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## News release

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# Scrutiny of major capital projects is improving but difficult spending decisions ahead

The Scottish Government is improving its oversight of major capital projects such as hospitals, schools, prisons and roads in the face of increasing budget pressures and uncertainties.

An Audit Scotland report published today, *Management of the Scottish Government's capital investment programme*, looks at how well the government is running its programme of capital projects. It also follows up a 2008 Audit Scotland report on major capital projects.

The report says the government has improved its scrutiny of its programme in recent years. However, improvements have been slow in the information about the status and performance of individual projects, which would help with management of the programme.

The report looks at the performance against planned time and cost of 55 projects completed between 2007 and 2010. Information about whether those projects were on time and within budget is not always available. Where information is available, it shows that cost estimating has improved in recent years. Many projects still run late, although delays tend to be at the early stages before contracts are signed and are less likely to affect costs.

Auditor General for Scotland Robert Black said: "Major capital projects such as new hospitals, colleges, roads and railways make a difference to how people live their lives. With Scotland's capital budget dropping by a third in coming years, there are difficult choices ahead about where and how to invest public money.

"The Scottish Government has improved its leadership and oversight of the capital investment programme in recent years. It now needs to set out a clear view for investment in future years, backed with good information about long-term needs, affordability and constraints. This would strengthen debate about spending decisions, priorities and planning."

Planned capital investment will drop from £3.3 billion a year to £2.1 billion between 2010/11 and 2014/15 and is unlikely to return to current levels for at least another decade. The Scottish Government's existing ten-year investment plan is less than three years old but may already be out of date due to the recent recession and subsequent budget reductions.

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### Notes to editors

1. This report looks at the Scottish Government's capital investment programme. The Scottish Government is responsible for allocating capital funding to different parts of the public sector. It has responsibility for overall delivery and direction of the capital investment programme, except for local government. It does provide funding in the form of grant payments to local government for projects that councils have full responsibility to deliver (such as schools, local roads and waste facilities), and this makes up about one third of local government capital spending.
2. This report follows a 2008 report called *Review of major capital projects – how government works*. This report can be found in the [2008/09 section](#) of Audit Scotland's website.
3. Appendix 2 of today's report lists details all major capital projects completed between 2007 and 2010, together with a few earlier projects (55 projects in total). It includes the name of each project, the public body responsible, the year completed and the final cost.
4. This report does not examine or comment on the Edinburgh trams project. A separate Audit Scotland report on the Edinburgh trams is due to be published on Thursday 3 February.

5. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)
6. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report for the Auditor General for Scotland.
7. The Auditor General is responsible for securing the audit of the Scottish Government and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament.