

The north lightwell is situated at the east side of the site and is enshrined by Towers 1 to 4 on its western side and the Debating Chamber on the east.

The public stair to the south and the link bridge from the Main Stair at the MSP Foyer to the Black and White Lobby are located immediately above.

The Construction Manager reports that finishing the north lightwell and the elements of buildings which interface with it are "critical to achieving construction completion".

The Lightwell area: central to the completion of Holyrood, but a highly complex and constrained space in which all activities have to be completed one at a time sequentially.
Technical Difficulties with Window Installation:

The blast windows have proved considerably more complex than initially envisaged when the concrete structure for the Towers was designed and erected. Window openings were cast into the structure with fixings to support the windows using the design team's best knowledge. This all took place before the heightened awareness of security issues.

The complexity of the three dimensional geometry and the tolerance encountered in casting the building’s concrete structure 300 – 400mm deep to achieve the blast loading criteria further compounded the complex technical requirements of the blast window design.

As the window design was developed with the trade contractor, the calculations and the destructive blast test undertaken dictated that the supporting structural steelwork necessary to sustain the blast loads was significantly in excess of that considered when the concrete structure was cast. The additional steel structure significantly reduced the designed tolerance zone cast into the structural openings which when coupled with the already minimal tolerance of the basic concrete structure resulted in a limited capacity to adjust the alignment of the windows during installation.

This resulted in many of the cast-in fixings and window supports being insufficient in structural capacity and location and required them to be replaced with alternative fixings.

Approximately 75% of the window fixings to some 350 windows have been replaced with each fixing of a bespoke design due to the complexity of the structure’s geometry and blast loadings. These challenges to window design were increased by the need to align the windows into the building so that they are flush with the surface.

Each of the above factors have resulted in the window installation being significantly more arduous than envisaged. The consequence is that the trade package contractor has been unable to achieve the output which previous construction programmes reflected.
Construction Sequence and Site Logistics:

The complex design and geometry of the buildings has restricted the design team’s ability to develop flexible construction methods and has resulted in the design dictating the sequence of construction.

Construction in the north lightwell is further constrained by the logistics of the site which impose severe access restrictions — with the overhanging structure of the Towers (which range in height from three to seven stories) and the location of the link bridge preventing the use of tower cranes.

Health and safety of the site operatives is of primary importance and with complex construction operations being undertaken in a relatively confined environment, the construction sequence has consequently had to be limited to one activity at a time.

The access limitations are such that construction works are required to follow on from preceding or adjacent works — it is not possible for contractors to work side by side in the restricted area of the lightwell. The resultant construction programme reflects a sequence of works from Towers 1 to 4 with trade packages running concurrently. The main difficulty here is the completion of the external façade which is sequential from Tower 1 to Tower 4. Each of the Towers themselves have a similar sequential construction sequence with each trade package depending on the completion of its predecessor.

Completion of the external façade on the Towers is dependent on the installation of blast windows. Once installed, the stone cladding, trigger panels and precast concrete soffit panels can then be completed. Only then can the external scaffold be dropped. The lightwell logistics determine that the scaffold from Towers 1 to 3 must be removed before the construction of the public stair can proceed.
Public Stair and Works Post Stair Completion:

As explained earlier, the construction of the public stair cannot commence until the scaffold from Towers 1, 2 and 3 has been removed from the lightwell. The public stair itself has a complex geometry which when coupled with the stair’s location beneath the soffits of Towers 1 and 2 and its proximity to the oversailing link bridge means that access is restricted and it is not possible to use traditional cranes. This has added to the extended timetable for completion.

The Public Stair: a highly complex structure that threads its way through buildings over three levels.

Sectional Diagram: Towers 1, 2 and 3 are situated above the link bridge and public stair. Beneath them are several hundred individual components of glass, steel, timber and pre-cast concrete which have still to be completed.

The glazing and cladding to the Debating Chamber west elevation, public foyer, link bridge and basement facades facing into the open lightwell are all also affected by the restrictions on access. Due to the necessity to undertake construction activities sequentially, only after the Public Stair structure has been completed can installation of the upper and lower basement louvres, precast cladding panels, tension rods to the Glulam roof structure, structural grill across the lightwell, elements of landscaping and the internal fit-out / services to the public stair be undertaken.

Summary:

The development of the blast windows, their installation and subsequent delay to the interfacing stone cladding surrounds has culminated in a more complex and onerous installation than envisaged. This in turn, has impacted upon anticipated completion dates of ensuing trade packages and resulted in a sequence of construction which concentrates a significant extent of the remaining works around the north lightwell. The lightwell itself is constrained by the site geometry which substantially reduces access capabilities. Because of these constraints, and a consequent construction sequence limited to one activity at a time, it is not possible to reduce delay through increased use of resources.
Dear George,

HOLYROOD REPORT, AUGUST 2003

Thank you for your letter of 21 August reporting developments with the Holyrood Project to the Finance Committee. As you will appreciate, I have not yet had an opportunity to speak to all my Committee colleagues on this matter. I welcome the very positive news in relation to fees and I have no doubt that my colleagues will want to ask some questions about the detail of what has been agreed. However, I am sure that they will be as disappointed as I am with the intimation of further delays to the expected completion date.

