

Governance, Risk and Best Value Committee

10.00am, Thursday, 21 April 2016

Summary of the Account Commission's 'Major capital investment in councils' follow up report

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive summary

In March 2013, the Accounts Commission reported on major capital investment in councils. The audit focused on major capital projects over £5 million and assessed how well councils directed, managed and delivered capital investment. The report recommended actions councils should take to help them improve performance in managing their capital investment programmes and projects. The Accounts Commission developed a good practice guide and checklist to help councils improve how they manage and scrutinise capital projects.

A subsequent follow up audit, carried out in 2014/15, assessed to what extent councils had improved performance in managing their capital investment programmes and projects since the 2013 report. The findings from this Scotland-wide work have been summarised in a report issued by the Accounts Commission in January 2016.

Links

Coalition pledges	P3; P8; P30; P31; P33; P42
Council outcomes	CO1; CO16; CO20; CO23; CO25
Single Outcome Agreement	SO3; SO4

Summary of the Account Commission's 'Major capital investment in councils' follow up report

Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are requested to:
 - 1.1.1 Note the contents of this report and the existing / planned actions that aim to address its recommendations.

Background

- 2.1 In March 2013 the Accounts Commission reported on major capital investment in councils. This initial review was the subject of a report that was presented to Governance, Risk and Best Value Committee in May 2013 in which the Commission's main findings were summarised. The report also presented their key recommendations alongside existing or planned actions taken to address these in an agreed action plan.
- 2.2 Following that, Audit Scotland carried out targeted follow up work on major capital investment in the City of Edinburgh Council. The work was completed in November 2014 and the findings summarised in a report issued by Audit Scotland in February 2015. A report summarising their main findings and key recommendations, along with an update to the agreed action plan outlined in May 2013, was reported to Governance, Risk and Best Value Committee in April 2015.
- 2.3 This report summarises the recent Accounts Commission review on major capital investment in Councils as a result of the targeted follow up work carried out by local government auditors across Scotland in 2014/15. It summarises what their main findings and key recommendations are with a reminder of existing / planned Council actions that aim to address these.

Main report

- 3.1 In carrying out their follow up review, the Accounts Commission:-
 - collated, reviewed and analysed external auditor assessments to identify common issues in councils;
 - interviewed representatives (senior officers and elected members) and reviewed business cases for a sample of 13 major capital projects from eight councils including the City of Edinburgh Council; and

- reviewed council documents and other published documents as appropriate.
- 3.2 In summary, the report published by the Accounts Commission highlights some progress on the recommendations made by the Commission in a 2013 report. They conclude that councils have taken a range of actions and display aspects of good practice, but that overall, all need to increase the pace of improvement to comply fully with good practice.
- 3.3 In particular, the Commission found weaknesses in capital investment planning stating that councils need to do more to develop their long-term capital investment strategies and plans. Emphasis was placed on the need to make it clearer how capital investment contributes to their strategic objectives, why and how projects are prioritised along with setting out the benefits these projects are expected to deliver.
- 3.4 The Commission further concluded that councils have improved their structures and processes to help them manage capital investment activity more effectively but that more work is required to fully comply with good practice. They state that councils should review business cases as projects progress and evaluate them after completion so that good practice and lessons learned can be shared within councils and others.
- 3.5 Finally, the Commission reported that councils need to provide better information to councillors to allow them to scrutinise capital investment effectively.
- 3.6 Although the report discusses themes and recommendations mostly at a Scotland wide level, there is a section that sets out good practice examples in managing capital investment amongst the eight councils reviewed in detail.
- 3.7 The City of Edinburgh Council is considered an exemplar in the areas of sharing good practice / lessons learned and post-project evaluations. With regard to sharing good practice, the Commission highlighted the council-wide Programme, Project and Change Management Community that acts as an informal forum for officers in capital investment to share and transfer knowledge and skills. In the area of post-project evaluations, assessment and lessons learned from Water of Leith Phase 1, carried into the development of phase 2 were considered an example of good practice.
- 3.8 The full report published by the Commission in January 2016 is included at Appendix 1.
- 3.9 A number of key recommendations are made within the full report that have been summarised at Appendix 2. These are largely similar to those made within the Commission's initial report published in March 2013. Alongside this, reminders of the existing actions that aim to address these are presented as per the agreed action plan formulated in response to the initial Commission report. Further planned actions, in response to the Commission's current recommendations are also included.

Measures of success

- 4.1 The Council delivers major capital projects within time and cost targets.

Financial impact

- 5.1 While there are no direct financial consequences arising from the report's contents, effective capital budgeting and monitoring forms an integral part of good financial management.

Risk, policy, compliance and governance impact

- 6.1 Capital monitoring and budget setting processes adopted ensure effective stewardship of resources. The processes applied aim to ensure projects are delivered on time and budget whilst fulfilling the financial criteria of value for money.
- 6.2 Monitoring of major capital projects including risk assessment is carried out by the Council's Corporate Programmes Office (CPO).
- 6.3 The risk of not adequately investing in infrastructure means that it does not meet Council's and stakeholders' needs and does not remain fit for purpose in the future.

Equalities impact

- 7.1 The Council's capital expenditure contributes to the delivery of the public sector equality duty to advance equality of opportunity and foster good relations e.g. enhancement works related to the Disability Discrimination Act, works on Communities and Families establishments and capital expenditure on Council housing stock.
- 7.2 There is little contribution with regard to capital expenditure and the duty to eliminate unlawful discrimination, harassment or victimisation.

Sustainability impact

- 8.1 The aspiration is that, in order to meet the statutory duties and to have regard to the Government's statutory guidance on putting the duties into practice, all relevant capital projects use the Council's SAM Public Bodies Duties compliance tool iteratively, as standard, throughout project initiation, development and management processes.

8.2 A number of SAM assessments have recently been completed for projects within the current Capital Investment Programme. Going forward, project officers have been reminded to use the tool iteratively throughout the stages of individual project management.

Consultation and engagement

9.1 There is no direct relevance of the report's contents.

Background reading/external references

[Summary of Audit Scotland's 'Major capital investment in councils' review](#), Governance, Risk and Best Value Committee, 23 May 2013

[Summary of Audit Scotland's 'Major capital investment in councils' follow up review](#), Governance, Risk and Best Value Committee, 23 April 2015

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Links

Coalition pledges	<p>P3 – Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools</p> <p>P8 – Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites</p> <p>P30 – Continue to maintain a sound financial position including long-term financial planning</p> <p>P31 – Maintain our City's reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used</p> <p>P42 – Continue to support and invest in our sporting infrastructure</p>
Council outcomes	<p>CO1 – Our children have the best start in life, are able to make</p>

and sustain relationships and are ready to succeed
CO16 – Edinburgh draws new investment in development and regeneration
CO20 – Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and future of citizens
CO23 – Well-Engaged and Well-Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community
CO25 – The Council has efficient and effective services that deliver on objectives

Single Outcome Agreement

SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
SO4 - Edinburgh's communities are safer and have improved physical and social fabric

Appendices

- 1 – Major capital investment in councils follow up report by the Accounts Commission
- 2 – Major capital investment in councils follow up key recommendations

Major capital investment in councils

Follow-up



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
January 2016




The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Key facts



The total value of councils' capital investment between April 2012 and March 2015

£7 billion

149 projects
(£3.2 billion)

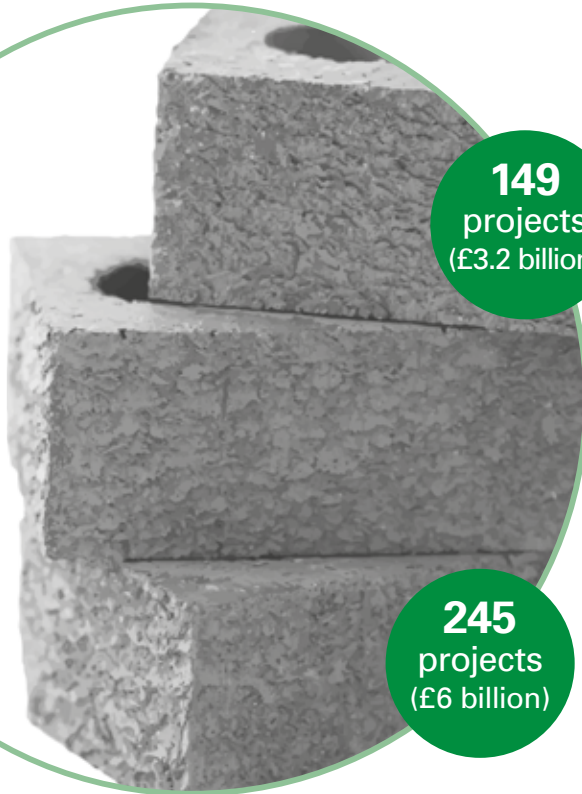
The number and cost of major capital projects that councils completed between April 2012 and October 2015

Councils' capital spend as a proportion of total public sector capital spend between April 2012 and March 2015

53 per cent

245 projects
(£6 billion)

The number and estimated cost of major capital projects that councils were progressing as at October 2015



Summary



Key messages

- 1** Between 2012/13 and 2014/15, councils spent £7 billion on capital investment. They have taken a range of actions in response to the recommendations in the 2013 report. This included implementing revised structures to help them manage and monitor capital investment activity more effectively. There are examples of councils displaying aspects of good practice but, overall, they need to increase the pace of improvement to comply fully with the 2013 good practice guide.
- 2** Councils need to improve the quality of their capital investment strategies and plans. The strategies which exist demonstrate how planned capital investment is expected to contribute to councils' overall strategic priorities. But only just over a third of councils have a long-term capital investment strategy in place and these do not identify opportunities for collaboration with other bodies. All councils have a capital plan outlining expected programme and project costs. The plans do not set out the rationale for prioritising and progressing major projects, and the expected benefits of these projects. Some councils choose to not have a separate capital investment strategy and plan. Instead they combine the features of both in a single document but these rarely demonstrate how capital investment contributes to councils' strategic objectives.
- 3** There are some examples of where councils have improved their structures and processes to help them manage and monitor capital investment activity more effectively. But they need to do further work to comply fully with the 2013 good practice guide, such as developing processes to routinely revisit and review business cases throughout the life of every capital project. Similarly, most councils are not carrying out formal mid-term reviews of projects, or post-project evaluations. Those that do are not doing so regularly or in a consistent manner. This limits councils' ability to identify areas of good practice, share lessons learned and identify the benefits that individual projects have realised.
- 4** Elected members are not able to scrutinise the performance of capital programmes effectively because they are not receiving adequate information on capital investment. The majority of councils' progress reports to elected members on major capital projects focus on reporting capital spending in the current financial year. Some councils do not report cumulative capital spending, covering several years, against the total capital budget for individual projects. Councils do not routinely report to elected members project risks or non-financial information, such as the benefits realised from capital investment

councils have improved their management of capital investment but they need to increase the pace of improvement

activity. Councils provide some training to elected members on capital investment matters but no council has a continuing programme of training in place on capital issues.

Recommendations

As already recommended in the 2013 report, all councils should have a long-term capital investment strategy. These should demonstrate to elected members and service users how planned capital investment will help achieve councils' long-term strategic priorities as defined in corporate plans and Single Outcome Agreements (SOAs). Councils should also ensure that their capital investment strategies and plans follow good practice as set out in the 2013 good practice guide.

Councils should ensure that they:

- prepare business cases that comply with good practice for every capital project
- revisit and monitor business cases throughout every capital project
- regularly carry out post-project evaluations to help establish whether planned benefits are realised and to identify good practice or lessons learned
- consider how best to review projects at key stages, using independent experts as necessary, to help provide assurance about project progress and to identify any potential problems
- are proactive in sharing lessons learned from projects, both, successful ones or those that ran into significant difficulties, within the organisation and with other councils.

Councils should ensure that they provide elected members with regular, appropriate and accurate information to allow them to scrutinise properly capital investment activity. Within this, councils should ensure that they:

- develop their capital monitoring reporting to include:
 - cumulative spending against total capital budget and the progress of each significant project against its key milestones
 - reasons for and consequences of slippage, or delays, of capital projects and any changes in the timing of capital spending
 - clear outlines of the benefits that individual projects have realised, and how these compare with the expected benefits outlined in business cases
 - updates of the risks associated with capital projects and programmes, including their financial and non-financial implications.
 - provide elected members with regular training on capital investment to enable them to scrutinise effectively capital investment activity.
-

Background

1. Public sector capital investment is essential for delivering high quality, effective public services and for improving wellbeing of people in Scotland. Councils' capital investment is spending on property and other assets such as schools, social housing, roads and community centres. This includes spending on new buildings as well as maintaining and repairing existing assets.


2. In March 2013, the Accounts Commission reported on major capital investment in councils.¹ The audit focused on major capital projects over £5 million and assessed how well councils directed, managed and delivered capital investment. It also examined how well councils managed their investment spending as a programme, and their performance in delivering major capital projects against time and cost targets.

3. The audit found that councils' early estimates of the expected costs and timetables were often inaccurate, although this improved as projects progressed. It also found that councils had weak processes for developing and using business cases, and that they did not provide enough monitoring information to elected members.

4. The report recommended actions councils should take to help them improve performance in managing their capital investment programmes and projects. Based on the report's findings, the Accounts Commission developed a good practice guide and checklist to help councils improve how they manage and scrutinise capital projects.

About this audit

5. This targeted follow-up audit assesses to what extent councils have improved performance in managing their capital investment programmes and projects since the 2013 report. This includes councils' actions to strengthen monitoring, their use of the checklists and whether they have applied lessons learned to their latest capital projects.

6. The audit does not review funding of capital projects in detail. Aspects of this were covered by the Accounts Commission's [***Borrowing and treasury management in councils***](#) [\[PDF\]](#) , published in March 2015.

7. The audit draws on baseline assessments performed by councils' external auditors during 2014/15. We performed a more detailed evaluation at a sample of eight councils (Angus, City of Edinburgh, Dundee, East Ayrshire, Fife, Highland, Inverclyde and South Lanarkshire), selected for the targeted follow-up on the basis of the:

- value and type of their major capital projects
- level of capital spending and financing requirement.

8. During the audit we:

- collated, reviewed and analysed external auditor assessments to identify common issues in councils
- interviewed representatives (senior officers and elected members) and reviewed business cases for a sample of 13 major capital projects from the eight councils reviewed in detail ([Appendix 1](#))
- reviewed council documents and other published documents as appropriate.

9. The report has two parts:

- **Part 1** outlines how councils' capital spending has changed between 2011/12, the last financial year captured in the 2013 report, and October 2015.
- **Part 2** reviews to what extent councils have implemented recommendations from the 2013 report.

Councils have taken a range of actions in response to the 2013 report's recommendations but they need to increase the pace of improvement

10. Councils have taken a range of actions in response to the 2013 report's recommendations but they need to make further progress. The majority of councils have either developed an action plan based on the report's recommendations or progressed recommendations without preparing a formal action plan. The extent of planned action varies across councils. Overall, many councils display aspects of good practice but they need to do further work to comply fully with the 2013 good practice guide. [Exhibit 1 \(page 9\)](#) provides an overview of how councils have responded to the 2013 report. Some of the findings are based on all 32 councils and some on the sample of eight councils reviewed in detail. [Appendix 2](#) outlines good practice examples of managing capital investment in the eight councils reviewed in detail.

Exhibit 1

Councils' actions to implement recommendations from the 2013 report

Councils have made more progress in implementing some recommendations than others and they need to take further action.









Recommendations from the 2013 report – councils should:	The extent to which councils have implemented the recommendations
<p>Develop and confirm long-term investment strategies to set out the needs and constraints for local capital investment and consult with stakeholders, such as service users and suppliers, as they develop these strategies.</p>	 <p>Limited progress</p> <p>A third of all councils have a long-term capital investment strategy in place and only two cover a period of over ten years. The majority of these set out the needs and constraints for local capital investment. But councils need to improve them further to include other features of good practice such as providing clear links between individual projects and wider programmes. Councils consult with stakeholders, such as service users and suppliers, although the extent of this varies by the council.</p> <p>(Paragraphs 47, 55 and Exhibit 7)</p>
<p>Assess the overall appropriateness of using borrowing and private finance within the investment strategy. The strategy should balance the costs, risks and rewards of using these methods to ensure plans are financially sustainable and help each council achieve value for money.</p>	 <p>Limited progress</p> <p>A third of all councils have a long-term capital investment strategy in place. Two-thirds of these assess funding methods and consider how councils might use them. But councils need to improve them further to include other features of good practice such as coordinating investment requirements from across each service area.</p> <p>(Paragraph 47 and Exhibit 7)</p>
<p>Actively look for opportunities for joint working with other councils, community planning partnerships and public bodies to improve the efficiency of their capital programmes. This should cover joint projects, sharing resources such as facilities and staff, sharing good practice and taking part in joint procurement.</p>	 <p>Limited progress</p> <p>Councils told us that they were actively exploring opportunities for joint working but this is often not reflected in their capital investment strategies. Evidence of successful joint projects or sharing staff resources is limited.</p> <p>(Paragraphs 48 – 50 and Exhibit 7)</p>
<p>Develop and use clearly defined project milestones for monitoring and reporting. This should include a clear process for preparing and approving business cases as a key part of decision-making and continuous review of all major capital projects.</p>	 <p>Partially</p> <p>All eight councils reviewed in detail have clear procedures for preparing outline and full business cases. But they do not routinely revisit and review business cases throughout the life of projects. Based on the detailed review of eight councils, about a third of them do not routinely report cumulative spending on a project-by-project basis.</p> <p>(Paragraphs 59, 60 and 64)</p>
<p>Collect and retain information on all projects including explanations for cost, time and scope changes and lessons learned. Report this information publicly to improve transparency and scrutiny of project delivery and share lessons learned across services and other councils.</p>	 <p>No</p> <p>The detailed review of eight councils shows that councils do not carry out mid-term reviews of projects or post-project evaluations regularly or consistently. This limits councils' ability to identify areas of good practice, share any lessons learned and monitor benefits realised from the investment activity.</p> <p>(Paragraphs 61 and 62)</p>

Exhibit 1 (continued)

Recommendations from the 2013 report – councils should:	The extent to which councils have implemented the recommendations
<p>Improve the quality of capital project and programme information that is routinely provided to members. Information should cover:</p> <ul style="list-style-type: none"> • annual financial performance against the capital budget • project and programme level performance against cost, time and scope targets • risk reporting (including identification, likelihood, financial impact and actions taken) • an assessment of intended and realised benefits. 	<div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Limited progress</p> </div> </div> <ul style="list-style-type: none"> • The vast majority of councils report annual capital spending against budget. • Based on the review of eight councils, about a third of them do not routinely report cumulative spending against total capital budget on a project-by-project basis. • The eight councils reviewed in detail provide limited information to elected members on project risks and overall capital programme risks. • Business cases identify intended benefits but monitoring reports do not outline benefits that individual projects have realised. <p>(Paragraphs 63 – 67)</p>
<p>Carry out early assessments of risk and uncertainty to improve the accuracy of early-stage estimating of the cost and timescale of projects.</p>	<div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>Partially</p> </div> </div> <p>Officer-led project boards of the eight councils reviewed in detail are primarily responsible for managing risks. While officers may alert elected members to specific risks, they often provide them with information on project risks and overall capital programme risks on an ad hoc basis.</p> <p>(Paragraph 66)</p>
<p>Consider developing a continuing programme of training for elected members on capital issues, using independent external advisers if necessary.</p>	<div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>No</p> </div> </div> <p>The detailed review of eight councils shows that councils provide members with a variety of training opportunities on capital investment matters but no council has a continuing programme of training on capital issues in place.</p> <p>(Paragraph 69)</p>

Part 1

Capital investment in councils since the 2013 report



Key messages

- 1** Between 2012/13 and 2014/15, councils spent £7 billion on capital investment. This represented over a half of the total public sector capital spend during the period. Councils decreased their annual capital spending from £2.5 billion in 2011/12 to £2.2 billion in 2014/15. As at October 2015, they were planning to spend a further £2.6 billion on capital projects in 2015/16.
- 2** Councils continue to fund their capital spending through a variety of means, including capital grants from the Scottish Government and borrowing. Between 2011/12 and 2014/15, councils borrowed less and funded more capital spending from capital grants. The availability of the Scottish Government capital grant increased in 2014/15 to compensate for earlier reductions. The proportion of funding from capital grants increased from 28 per cent in 2011/12 to 43 per cent in 2014/15. Borrowing reduced from 54 per cent to 33 per cent over the same period.
- 3** Between April 2012 and October 2015, councils completed 149 major capital projects and had a further 245 in progress as at October 2015. In line with the findings of the 2013 report, schools projects continued to perform better to cost and time targets.

**councils
spent
£7 billion
on capital
investment
between
April 2012
and March
2015**

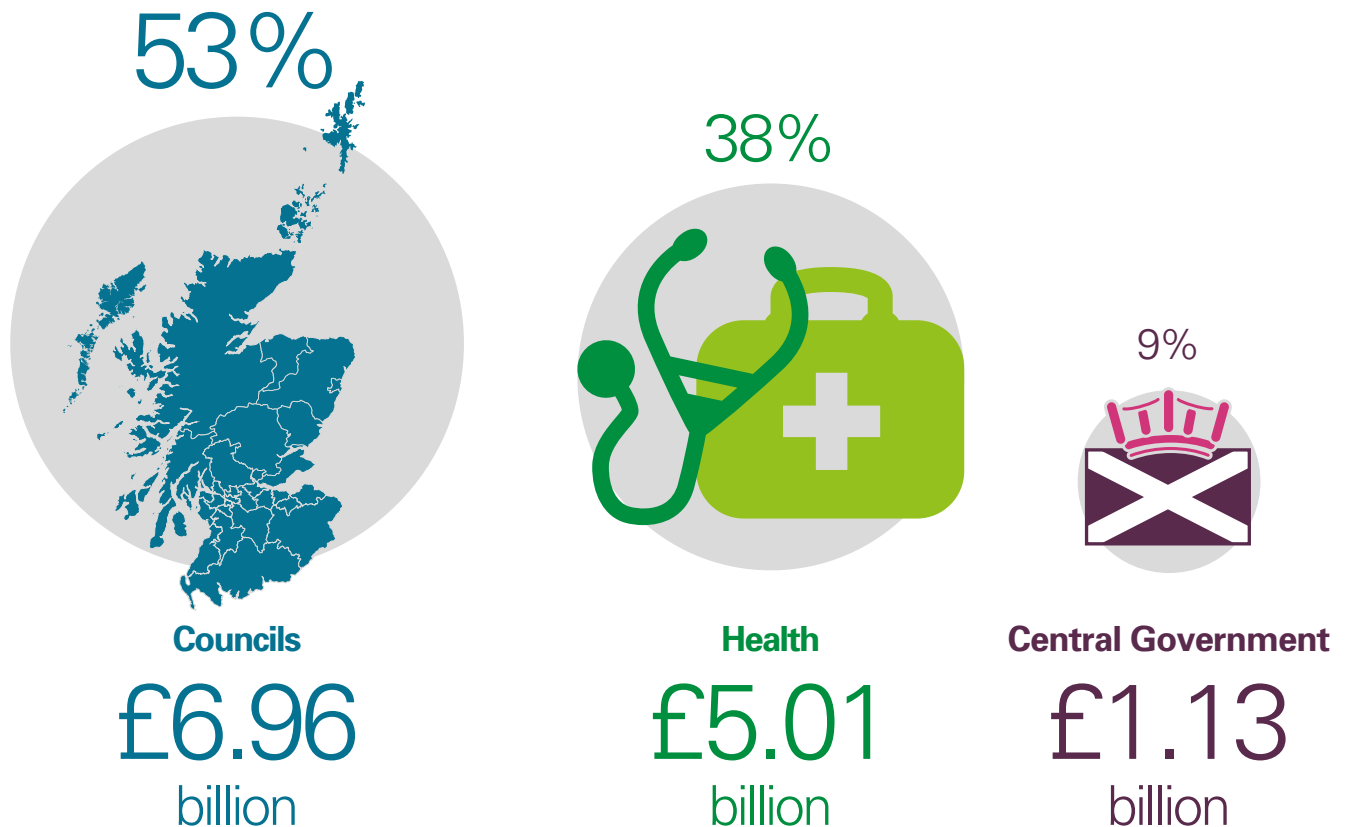
Councils spent £7 billion on capital investment between 2012/13 and 2014/15

11. In 2013, the Accounts Commission reported that councils had spent £24 billion between 2000/01 and 2011/12 on capital investment projects, including new schools, care homes and sports facilities.² Between 2012/13 and 2014/15, they spent another £7 billion (the equivalent of £6.4 million a day), at 2014/15 prices, on capital projects. This represented just over a half (53 per cent) of total public sector capital investment during the period ([Exhibit 2, page 12](#)). Seven councils (Aberdeenshire, City of Edinburgh, Fife, Glasgow, Highland, North Lanarkshire and South Lanarkshire) were responsible for half of this expenditure. Individual councils spent between £44 million and £795 million each, at 2014/15 prices, over the three years from 2012/13 to 2014/15.

Exhibit 2

Public sector capital spend from 2012/13 to 2014/15, at 2014/15 prices

Between 2012/13 and 2014/15, councils spent almost £7 billion on capital investment, just over a half of total public sector capital investment spend during the period.



Source: Audit Scotland

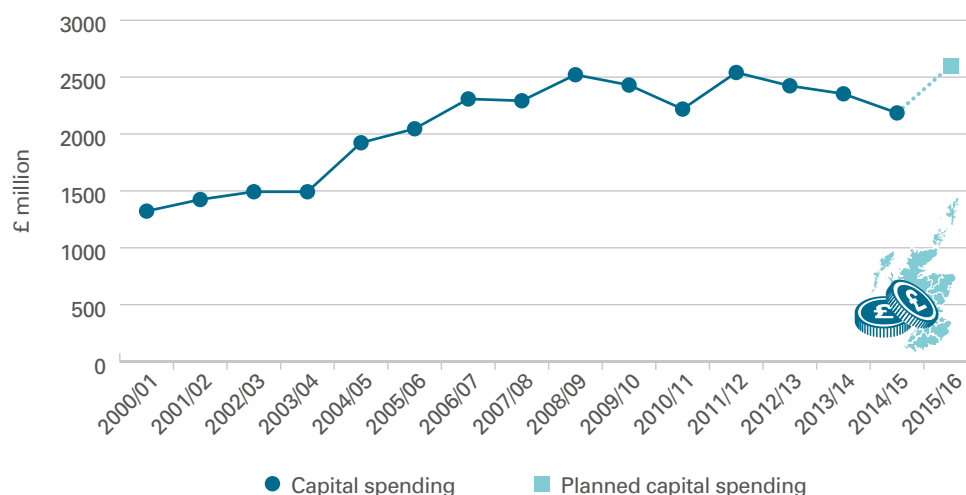
12. Councils decreased their annual capital spending in the last three years, from £2.5 billion in 2011/12 to £2.2 billion in 2014/15 ([Exhibit 3, page 13](#)). In 2014/15 councils' capital spend represented 11 per cent of their total spend of £20.9 billion. Councils' spending on services remained constant over the same period at about £18.5 billion a year. As at October 2015, councils were planning to spend a further £2.6 billion on capital investment in 2015/16.

13. Council's capital investment over the years has made a significant difference to the condition of their assets. For example, in April 2014, 83 per cent of schools were in satisfactory condition, compared to only 61 per cent in April 2007.³ Councils rebuilt or substantially refurbished 526 schools between 2007 and 2014, 123 of which were completed in 2012/13 and 2013/14.⁴

Exhibit 3

Councils' capital spending from 2000/01 to 2014/15, at 2014/15 prices

After several years of growth, councils' annual capital spending fell from £2.5 billion in 2011/12 to £2.2 billion in 2014/15. As at October 2015, they were planning to spend £2.6 billion in 2015/16.



Note: 2015/16 capital spending (dotted line) as planned by the councils at the time of the audit (October 2015).

Source: Audit Scotland

Councils use a variety of funding sources for capital investment

Councils are borrowing less and funding more capital investment from capital grants

14. Over the four years from 2011/12 to 2014/15, councils funded an increased proportion of their capital spending from capital grants (from the Scottish Government and others such as other central government bodies, National Lottery and EU). Capital grant funding increased from £720 million in 2011/12 to £925 million in 2014/15 (at 2014/15 prices).

