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Scottish Parliament Building Project

Statement to the Fraser Inquiry 12 September 2003

I would like to explain the approach that I intend to take to my further examination of the Holyrood project and how it will complement and support Lord Fraser's inquiry.

I will examine and report on the management of the Holyrood project, using my wide statutory powers to have access to documents and seek information and explanations from people. The results of the examination will be contained in a report to the Parliament on the economy, efficiency and effectiveness in the use of resources. My report will build on the earlier reports that I made to Parliament in September 2000 and December 2002. I will also draw on the report that the Parliament's Audit Committee made in December 2000 after it took evidence on the basis of my 2000 report.

My report in September 2000 explained why, at that time, the estimated costs of the Holyrood project had increased to just over £200 million and why the projected completion date had slipped to December 2002. It questioned aspects of project management including the procurement strategy, the forms of contract adopted, cost control and risk management. My subsequent report of December last year concerned particular contract issues that came to light in the course of my annual audit of the Corporate Body.

The further examination that I am now planning will report on the overall progress of the project since 2000. It will consider why estimated costs have risen further. I understand that the latest reported figure is some £375 million. The possibility must exist that the estimate might be the subject of a further increase. I will also look at why there has been additional slippage in the timetable.

Specifically my examination, using my statutory powers, will include the following areas.

- First, there will be an updated assessment of the procurement strategy, project management, control and governance arrangements.
- Secondly, there will be a full and detailed audit of the contract management and controls and related value-for-money issues.
- Thirdly, there will be an analysis of the delivery of contracts against the targets, and I will examine the reasons for the increases in the costs and for the delays. In particular I expect to look closely at the 90 or so works package and service contracts that together comprise the construction works. Few of these contracts had commenced when I previously examined the project.
- Finally, I shall draw general conclusions and highlight lessons for any public body to consider in managing future large scale construction projects.

Audit Scotland will assist my examination of the project acting under my direction. We will need advice on professional and technical matters in the areas I have mentioned. Audit Scotland expects to award a consultancy contract after a competition to obtain this support.

Preliminary work will commence soon and I intend to report the outcome of my further work in the summer of 2004. By that point construction of the project should be nearing completion and most of the expenditure will have been incurred. However, I will keep an open mind on the exact timing of my report, depending on how events unfold.

My report will be made to Parliament in the normal way. It will therefore be a public document. It will then be appropriate for the Parliament's Audit Committee to consider the report and decide whether it wishes to take evidence in due course.

I have discussed my intentions with Lord Fraser and we are committed to working closely together where we can do so. Lord Fraser's inquiry will involve taking evidence in public. However my statutory duties are clearly prescribed in the Public Finance and Accountability (Scotland) Act 2000, which followed the Scotland Act 1998. There are things that I can do and things that I have no power to do. Strictly speaking, although I do not have a statutory power to report to the public, I am very clear in my view that I should make my reports widely available in the public interest.

I do therefore need to take care over the material that I put into the public domain and to have regard to my statutory duties. I will follow the procedures I normally adopt before I report the results of my work to check factual accuracy and completeness. I will also have regard to the public interest in making available as much as I can. In the meantime we are exploring with Lord Fraser and his team how we may share information and findings as the work progresses. It is sensible to do this and it should minimise the calls we make on the time of those responsible for progressing the Holyrood project.

In conclusion, I will use my statutory powers as I have outlined to report on contract management and value for money. Lord Fraser is making his inquiry at the request of the First Minister and the Presiding Officer and he is in a position to examine matters that involve policy. I consider that, taken together, my reports along with the report that Lord Fraser will prepare will present a comprehensive assessment of the Holyrood project and we should also be able to draw out the lessons for constructing public buildings in the future.

Robert W. Black, Auditor General for Scotland