In the meantime, by way of an initial response, there are a number of questions that I would be grateful if you could address:

- The letter sets out in detail the problems with the lightwell area and I am grateful for the additional technical information you have supplied. However, other key elements of the project listed in your letter, such as the Towers, have also slipped beyond the last expected completion of November 2003. I would welcome further clarification as to whether knock-on effects of the lightwell problems have in each case caused the further delays and, if not, what the reasons are for these delays;

- The Committee would find it useful for an update on the additional cost associated with construction work continuing on the site for seven months longer than previously anticipated and the costs of continued occupation of the interim accommodation resultant on the latest delay. I understand that the cost of operating the site as at 11 February this year was £600,000 per month (Robert Brown, Official Report, Col 2495). As there may have been changes in these costs since then, I would appreciate the latest information on
additional costs for site operation. An indication of the current costs of the interim accommodation would permit us a fuller picture of the financial implications of the current situation, along with information about the extra construction costs once that is available;

• Clearly, the biggest element of any increase in the overall cost of the project will be additional construction works required and the time spent on the site by the relevant contractors. You indicate that you cannot yet give final cost projections, but I would press upon you the importance of ensuring that we get as complete a picture as possible of the materialisation of risk and an assessment of any outstanding risk which might lead to increases in cost or delay to the programme. It would be helpful if you could comment on the effectiveness of risk assessment and risk management associated with the project;

• Clarification of the sequencing of expenditure would also be extremely useful. Following the Committee’s agreement to recommend approval of further expenditure for the current financial year on 18 June, it did not expect there to be a requirement for any more spending this year. If there is to be a further in-year request, the Committee is likely to scrutinise any such request very carefully indeed. As the Executive is preparing to publish its draft budget for the forthcoming financial year, it would aid the Committee’s scrutiny of planned public expenditure to have an early indication of the project’s financial projection for next year;

• Your predecessor reported in January that the Construction Manager had “a very high degree of confidence that the building will be handed over in its entirety in November 2003 at the latest” (16 January). What confidence does the SPCB have in the latest programming advice it has received from the Construction Manager? What assurances can be given that there will be no further changes in the programme before completion?

• Finally, you mention that the next monthly report will contain detailed information on the effect of the latest developments on cost. As I would like the Committee to take an decision on its future programme of work at its away-day on Wednesday. I would appreciate an early indication of what information you expect to be able to provide us with, as well as the timing of its availability.

Regards,

Yours sincerely

Convener
Dear Des

Thank you for your letter of 22 August. This is an initial response to the points of clarification that you sought on the Committee’s behalf; as you know, more work remains to be carried out before we can provide definitive answers on cost issues.

**Delays**

As the technical annex supplied with my previous letter explains, completion of work in the lightwell has been delayed and complicated by the problems with window installation. That same issue affects all the buildings to the East of the site: the Towers, the Canongate buildings, the Press Tower and the Chamber, all of which are within the Drawn Metal window package. That is the reason for the slippage across all of these buildings which you correctly noted from the last letter.

**Site running costs**

The 600k per month figure for site organisation costs which you quote is correct. The requirement for these site services has not changed at present, (there are still 1000+ men on site), but the requirements will vary as we move towards completion. Project Management are currently reviewing this with Bovis in the context of the revised programme. The aim is to find and agree the most economic solution to providing site services over the next 10 months and I expect to be able to report these costs in more detail next month.

The running costs of our interim accommodation are currently under negotiation and are around £240k a month for rent and rates. The extension of these costs is offset by the delay in commencing our liability for rates at Holyrood, which are budgeted to be a significant amount from the point in time at which the Parliament takes possession of the building.

**Risk materialisation and additional costs**

As you note, the additional costs which are currently being quantified by DLE will all be attributable to the costs of delay and disruption. I have already said
that these estimates will be included in the report I will be making at the end of next month. We will of course continue to report to the Committee on the drawdown of those risk monies in each successive month thereafter.

Under a Construction Management contract, it is very hard to pass risk onto other parties, especially after contract award and with as many uncertainties over design and programme as we have here. There is an active daily process of risk management through the control of individual packages, but at a strategic level it is the case that most of the risks which were priced for have indeed materialised.

The Auditor General’s report on the Project in September 2000 recommended that the register of identified risks should be priced and allowed for in costings; that practice has been followed by the Team ever since. There are both advantages and disadvantages to this approach. On the one hand, it enables the client to make prudent budgetary provision to cover risks which may come to pass. On the other hand, the (quite correctly), public nature of our budget process means that we must publish the fact that we are making this provision and the message that sends out is not wholly compatible with pressing home a culture of cost stringency.

I am quite sure that these are issues which both the Auditor General and Lord Fraser will return to in their respective investigations.

**Sequencing of expenditure**

We will not be able to give a definitive answer to this question until we have the revised costings. However, I do not expect the delays to require an in year request for additional funds in the current financial year. The September report will include comment on the anticipated sequencing of the additional expenditure in the year 2004/5.