15. The Scottish Government provides the vast majority of capital grant funding to councils (an average of 80 per cent of total grant funding to councils over the four years from 2011/12 to 2014/15). The Scottish Government rescheduled its capital allocations as part of its 2011/12 Spending Review. It moved capital grant funding of £120 million and £100 million, originally due to councils in 2012/13 and 2013/14, to the following two years. This allowed the Scottish Government to provide additional funding to those sectors that can't borrow, for example to the central government sector. It hoped that councils would work with the Scottish Ministers and use their ability to borrow to supplement capital spending and so contribute to local economic recovery.⁵

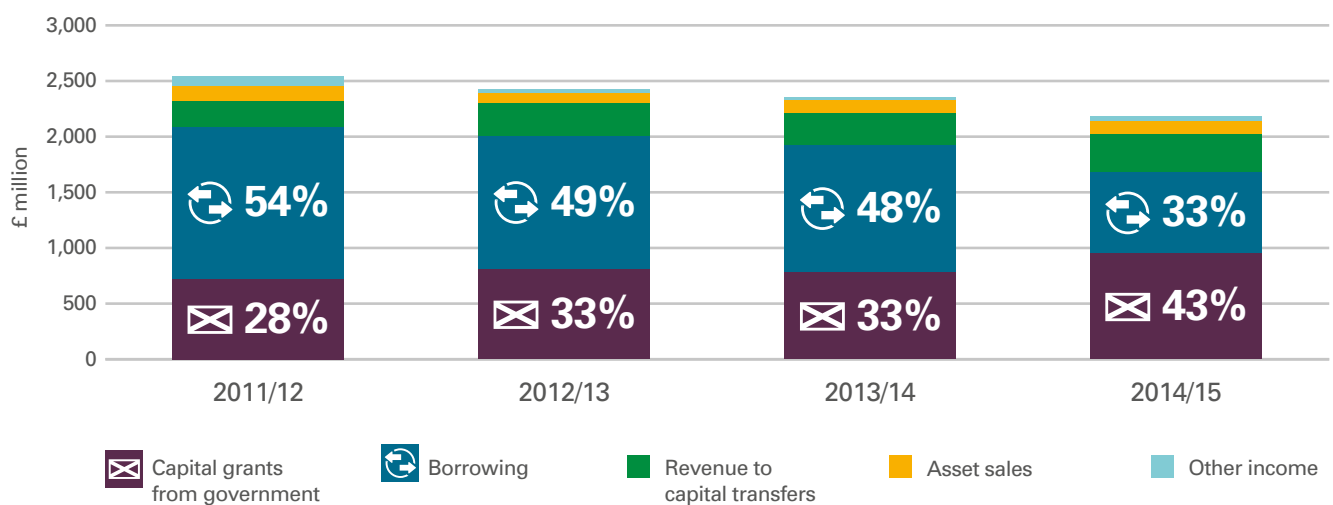
16. Rescheduled capital grant funding meant that the Scottish Government increased its capital allocations to councils by £120 million in 2014/15 and £94.2 million in 2015/16. The increase in 2015/16 does not match the reduction in 2013/14 due to the transfer of responsibility for policing from local to central government.⁶ The Police and Fire Reform (Scotland) Act 2012 created a new structure for providing police services in Scotland. It brought together the eight police forces, the Scottish Police Services Authority and the Scottish Crime and Drug Enforcement Agency into two new national bodies: the Scottish Police Authority and the Police Service of Scotland (Police Scotland). The new structure became operational on 1 April 2013.⁷

17. Councils' funding sources for capital spending have changed. Over the four years from 2011/12 to 2014/15, the proportion of funding from capital grants increased from 28 per cent to 43 per cent, and borrowing for capital investment reduced from 54 per cent to 33 per cent. In 2014/15, councils used more capital grants than borrowing to pay for capital projects, the first year they have done so since 2008/09 ([Exhibit 4](#)).

Exhibit 4

Sources of funding councils' capital spending, 2011/12 to 2014/15

Funding from capital grants increased as a proportion of total capital investment funding, from 28 per cent in 2011/12 to 43 per cent in 2014/15. Borrowing for capital investment reduced from 54 to 33 per cent over the same period.



Source: Audit Scotland

Councils are using alternative funding mechanisms for capital projects

18. As well as using borrowing or Scottish Government capital grants, councils have also funded capital projects in partnership with private sector investors. These partnerships include the private finance initiative (PFI) and the non-profit-distributing model (NPD). Under these models, the private sector investor pays the upfront building costs and ongoing maintenance costs of an asset. The council pays an annual charge from its revenue budget for using the asset before gaining ownership of the asset at the end of the contract. Under the NPD model, there is a limit on how much of the profits the private sector operator may retain. Any surplus profit is returned to the public sector.

19. Councils have also increasingly used the hub programme, a Scotland-wide initiative for delivering new community facilities through private finance. The hub programme operates across five geographical territories: South East, East Central, West, South West and North. In each territory, the participating public bodies such as health boards, councils, police and fire and rescue services, have teamed up with a private sector development partner to form a joint venture company known as a hubCo. Each hubCo takes a strategic approach to delivering local services. While projects are mostly new buildings, they can include refurbishment and management of existing buildings. They include many schools in the Scottish Government's Schools for the Future programme which aims to rebuild or refurbish schools.

20. The hub and Schools for the Future programmes are led by the Scottish Futures Trust (SFT), an independent company established in 2008 by the Scottish Government. Its aim is to 'improve the effectiveness and efficiency of infrastructure investment in Scotland by working collaboratively with public bodies and industry leading to better value for money and ultimately improved public service'.⁸

21. Councils reported they had 50 revenue-funded projects as at October 2015. Of these, 39 were operational PFIs and four were operational NPD projects. Councils are involved in a further seven projects with a total capital value of £0.25 billion, signed through hub contracts in the three years from 2012/13 to 2014/15. Two of these seven projects are complete and the other five are currently in construction. Another 14 revenue-funded hub projects are still in development. Since 2012/13, all council revenue-funded projects have been procured through the hub route.

22. Between 2012/13 and 2014/15, councils paid £1.5 billion (at 2014/15 prices) of annual charges relating to non-hub revenue-funded projects. They have not yet made any such payments for revenue-funded hub projects. Councils will have to continue to pay significant charges for all types of revenue-funded projects and this represents a significant long-term commitment on their future revenue budgets.

23. In March 2015, the Accounts Commission reported that almost all councils had reduced staff numbers to help make savings.⁹ This has affected all areas of councils' operations, including how they manage their capital investment programmes and projects. Councils are increasingly using the hub programme and seeking the expertise of the SFT to collaborate, gain access to additional funding and supplement their in-house skills and experience. There are also examples of councils sharing staff resources but these are not yet widespread ([paragraph 50](#)).

24. Councils are considering other funding methods to supplement direct funding of their capital projects, or as alternatives to established forms of revenue funding. These are at relatively early stages of development and so it is unlikely that, in the short-term, they will provide a significant proportion of councils' available capital funding. They include:

- Tax Incremental Financing (TIF)
- Growth Accelerator Model (GAM)
- City Deal
- UK Green Investment Bank (UKGIB).

[Appendix 3](#) provides more information about each of these funding models.

25. The use of these alternative funding models varies greatly among councils. While PFIs, NPDs and procurement using the hub initiative are widely used, individual councils' circumstances influence how they use other funding methods. For example, the City of Edinburgh Council and Dundee City Council are currently proceeding with, or considering, GAM projects, which are only open to Scotland's seven cities.

26. Similarly, while some councils are progressing with TIF models, others have expressed concerns about their viability. While we have not audited the current TIF pilot projects, the risk of not attracting enough private sector investment is a risk to all of them. For example, Inverclyde Council told us that it is concerned that any potential TIF initiative would not attract enough further private sector investment to generate the additional local taxes necessary to repay associated borrowing.

Councils completed 149 major capital projects between April 2012 and October 2015 and had 245 in progress as at October 2015

27. The 2013 report outlined that councils were progressing 203 major capital projects, each costing over £5 million. They have completed 149 major capital projects worth £3.2 billion between April 2012 and October 2015. As at October 2015, councils reported they had 245 projects worth about £6 billion under way, with over 40 per cent of these schools. This reflects Scottish Government policy, such as the Schools for the Future programme (announced in 2009), and councils' own strategic priorities.¹⁰

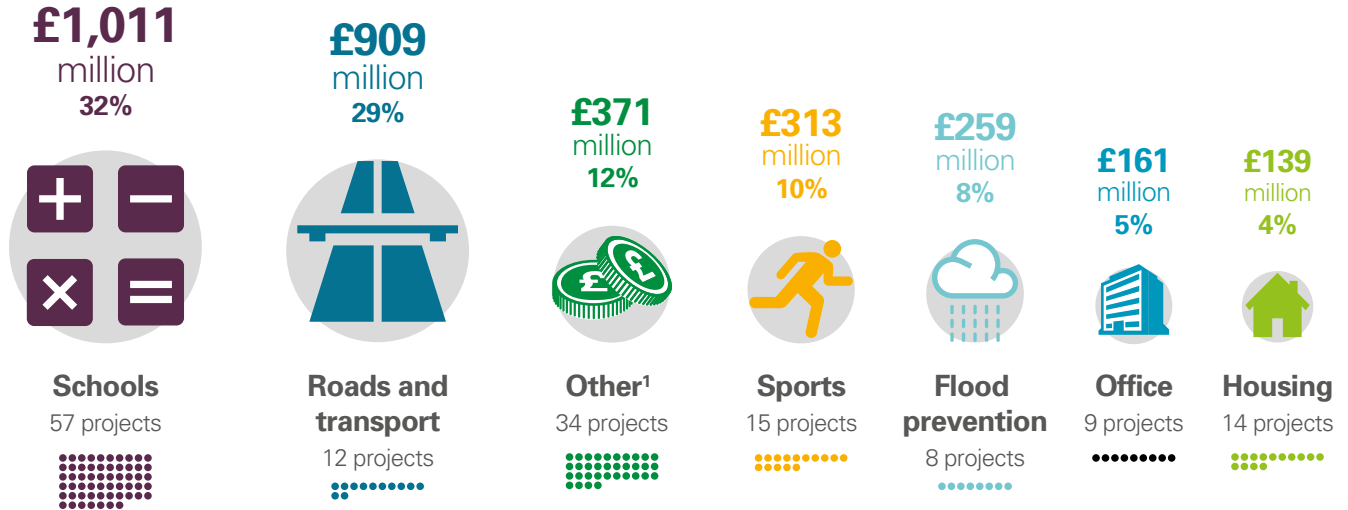
28. The largest of all major capital projects in progress is the £745 million Aberdeen Western Peripheral Route (AWPR), with Aberdeen City and Aberdeenshire Councils each contributing 9.5 per cent of this cost (£71 million each). Other areas of significant capital spending in councils include roads and transport, flood prevention and office accommodation ([Exhibits 5 and 6, page 17](#)). This is broadly similar to the findings of the 2013 report.

