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## News release

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# Councils need to continue to improve planning and control of major capital projects

Councils spend significant amounts of money on building and maintaining infrastructure - more than any other part of the public sector - but lack sufficient information for fully effective scrutiny, says the Accounts Commission.

A new report published today, *Major Capital Investment in Councils*, highlights the £27 billion invested since 2000/01 on schools, social housing, sports and leisure centres and other projects. Councils paid for most of this using capital budgets with £4 billion provided through private finance methods such as Private Finance Initiative and Non-Profit Distribution contracts.

The investment was needed to address backlog maintenance and develop new infrastructure. There are 203 major capital projects under way with a combined value of just over £5 billion. But spending is expected to fall over the next two years and plans beyond that are uncertain.

The report looks at the performance against planned time and cost targets of 63 major projects completed by councils since 2009. Information about whether those projects were on time and within budget is not always available. Where information is available, councils completed most projects within or close to the contract cost, despite initial estimates being too low. Most projects also experienced delays.

Councils have improved their oversight of major capital projects in recent years and are also clear about their broad goals. However, they rarely specify the expected benefits and how they will be measured. Councils need to develop long term investment spending and financing plans. They also need better information to allow effective scrutiny of major projects and whether they are completed to budget and on time.

A good practice guide in the Accounts Commission's *How Councils Work* series is also published today alongside the report. It sets out practical steps councils can take to improve planning and control of capital spending.

Chair of the Accounts Commission, John Baillie, said: "Councils invest more than any other part of the public sector in developing services for local communities. We all benefit from new and refurbished schools, sports facilities and other buildings and infrastructure delivered by councils.

"With continued pressures on public finances, it is important that councillors and officers have effective plans and controls in place over their capital investments to ensure the money is well spent. There are many complex challenges in delivering these projects and I strongly encourage councils to use our good practice guide."

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### Notes to editors

1. The primary focus of the audit was on major capital projects costing £5 million or more. Appendix 3 of today's report details 63 projects analysed, which cost £2.9 billion. It includes the name of each project, the council responsible, the year completed and the final cost.
2. The amount invested by councils since 2000/01 (£27 billion) is expressed in real terms, at 2011/12 price levels.
3. The Accounts Commission for Scotland checks how well Scotland's councils perform. It operates independently of local and central government.

4. Audit Scotland provides services to the Accounts Commission for Scotland and carries out work as directed by the Accounts Commission.