**Programme**

The Construction Manager is obliged to give the client programme advice based on the best information he has to hand at any given time. With hindsight, we have to conclude that the predictions he made in January last year were over-optimistic, but there remained at that time a significant number of issues to be resolved. The potential value of those issues in terms of time delay was underestimated.

What has changed since then is the resolution of the unknown factors and buy-in by all Trade Package Contractors to a programme to completion. That is the best indicator we could have of the achievability of the programme.

Nonetheless, as you know, we cannot give any guarantees about programme on this complex project. What we can do is to monitor progress closely and will report monthly against the agreed programme.
I anticipate that I shall be writing to you again with cost information in the week beginning 22 September.

Yours sincerely

GEORGE REID
Des McNulty MSP  
Convener – Finance Committee  
Scottish Parliament  
EDINBURGH  
EH99 1SP

September 2003

Dear Des

Holyrood Project – Commercial Confidentiality

In mid May, shortly after becoming Presiding Officer, I decided in conjunction with the Chief Executive, to take a look at the confidentiality obligation to ensure that the Parliament was as transparent as it could be. As you know, contractual information has been released into the public domain in order to facilitate greater understanding of project issues. Information has, in the past, been given except where it was thought to breach commercial in confidence obligations. Answers to parliamentary questions and responses to letters from members have reflected that position, which has been an extension of the position taken from the very beginning of the project when the initial contracts were undertaken by the Scottish Office.

As part of this process, external solicitors used by the SPCB for specialist legal advice on Holyrood contractual issues were consulted and an opinion obtained. The SPCB considered this matter at its meeting today. In line with the SPCB’s policy of keeping the Finance Committee apprised of issues affecting the Holyrood Project, I am writing to advise that the extent of the commercial confidentiality obligation owed to the principal consultants has been examined. As the matter was raised previously at the Finance Committee, I thought it appropriate to write to you at the earliest opportunity.

In summary, a distinction can be drawn between tender and contract documentation. The position is that 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.

However, in relation to contract documentation (that is the signed contract with successful consultants) there is no such express bilateral obligation. There is an obligation of confidentiality in favour of the SPCB (as successors to the then
Secretary of State) and the absence of such a bilateral obligation would mean that any obligation founded upon would require to be established by the actings of the parties since these contracts were signed.

The evidence on this matter has been examined and the SPCB, taking account of the legal opinion it has received, has decided not to continue to found on such an obligation. The SPCB therefore took a policy decision today to proceed with the publication of information which for the first time will result in copies of the principal consultants’ contracts, including prices, being placed in the Scottish Parliament Information Centre (SPICe). It will do this as soon as the formal legal Minutes of Variation in relation to the recent fee-capping exercise have been signed. It is appropriate to wait until then as without the Minutes of Variation, fee information within the contracts would be out of date.

Currently there is an examination of Parliamentary answers, correspondence etc in relation to the principal consultants’ contracts where it has been claimed that an obligation of commercial confidentiality existed for the purpose of establishing to what extent these are erroneous in the light of the legal advice received by the SPCB. This involves the examination of a considerable number of answers and related correspondence. It is anticipated that the number of incorrect answers will be relatively few given that the tendering procedures continue to be governed by a commercial in confidence obligation. When this analysis is complete, I shall be writing to you again to inform you of the outcome.

From the preliminary examination conducted, there is a clear and consistent belief that a commercial confidentiality obligation continued from the tendering stage through to signed contracts. Now that this matter has been the subject of legal opinion the SPCB is anxious to set the record straight, in full, as soon as practicable.

It was open to the SPCB to consider, as a matter of policy, not to release signed contracts with the principal consultants. However, as you know, the SPCB believes in releasing information as far as it can reasonably do so having regard to the principles of openness and accessibility under which the Parliament operates. Therefore this policy option is not being pursued. Nevertheless, the SPCB is conscious of the need to ensure that the day-to-day operational work involved in the contracts is not hampered by taking staff off their key duties to deal with detailed points on individual contracts. The focus will be on the expeditious completion of the Holyrood Project and co-operation with the Lord Fraser and Auditor General investigations. Accordingly the SPCB has determined, as a matter of policy, that operational papers in respect of the consultants’ contracts will not be released at this time, except to Lord Fraser or the Auditor General. Once the project is completed, provided that no litigation is in progress or contemplated, we will reconsider the position with a view to making as much information as possible publicly available.

Separately, and for completeness, I would advise you that the SPCB also considered the position on release of documents related to Flour City (Architectural Metals) Ltd and Flour City International (the parent company). The legal advice tendered by the
SPCB’s external legal advisers at a meeting on 17 December 2002 was the subject of further opinion this month. The position is that the external legal advisers have reiterated their legal advice. Accordingly, the SPCB has accepted this advice that documents in relation to Flour City are not disclosed on the basis that such disclosure might prejudice the SPCB’s options for recovery. It was considered appropriate that this matter be considered again as the present and former Presiding Officers have had to deal with persistent questions and correspondence on this topic.

I hope the foregoing is helpful to you. I shall write to you further in due course. For your information copies of this letter will be available to members of the media.

Yours sincerely

GEORGE REID