29. The 2013 report highlighted that, overall, schools projects performed better to cost and time targets. The review of major capital projects that councils completed between April 2012 and October 2015 found that schools projects continue to perform better. Councils completed over 80 per cent of schools projects on time, compared to two-thirds of non-school projects. Similarly, councils delivered over two-thirds of schools projects to cost targets, compared to just over a half of non-school projects.

Exhibit 5

Completed major capital projects between April 2012 and October 2015

Councils completed 149 major capital projects worth £3.2 billion between April 2012 and October 2015.



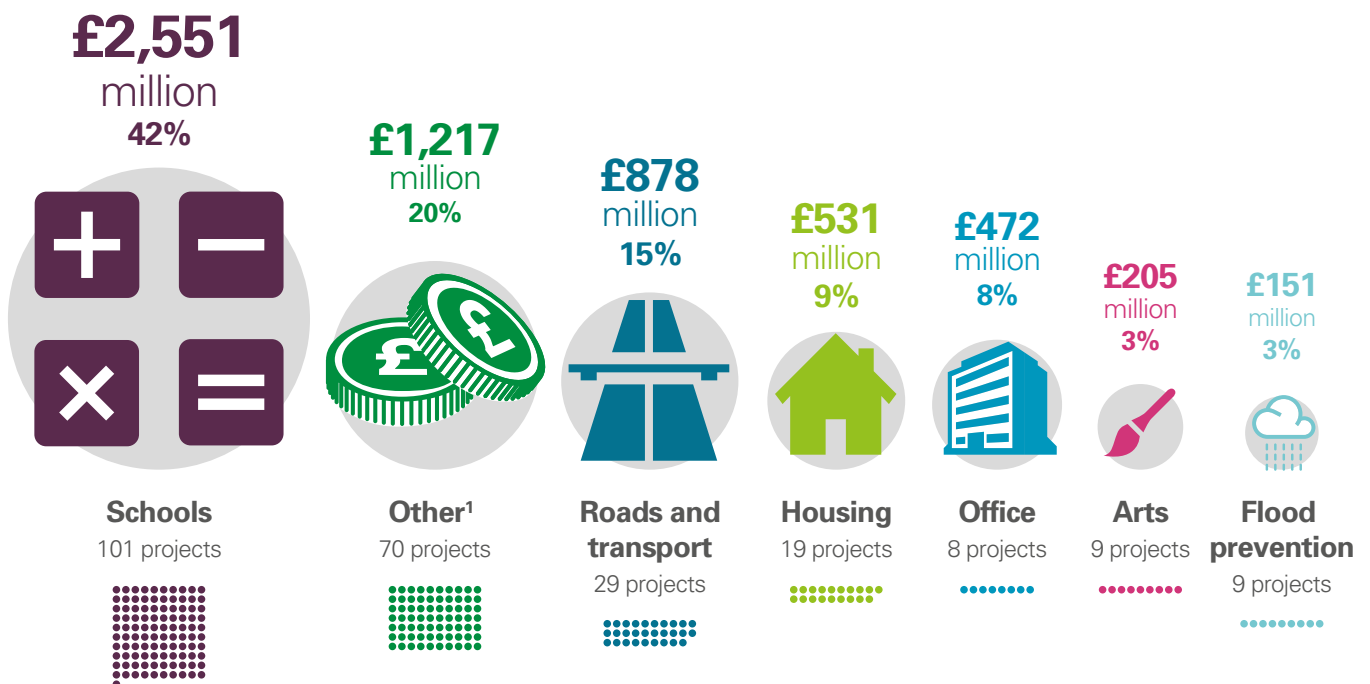
Note: 1. These projects include day care centres, harbour improvements, land regeneration and others.

Source: Audit Scotland

Exhibit 6

Major capital projects in progress as at October 2015

As at October 2015, councils were progressing 245 major capital projects worth about £6 billion.



Note: 1. These projects include day care centres, harbour improvements, land regeneration and others.

Source: Audit Scotland

Nine out of the 15 capital projects reviewed in the 2013 report were complete as at October 2015

30. Of the 15 capital projects reviewed in the 2013 report, and in progress at that time, nine were complete and five were still under way as at October 2015. The Scottish Borders Council waste treatment project has been cancelled ([Appendix 4](#)). The final costs of the completed projects were £497 million, £30 million (7 per cent) more than the original budgets.

31. Councils delivered six projects at a total cost of £47 million under their original budget but overspent on three projects by a total of £77 million (49 per cent). Four projects were completed on schedule and five overran by between eight months and almost four years. The three projects that were overspent were also delayed by at least eight months. Councils reported varied reasons for overspends and delays, from planning and procurement delays to changes in scope and adverse weather. This data suggests that some councils still need to do more to deliver major capital projects to their initial time and cost estimates. Councils also need to ensure they are proactive in sharing lessons learned from successful projects or those that ran into significant difficulties.

32. One of the projects outlined in the 2013 report was the Dunfermline flood prevention scheme. [Case study 1 \(page 19\)](#) provides a high-level update of the project, largely based on the findings of Fife Council internal audit's review of the scheme, reported to the council's Executive Committee in August 2015. Internal audit concluded that the council acted appropriately throughout the project. Poor design work and construction supervision enabled the contractor to seek contract variations, leading to cost increases. The council is currently seeking £10 million compensation from the design consultant.

McClelland's report on the Victoria and Albert Museum of Design project made a number of recommendations to Dundee City Council

33. The Victoria and Albert (V&A) Museum of Design project in Dundee was not part of the sample of projects reviewed for this report. But it has run into significant difficulties over the last few years and has been subject to considerable local and media interest. In January 2015, Dundee City Council's Policy and Resources Committee commissioned John McClelland CBE to carry out a review of the project after planned construction costs increased by £31.1 million between June 2011 and January 2015. The main focus of his review was to examine the reasons for costs increasing significantly, to identify any lessons learned and to make appropriate recommendations.

34. The main findings of the review, published in July 2015, included:

- The costs increased because of the complexity of the design, including the decision to build over water. Additional time required to revise cost plans and design caused delays to the project, and inflationary cost increases.
- There was a lack of investment in skilled and experienced in-house technical and project management staff, and not enough external professional help.
- Dundee City Council did not integrate the V&A Museum of Design project into its normal way of working in the same way it does with other construction projects. This led to uncertainties around responsibilities and reporting arrangements.¹¹

Case study 1



Fife Council's flood prevention scheme in Dunfermline

The Accounts Commission's 2013 report outlined that Fife Council approved the design of the Dunfermline flood prevention scheme in December 2002 with an estimated cost of £3.75 million. The Scottish Government provided formal approval for the project in June 2004, and a month later the council awarded the design contract for the scheme. Based on the initial consultants' design work, the council approved the project with a revised estimated cost of £9.8 million in November 2005. In February 2007, it awarded the construction contract to a preferred bidder at a tendered price of £14.13 million, including £3 million consultants' fees. The Scottish Government intended to provide a grant of up to 80 per cent of the tendered price. The estimated completion date at that time was May 2009.

Delivery of the project was problematic. There were problems with its design and specialist nature, and conflicts between the contractor and the council. In January 2014, the council terminated the construction contract as it assessed that the contractor had performed poorly against it. It awarded the contract for the remaining work to another contractor who completed the project in December 2014, under the supervision of the council's roads and design construction team. At the time of publishing this report, the council was seeking compensation of about £10 million from the design consultant due to its alleged negligence during the project.

The final cost of the scheme was £34.5 million which is £24.7 million (252 per cent) above the outline business case estimate of £9.8 million. Any recovery from the design consultant will reduce the total completion cost. The Scottish Government provided a grant of £11.7 million to the council, £3.8 million of this directly and £7.9 million as part of the council's overall capital allocation. Fife Council reviewed the project after its completion and identified a number of areas for improvement such as the need to change the form of contract and the appointment process.

Source: Audit Scotland and [Audit and Risk Management Manager's report to Fife Council's Executive Committee](#)  on 18 August 2015

35. The report made a number of recommendations that Dundee City Council's Policy and Resources Committee accepted in August 2015. The chief executive's covering report to the committee noted that the council had taken a number of steps since January 2015 to improve the structures, monitoring, communication and project management arrangements. This had included establishing a project board and providing additional expertise to help the operation of the board. The external auditor will continue to monitor developments and will report as appropriate as part of the annual audit process.

Office for National Statistics' review of revenue-funded capital projects

36. The Office for National Statistics (ONS) is responsible for assessing bodies and transactions against EU rules to decide how they should be treated in the Statistical National Accounts. HM Treasury uses the Statistical National Accounts to inform some aspects of guidance on UK fiscal budgets. In relation to public sector capital projects funded from revenue, the ONS can classify individual projects as being either under public sector control or private sector control. This depends on the balance of control over the special purpose vehicles (SPV), normally established to manage the delivery and operation of such projects. A privately classified project sees the debt classified to the private sector. In contrast, a project classified to the public sector counts towards the national debt. This can require budget cover to be provided over the construction period of the asset, rather than over the period in which it is used and maintained.

37. In July 2015, the ONS concluded that the public sector controlled the SPV associated with the AWPR. The AWPR is an NPD project and will incur annual unitary charges over the life of the contract. But the ONS decision means that an expense, equal to its construction cost, will be charged against the Scottish Government's capital budget. This will not be a cash payment but it will result in a reduced amount of budget available for spending on other capital projects. The ONS based its decision on the extent of the Scottish Government's influence over the SPV and on its share of the economic rewards from the asset.

38. To avoid any further charges against the Scottish Government's capital budget, the Scottish Government asked the SFT to look at how it could ensure that SPVs of other revenue-funded capital projects remained under private sector control. While the SFT considered available options, revenue-funded capital projects in the hub programme which were planned to reach financial close during 2015 could not do so. These included how best to reduce the public sector's influence over the SPVs associated with these projects.

