



Chapter 16

The Holyrood Project from Autumn 2003 Onwards

Introduction

16.1 This section of the Report is included for completeness and offers a factual commentary on the evolution of the Project since the commencement of my investigation in the autumn of 2003. While I have not sought specifically to obtain evidence relating to matters that have occurred after the beginning of my enquiries, I have naturally been made aware of many of the relevant events of this period. I am satisfied, however, that the events that have occurred during the course of my investigation have not made a material difference to the key conclusions that I have drawn and they gave me no grounds to question the direction of my emerging findings. As will be evident from the preceding chapters of this report, the difficulties which have continued to beset the Project in recent months have their origins a considerable time ago. While total costs have regrettably continued to rise and slippage has once again enforced changes to anticipated completion dates, these pressures have not come about through any new factors or changed circumstances. In the end the overall cost of the Project will depend on the resolution of package contractors' final accounts with trade contractors, the extent to which professional fees have been capped, and a host of other matters which are beyond the scope of the Inquiry, and which cannot be ascertained for many months.

- 16.2 At the time of my appointment in June 2003 the estimated final cost of the Project stood at £373.9 million and construction was forecast to be completed in November 2003. With a three month allowance for fit-out, George Reid anticipated that the Parliament would convene in its new home after the Easter 2004 recess.

Monthly Reporting to the SPCB

- 16.3 Shortly after my appointment George Reid, on behalf of the SPCB, began reporting monthly rather than quarterly to the Finance Committee in order to keep MSPs fully informed on both the cost and programme of the Project. Those reports have been placed in the public domain and offer a valuable account of the final stages of the Project. In my opinion this was a shrewd, and probably overdue political move, which has served to improve the flow of information and to enhance an understanding of the magnitude of the task of completion of the Project.
- 16.4 George Reid's Report of August 2003 report gave notice that difficulties in the north lightwell area had led Bovis to propose that the projected completion date be extended to July 2004. The principal reason was stated as being the rate at which the windows in this area were able to be fitted due to the requirements for additional blast proofing. This was having a knock-on effect upon the ability of contractors to work in close proximity in this extremely complex part of the site. It was anticipated that this delay would have cost consequences and these would be reported at a later stage. The programme delay would push occupation of the complex by the Parliament back until after the summer 2004 recess.
- 16.5 George Reid's September 2003 Report detailed the cost implications of the latest programme delay. It anticipated prolongation costs of £15 million and with VAT, additional site organisation costs and a contingency of £11.8 million for possible disruption the estimated final cost had risen to £401.2 million. A landmark figure had been reached.
- 16.6 Subsequent reports noted the substantive completion of construction work on the MSP building and on Queensberry House and progress of work on the Chamber and Towers at the east part of the site. In February 2004, though, George Reid reported with some regret that estimated costs had increased once again. Continuing difficulties with the complexities of window installation and some of the cladding had required a reassessment of the programme and, while the overall occupation date remained unchanged, there had been a revision of the estimated cost of achieving what had become a very tight programme. DLE had estimated

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that the total cost now stood at £430.6 million, including a contingency of £8.4 million. George Reid stated boldly that 'this ought to be the last Holyrood cost increase'.⁸²⁰

- 16.7 Monthly reports since February have not indicated any change either to the estimated final cost or to the anticipated completion date. Over this period, money has moved steadily from reserve allocations or risk allowances to committed costs and it is fair to speculate that the full contingency allocation will be drawn upon.
- 16.8 The June 2004 report also outlined the arrangements for future financial reporting to the Finance Committee and announced that the HPG would be wound up on 29 September 2004, although with Mr Manson, Mr Wright and Dr Gibbons remaining available to act as advisers to the SPCB thereafter. Saturday 9 October 2004 had been settled as the date of the Royal Opening of the new building, after which only final landscaping work would remain to be undertaken.

New Project Director

- 16.9 At the end of June 2004, Ms Davidson completed her secondment to the Scottish Parliament and vacated her post as Project Director. The timing of the move prior to the completion of the Project was explained by Mr Grice as being due to the role of the Project Director being largely complete by that stage, as the remaining project-related tasks focused on migration and, thereafter, post-contract management. Ms Davidson was replaced by Mr Curran.

Completion

- 16.10 Construction work on the site was largely completed during July 2004 and members of the parliamentary staff began to take up occupation of the premises from the beginning of August. As I write this, the Parliament remains on course to resume its business in its new accommodation in early September 2004. I have visited the site on a number of occasions during the course of my investigations and while the terms of my remit have inevitably required me to focus on certain negative aspects of the Project, I acknowledge that a building of considerable impact has been constructed, albeit at great cost to the public purse and years late. I shall make no further aesthetic comment on the design, as that question is not for me.
- 16.11 The Scottish Parliament, now in its second session has a building that meets the vision that I believe Donald Dewar and his colleagues set for it. I express the hope shared by many that the excellence of the parliamentary activity within the building will reflect the quality of the structure, and that the painful lessons of its procurement are not lost on those privileged to serve there as representatives of the Scottish people.

⁸²⁰ Letter from George Reid to Des McNulty, Convener of the Finance Committee, 24 February 2004