39. In November 2015, the Deputy First Minister announced that the ONS had advised that, based on the current EU guidance, SFT's proposals would result in revenue-funded projects procured through the hub route being classified to the private sector. These changes will result in the establishment of SPVs which sit outside of the hub company corporate structure, known as Design, Build, Finance and Maintain Companies (DBFM Cos). Public sector ownership of the DBFM Cos will be reduced to 20 per cent, compared to 40 per cent under the previous SPV regime. Private sector ownership will remain at 60 per cent and the remaining 20 per cent will be owned by a newly established private sector charity.

40. The Deputy First Minister also advised in November 2015 that the two NHS projects and ten council school projects affected by the AWPR classification review, with a combined capital value of about £330 million, could proceed to financial close. The projects include schools such as Midlothian Council's £35 million Newbattle High School and Dundee City Council's £25 million Baldrigon Academy. The SFT has confirmed that the delay in reaching financial close would lead to the cost of some projects increasing. This is largely due to the likely need to renegotiate the previously agreed contract prices of some projects. It is not possible to quantify by how much costs might increase until the negotiations are concluded.

41. The Scottish Government and the SFT continue to review options for potential changes to the AWPR project and similar revenue-funded projects. The Scottish Government is also discussing with HM Treasury the budgetary implications of the ONS' classification of the AWPR project. In the meantime, the Scottish Government has set aside £150 million from underspends in 2014/15 to meet any future charge on its capital budget. HM Treasury has also agreed to provide additional budget cover of £300 million. It is likely to be some time before the situation arising from the ONS' classification work is fully resolved. Audit Scotland will continue to monitor developments and report as appropriate.¹²

Part 2

Councils' management of capital investment programmes and projects



Key messages

- 1** Councils have taken a range of actions in response to the recommendations in the 2013 report. There are examples of councils displaying aspects of good practice but, overall, they need to increase the pace of improvement to comply fully with the 2013 good practice guide.
- 2** A capital investment strategy is an essential component of a council's capital investment management as it provides clear links between investment objectives and the council's wider strategic objectives and sets out a vision for major capital investment. Councils' strategies which exist demonstrate how planned capital investment is expected to contribute to councils' overall strategic priorities. But only just over a third of councils have a long-term capital investment strategy in place and these do not identify opportunities for collaboration with other bodies.
- 3** To support the long-term capital investment strategy, councils should also have in place a capital plan that outlines annual investment commitments and plans over the medium term. All councils have a capital plan but they need to develop them further. While the plans outline expected programme and project costs, they do not set out the rationale for prioritising and progressing major projects, and the expected benefits of these projects. The councils with a combined capital investment strategy and plan need to better demonstrate how capital investment contributes to their strategic objectives.
- 4** Councils have improved their structures and processes to help them manage and monitor capital investment activity more effectively. This included establishing a dedicated team to manage capital investment, or appointing a lead officer to oversee and develop the monitoring framework. They need to do further work to comply fully with the 2013 good practice guide, such as routinely reviewing business cases throughout the life of every capital project to ensure the effective monitoring of expected benefits.
- 5** Few councils are carrying out formal mid-term reviews of projects, or post-project evaluations. Those that do are not doing so regularly or in a consistent manner. They are more likely to formally evaluate projects that ran into significant difficulties. This limits councils' ability to identify areas of good practice, share lessons learned and identify the benefits that the investment activity realises.

councils have improved their management of capital projects but further progress is needed

- 6** Elected members are not able to scrutinise the performance of capital programmes effectively because they are not receiving adequate information on capital investment. The majority of councils focus on reporting capital spending in the current financial year. Councils could do more to provide reports to members that clearly outline cumulative capital spending for individual projects, project risks and non-financial information, such as the benefits that individual projects realise. Councils provide some training to elected members on capital investment matters but no council has a continuing programme of training in place on capital issues.

Almost all councils considered the 2013 report but they need to take further action to implement its recommendations

42. Thirty of Scotland's 32 councils considered the 2013 report at the full council or at a relevant committee meeting. The report was considered by officers only at Clackmannanshire and Dumfries and Galloway Councils. Thirty-one councils have either developed an action plan based on the report's recommendations, or progressed recommendations without preparing a formal action plan. Common actions include:

- making organisational changes, for example establishing a dedicated team to manage capital investment or appointing a lead officer to oversee and develop the monitoring framework
- developing internal project and programme management practices, for example reviewing and developing their business case requirements for capital projects or reviewing the format of capital reports to increase the effectiveness of scrutiny and monitoring.

43. Twenty-six councils distributed and used the 2013 good practice guidance to assess how well they were managing capital investment projects and a further three councils are planning to use it. About two-thirds of councils have also used the good practice checklist to help to develop their business case methodologies, or to review internal capital monitoring documentation.

44. As at October 2015, Comhairle nan Eilean Siar has taken no specific action in response to the 2013 report. It is planning to use the good practice guidance to help it review project management arrangements.

Councils need to improve the quality of their capital investment strategies and plans

45. In 2013 the Accounts Commission recommended that councils should have a clear capital investment strategy, covering the long term (over ten years), to direct and control their investment activities. A capital investment strategy is an essential component of a council's capital investment management as it provides clear links between investment objectives and the council's strategic objectives defined in corporate plans or Single Outcome Agreements (SOAs). SOAs are agreements on local service priorities between councils and their partners such as NHS boards, and the Scottish Government. A strategy should also set out a vision for major capital investment, and provide clear priorities for deciding on the level and nature of investment spending within available resources and the overall funding strategy.

46. To support the long-term capital investment strategy, councils should also have in place a capital plan that outlines annual investment commitments and plans over the medium term (typically 3-5 years). These plans should include the rationale for all of the main capital investment projects, forecasts of project costs and how they are to be funded. This allows officers and elected members to consider capital investment plans when assessing the affordability and design of long-term financial plans.

A third of councils have a capital investment strategy in place and none of these fully complies with good practice

47. Twelve councils have a capital investment strategy in place. Most of these cover a period of between five and ten years, with two covering a period of over ten years. Councils' strategies display some features of the good practice guide ([Exhibit 7, page 25](#)). These include setting out clearly how councils expect their planned capital investment to contribute to their strategic priorities. Elected members of all eight of the councils reviewed in detail considered that the links were particularly well set out for the councils' schools programmes. The review of capital investment strategies and 13 business cases of major capital projects across the eight councils confirmed this view. Councils need to improve their capital investment strategies further, for example by showing clear links between individual projects and wider capital investment programmes.

48. Councils told us they were actively exploring opportunities for joint investment in assets but this was often not reflected in their capital investment strategies. There are some examples of councils jointly procuring support services but little evidence of them investing in assets jointly with other public bodies. For example, councils in the Highlands and Islands (Argyll and Bute, Highland, Comhairle nan Eilean Siar, Orkney, Moray and Shetland) jointly procured engineering consultancy services but they terminated this agreement in March 2015. Angus Council is a member of Tayside Procurement Consortium which is shared with Perth and Kinross and Dundee City Councils, and with Tayside Contracts.

49. Joint procurement through the five Scottish hubs is becoming more widespread, with councils seeking to supplement their in-house skills and expertise. For example, Inverclyde Council procured St Patrick's Primary School jointly with East Dunbartonshire Council's Lenzie Primary School through the West hub. Other examples of joint hub projects include community hubs that comprise several local services such as schools, health centres and libraries.










50. There are also examples of councils sharing accommodation with other public bodies, particularly with Police Scotland or the NHS. This is a result of councils reviewing their offices to identify the most efficient way to use them, and selling some properties. For example, Angus Council shares office accommodation with Police Scotland and NHS Tayside. Police Scotland staff also operate from other council offices, for example in Highland and Fife Councils. Health and social care integration will require further joint working by councils.

51. Officers and elected members of the eight councils reviewed in detail stated there were a number of barriers to successful joint working and sharing resources. The main ones were differences in systems and processes between different organisations, for example some councils perceived that the approval process in the health sector can lead to time delays. Geographical barriers could, they added, also prevent successful joint working, particularly for councils in more remote areas.

Exhibit 7

Comparison of councils' capital investment strategies against the 2013 good practice guide

Capital investment strategies of the 12 councils that have them display some features of good practice although councils need to improve them further.

Good practice criteria for an investment strategy	Do capital investment strategies comply with good practice?	
Shows the council's consideration of its potential future service and community infrastructure needs and ambitions compared to the current position.	 Partially	Two-thirds of strategies (8/12)
Shows how investment may be funded sustainably and outlines a method for choosing capital investment priorities within available resources and the overall funding strategy.	 Partially	Two-thirds of strategies (8/12)
Provides clear links between investment objectives and the council's strategic objectives.	 Yes	All strategies (12/12)
Identifies and coordinates investment requirements from across each service area.	 Partially	Half of strategies (6/12)
Provides clear links between individual projects and wider programmes.	 Limited progress	One-third of strategies (4/12)
Clearly outlines investment plans over a number of years, including contractually committed and uncommitted projects.	 Partially	About 60 per cent of strategies (7/12)
Provides an assessment of the various funding options available to the council and how these may be used.	 Partially	About 60 per cent of strategies (7/12)
Provides clear information on asset management activity and the overall condition of the council estate.	 Yes	Over 80 per cent of strategies (10/12)
Identifies opportunities for collaboration with other councils, public bodies and the private sector.	 Limited progress	Only a quarter of strategies (3/12)

Source: Audit Scotland








All councils have a capital plan in place although they need to develop them further

52. All councils have a capital plan in place. Two-thirds of capital plans cover between three and eight years, with the remaining ones covering ten years or more. Most plans outline annual capital programme and project costs for the period the plan covers but do not set out clearly changes in timing of capital spending between financial years. They do not provide details of slippage, or delays, between years and how this affects the delivery of the plan. Capital plans also do not outline the rationale for progressing major projects, the expected benefits of these or which projects are a council's priority ([Exhibit 8, page 26](#)).

Exhibit 8

Comparison of councils' capital investment plans against the 2013 good practice guide

Capital investment plans comply with some elements of good practice but councils need to develop them further.

Good practice criteria for a capital investment plan	Do capital investment plans comply with good practice?	
The rationale for all the main capital investment projects identified as priorities within the plan period, including the expected benefits and any options around the selection of projects.	 No	Seven out of 32 capital plans explain the rationale for prioritising projects. Only one plan provides expected benefits of these projects and none provides options for project selection.
Includes details of the planned annual project and programme costs.	 Yes	Most capital plans (29/32)
Details funding arrangements, including grant funding, borrowing, use of private finance.	 Yes	Most capital plans (30/32)
Details any shortfalls or surpluses in available funding and actions to address these.	 Yes	Most capital plans (30/32); councils also address this by linking their capital investment activity with treasury management functions.
Sets out clearly re-profiling of capital spending between years.	 Limited progress	Less than a quarter of capital plans (7/32)
Provides details of project or programme slippage between years and how this affects the delivery of the plan.	 Limited progress	Less than a quarter of capital plans (7/32)
Provides clear links between the overarching capital investment strategy and annual capital budget monitoring.	 Limited progress	Only five out of 12 capital plans ¹ (5/12)

Note: 1. Only 12 councils have a capital investment strategy in place ([paragraph 47](#)).

Source: Audit Scotland

53. It is important that the capital plans of the 20 councils that do not have a capital investment strategy in place demonstrate good practice features that a capital investment strategy would normally include. Two-thirds of capital plans do not demonstrate how councils expect planned capital investment to contribute to their strategic objectives. Three plans consider joint working and none provides clear information on asset management activity. These issues, especially a lack of clear links between councils' capital investment and their strategic objectives, are particularly concerning in the absence of a capital investment strategy. It is not clear how these councils demonstrate how planned capital investment is expected to contribute to delivering their strategic objectives.


54. Highland and Fife Councils both use scoring methodologies to prioritise planned capital investment and to demonstrate how it will contribute to achieving strategic priorities and outcomes. In Highland Council, the Capital Planning Officers Group scores each capital project against asset condition and performance, political priorities and financial implications. They attach a higher weighting to meeting the council's programme of priorities. Fife Council is planning to redevelop its scoring mechanism for 2016 to ensure it better takes into account qualitative factors such as expected benefits and risks.

55. All eight councils selected for detailed review have consulted with stakeholders, such as service users and suppliers, on their capital programme or individual projects, although this varies across councils. Some councils carry out formal consultations for higher-profile major capital projects, or for the overall capital programme. Consultations in other councils are more informal. Three councils are planning to improve how they consult with stakeholders. For example, East Ayrshire Council plans to prepare a communication plan at the start of each major capital project outlining how the council will communicate with the stakeholders it identifies. Angus Council will add capital investment to its existing budget consultation processes, and Fife Council is planning to expand consultation to non-school projects.

Councils have improved arrangements for management and monitoring of capital investment

56. Since the Accounts Commission published the 2013 report, four out of the eight councils selected for more detailed review have implemented revised structures to help them manage and monitor capital investment activity more effectively. This included establishing a dedicated team to manage capital investment, or appointing a lead officer to oversee and develop the monitoring framework. The remaining four councils already had a capital projects monitoring group or equivalent in place before the 2013 report.

57. In Angus Council the group's membership includes elected members, enhancing their ability to scrutinise capital investment programmes. The Policy and Budget Strategy Group (PBSG) and the Capital Projects Monitoring Group (CPMG) in Angus Council include seven and three elected members, respectively. The PBSG is responsible for setting the council's overall budget strategy. The CPMG is a sub-group of the PBSG and is responsible for overseeing delivery of the agreed capital programme. This means that elected members scrutinise both strategic and operational aspects of the council's capital investment.

58. The review of the eight councils identified that they were linking capital investment activity with their treasury management functions to ensure that cash is available when needed.¹³ This is in line with the findings of the Accounts Commission's *Borrowing and treasury management in councils [PDF]* , published in March 2015, and helps to ensure that capital plans are affordable and appropriately funded. All eight councils refer to capital investment activity within their treasury management strategies, and at least two have a single manager in charge of both areas to promote joined-up working.

Business cases for major capital projects identify expected benefits but councils do not routinely monitor them

59. In 2013 the Accounts Commission reported that councils had weak processes for developing and using business cases. All eight councils reviewed in detail have clear procedures for preparing outline and full business cases but they do not always apply them fully. The review found that the content of business cases is not consistent for all capital projects. Five out of eight councils do not routinely revisit and review business cases throughout projects and this limits their ability to identify benefits that individual projects have realised. Three of the eight councils are currently reviewing their practices for preparing business cases, including how they measure and monitor intended benefits.

60. The review of 13 major capital projects across the eight councils showed that most were based on sound business cases. In some councils business cases existed for the wider schools modernisation programme rather than for the individual projects. Twelve of the 13 business cases clarified timescales and project values, and clearly demonstrated how projects were expected to contribute to the councils' strategic priorities. The exception to this was Dundee City Council's Longhaugh Primary School, where the project was in the early stages of development and a detailed business case had yet to be prepared. The majority of projects had appropriate governance arrangements in place with roles and responsibilities clearly allocated.

Few councils are doing formal mid-term reviews of projects and post-project evaluations

61. Most councils do not carry out independent expert reviews of projects at key stages, known as gateway reviews. In contrast, South Lanarkshire Council has implemented a review process of the key stages of its long-term Primary Schools Modernisation Programme, which includes reviews of design, maintenance and servicing issues, contract management and community benefits. Similarly, the City of Edinburgh Council has established a council-wide Programme, Project and Change Management Community as an informal forum for officers involved in capital investment to share good practice and lessons learned. The community meets several times a year and any good practice or lessons learned are reflected in the council's approach to managing capital projects.

62. Councils do not routinely carry out post-project evaluations. They perform these on an ad hoc basis and their approaches can differ for individual projects. Councils are more likely to formally evaluate projects that ran into significant difficulties. For example, the City of Edinburgh Council completed a comprehensive post-project evaluation of phase one of its Water of Leith flood prevention project and used lessons learned in developing phase two of the project. It is important that councils evaluate all major capital projects on completion, not only the ones with one or more phases or those that did not go to plan. Failure to review projects can limit the ability of councils to identify areas of good practice, share lessons learned and monitor benefits that the investment activity realises.

Elected members are not receiving adequate information on capital investment

63. The 2013 report emphasised that elected members should be provided with regular, appropriate and accurate information to allow them to properly scrutinise councils' capital investment activity. The vast majority of councils currently provide elected members with capital monitoring reports that allow elected members to scrutinise total annual capital spending against budget. Most councils also provide capital spending on individual projects in the current financial year.

64. Councils often need to spend money on individual capital projects over a number of years. It is important for elected members to receive information on this cumulative capital spending. About a third of councils do not routinely provide information to elected members on cumulative spending against total capital budget on a project-by-project basis. There were varied views among the eight councils' elected members on the information they need for scrutinising capital investment effectively. Some felt that cumulative spending against total capital budget on a project-by-project basis should be reported to them. Others thought this information would be too detailed and they were content for the councils' officers to alert them to any issues as appropriate. There is a risk that not providing cumulative spending on a project-by-project basis limits the ability of elected members to scrutinise effectively the performance of the capital programme.

65. Some councils provide better information to elected members. For example, East Ayrshire Council presents cumulative capital spending on a project-by-project basis in its quarterly 'East Ayrshire Performs' report ([Appendix 2](#)). Members can also access annual spending information in supplementary papers to help them scrutinise capital investment. Similarly, Dundee City Council has recently revised the format of its capital monitoring report to ensure this reports total capital spending against total project budgets as well as project completion dates to elected members.

66. Officer-led project boards are primarily responsible for managing risks as councils see this as part of the operational management of capital projects. As a result, councils only provide limited information to elected members on project risks and overall capital programme risks. Elected members indicated that officers could alert them to significant risks earlier and, in some cases, also provide them with a better explanation of possible actions that could reduce the risks. Failing to provide information about significant risks to elected members does not allow them to oversee capital investment effectively.

67. Councils could do more to provide reports to members that clearly outline the benefits that individual projects realise. We found that, while business cases included expected benefits, these were not monitored or set out in the reports to members. Three out of the eight councils are currently developing performance measures to enhance how they evaluate their overall capital programme. Members of some councils indicated that they wished to be involved in shaping councils' capital programmes much earlier in the process.







68. Overall, councils need to improve scrutiny of capital investment. The Accounts Commission reported the same finding for councils' borrowing and treasury management in its March 2015 report. Like treasury management, capital investment is a complex and technical subject, and officers need to provide councillors with better information through clear, good-quality reports.

Councils provide elected members with a variety of training opportunities

69. Councils provide members with a variety of training opportunities on capital investment matters. They largely provide one-off training and are willing to organise further training if elected members ask but no council has a continuing programme of training in place on capital issues. A limited number of councils have recently provided training in response to the 2013 report and the recent Accounts Commission's report on borrowing and treasury management in councils.¹⁴ This included training on treasury management, capital finance and scrutiny training that highlighted elected members' responsibilities.

Endnotes



- ◀ 1 [Major capital investment in councils \[PDF\]](#) , Accounts Commission, March 2013.
- ◀ 2 The 2013 report used 2011/12 as the last year for the analysis of capital spending figures.
- ◀ 3 *Summary Statistics for Schools in Scotland*, Statistical Bulletin (Education Series), Scottish Government, February 2015.
- ◀ 4 2013/14 is the latest year for which information is available.
- ◀ 5 *Scottish Spending Review 2011 and Draft Budget 2012-13*, Scottish Government, September 2011.
- ◀ 6 *Local Government Funding: Draft Budget 2015-16 and provisional allocations to local authorities*, Financial Scrutiny Unit Briefing, November 2014.
- ◀ 7 [Police reform: Progress update 2013 \[PDF\]](#) , Audit Scotland, November 2013.
- ◀ 8 [Scottish Futures Trust's Aim](#) .
- ◀ 9 [An overview of local government in Scotland 2015 \[PDF\]](#) , Accounts Commission, March 2015.
- ◀ 10 *Building Better Schools: Investing in Scotland's Future*, Scottish Government, September 2009.
- ◀ 11 *Review of the Construction project for the Victoria and Albert Museum of Design*, John F. McClelland C.B.E., July 2015.
- ◀ 12 [ESA10: Classification of privately funded capital projects – Briefing paper \[PDF\]](#) , Audit Scotland, October 2015.
- ◀ 13 Treasury management includes managing cash to ensure enough is available to meet day-to-day expenses like paying salaries or electricity bills, and for building new assets, such as a new school, or improving existing ones, such as roads. It also involves ensuring that any temporary surplus cash is safely invested.
- ◀ 14 [Borrowing and treasury management in councils \[PDF\]](#) , Accounts Commission, March 2015.

Appendix 1

Councils selected for the targeted follow-up



We performed a more detailed evaluation of capital investment at a sample of eight councils.

Council	Capital spending between 2012/13 and 2014/15, at 2014/15 prices (£m)	Planned capital spending in 2015/16 as at October 2015 (£m)	Number and value of projects in progress at the council	Thirteen major capital projects selected for a business case review
 Angus	124.0	55.0	4 projects £62.8 million	Brechin Community Campus (£26.2 million)
 City of Edinburgh	794.7	201.2	11 projects £233.7 million	Water of Leith flood prevention scheme (phase 2) (£25 million)
 Dundee	248.3	75.1	7 projects £197 million	Harris Academy (£32.4 million) Longhaugh Primary School (£16 million)
 East Ayrshire	160.7	46.1	6 projects £135.2 million	Bellfield and Kirkstyle Primary School merger (£12.4 million) Knockroon Learning and Enterprise Campus (£63.5 million)

Cont.

Council	Capital spending between 2012/13 and 2014/15, at 2014/15 prices (£m)	Planned capital spending in 2015/16 as at October 2015 (£m)	Number and value of projects in progress at the council	Thirteen major capital projects selected for a business case review
 Fife	506.3	265.9	19 projects £482.2 million	Dunfermline Museum and Art Gallery (£12.7 million) Kirkcaldy East High School (£26.2 million)
 Highland	397.9	178.3	16 projects £285.1 million	Wick new Noss Primary School (£16.7 million) A862 Muir of Ord Railway Bridge (£5.4 million)
 Inverclyde	107.9	30.0	3 projects £23.1 million	St. Patrick's Primary School (£7 million) Ardgowan Primary School (£6.2 million)
 South Lanarkshire	472.4	143.0	4 projects £425.9 million	Halfmerke Primary School (£12.1 million)

Source: Audit Scotland

Appendix 2

Good practice examples in managing capital investment



The eight councils reviewed in detail displayed the following good practice in managing capital investment.

Area of managing capital investment	Good practice examples
Linking capital investment with councils' strategic objectives	Highland and Fife Councils both use scoring methodologies to prioritise planned capital investment and to demonstrate how it will contribute to achieving strategic priorities and outcomes. In Highland Council, the Capital Planning Officers Group scores each capital project against asset condition and performance, political priorities and financial implications. They attach a higher weighting to meeting the council's programme of priorities. Fife Council is planning to redevelop its scoring mechanism for 2016 to ensure it better takes into account qualitative factors such as expected benefits and risks. (Paragraph 54)
Membership of capital projects monitoring group	In Angus Council the group's membership includes elected members, enhancing elected members' ability to scrutinise capital investment programmes. The Policy and Budget Strategy Group (PBSG) and the Capital Projects Monitoring Group (CPMG) in Angus Council include seven and three elected members, respectively. The PBSG is responsible for setting the council's overall budget strategy. The CPMG is a sub-group of the PBSG and is responsible for overseeing delivery of the agreed capital programme. This means that elected members are involved in both strategic and operational aspects of the council's capital investment to help them scrutinise. (Paragraph 57)
Mid-term reviews of capital projects	South Lanarkshire Council has implemented review process of the key stages of its long-term Primary Schools Modernisation Programme, which includes reviews of design, maintenance and servicing issues, contract management and community benefits. (Paragraph 61)
Sharing good practice and lessons learned	The City of Edinburgh Council has established a council-wide Programme, Project and Change Management Community as an informal forum for officers involved in capital investment to share good practice and lessons learned. The community meets several times a year and any good practice or lessons learned are reflected in the council's approach to managing capital projects. (Paragraph 61)
Post-project evaluations	The City of Edinburgh Council completed a comprehensive post-project evaluation on phase one of its Water of Leith flood prevention project and used lessons learned to develop phase two of the project. (Paragraph 62)
Provision of good-quality information to elected members	East Ayrshire Council presents cumulative capital spending on a project-by-project basis in its quarterly 'East Ayrshire Performs' report. Members can also access annual spending information in supplementary papers to help them scrutinise capital investment (page 35) . Similarly, Dundee City Council has recently revised the format of its capital monitoring report to ensure that this reports total capital spending against total project budgets as well as project completion dates to elected members. (Paragraph 65)

Example of a good-quality capital monitoring report provided to elected members

East Ayrshire Council presents cumulative capital spending on a project-by-project basis in its quarterly 'East Ayrshire Performs' report. Members can also access annual spending information in supplementary papers to assist them with their scrutiny of capital investment.

The council's quarterly performance report provides performance information in a range of key areas, including finance. The range of information provided includes: current financial position, progress against expenditure reduction measures, performance against treasury indicators, progress of the capital programme, absence management rates, numbers of complaints received, health and safety issues, and risk management. Presenting the capital programme information with other performance themes gives wider operational context to members.

The report also advises members that additional supporting information is available on the Members' Portal, and that Depute Chief Executives and Heads of Service are available to discuss any aspect of performance. Additional information available on the Members' Portal includes:

- summarised revenue information by department
- capital programme monitoring report
- employee statistics
- health and safety performance report
- council performs: key statistics
- corporate risk register.

An executive summary provides an overview of all areas of performance. In respect of capital projects, this includes information on individual projects covering:

- the type of project and its purpose
- latest progress against the timetable and description of the recent stages
- reasons behind any delays
- the estimated financial impact of identified changes and variances
- any proposals for amendments to a project, together with the reasons for this
- funding sources for any additional costs
- any additional budget requests.

The executive summary ends with a list of recommendations for members. The list refers to individual paragraphs and asks members to note, agree and approve specific points and changes for the outlined projects. It also has contact details for the responsible council officer and a list of background papers.

The report then goes into more detail about individual projects, presented in a series of tables covering each of the council's main service areas. Cumulative spending and forecast spending for each project are shown against the approved budget, with delivery status indicated using colour coding to ease interpretation of performance.

The council's colour coding system uses the following classifications to highlight performance.



Significantly off target

+/- 2% or more budget, or £0.500m, whichever is less



Slightly off target

+/- 0.5% to 2% of budget, or £0.125m, whichever is less



Broadly on target

Within +/- 0.5% of budget

An example of how this information is presented is shown below.

Project	Budget allocation (£m)	Cumulative expenditure to date (£m)	Forecast expenditure (£m)	Current milestone	Delivery status
Project 1	5.000	0.075	5.000	Design	
Project 2	2.500	1.250	2.700	Development	
Project 3	1.500	0.033	1.500	Tender	
Project 4	10.250	10.200	10.250	Complete	
General Projects	4.422	2.850	2.850	N/A	N/A

Below each service table, the report provides further information on individual projects including:

- current stage of the project and main activities undertaken during the period
- anticipated works start and completion dates
- explanations for budget and time variances
- highlighted risks and planned responses
- early indications of changes that might be required
- estimated financial impact of the changes
- details of discussions with internal and external stakeholders
- description of upcoming work stages
- recommendations for members.

Appendix 3

Alternative funding methods



Councils are considering alternative funding methods to supplement direct funding of their capital projects, or as alternatives to established forms of Public Private Partnerships.

City Deal

Agreement between the Scottish Government, the UK Government and councils to stimulate the economy in Scottish cities and their regions. The UK and Scottish Governments provide specific capital grants to city regions over ten to 20 years for infrastructure and economic development projects. The councils borrow further funds to supplement government grants. In August 2014, the two governments agreed to provide £500 million funding each, over 20 years, to the Glasgow and Clyde Valley City Deal, the first deal of its kind in Scotland. Eight councils across Glasgow and Clyde Valley are expected to provide an additional £130 million to improve transport infrastructure and public transport, and provide new sites for housing and employment. Several other councils have submitted or are currently preparing bids for further City Deals, including the City of Edinburgh Council, Fife Council, Dundee City Council and Highland Council. The councils are mainly doing this in collaboration with their neighbouring authorities.

Growth Accelerator Model (GAM)

Similar to TIF, the GAM model involves public sector investment that promotes further private sector investment. This is expected to result in additional local tax income, which councils use to repay their borrowing. The GAM scheme attaches specific conditions to creating the circumstances for the private sector to invest, including job creation targets, training opportunities and a share of any private sector profits. GAM is currently available in Scotland's seven cities. An example is the St James Quarter in Edinburgh, with an estimated value when finished of approximately £850 million. Of this, City of Edinburgh Council is planning to invest about £61 million in enabling infrastructure, such as improvements to public transport, pavements and cycle facilities. It will also invest in building a sustainable energy centre that will provide power, heating and cooling to the new development.

Tax Incremental Financing (TIF)

A new financial model that combines public and private sector investment in local infrastructure to deliver economic growth. Councils use borrowing to fund investments in public infrastructure with the aim of attracting further private sector investment. As a result of this, councils are expected to receive higher local tax income which they use to repay their borrowing. Six councils are currently piloting TIF schemes in Scotland: Argyll & Bute, City of Edinburgh, Falkirk, Fife, Glasgow and North Lanarkshire. The councils are expected to borrow about £350m under this scheme to fund enabling infrastructure such as improvements to local roads and railway links.

UK Green Investment Bank (UKGIB)

UKGIB invests in environmentally friendly areas with the aim of attracting further private sector investment into green projects. In particular, it helps to fund new energy and waste infrastructure across the UK to achieve environmental targets, such as reducing the amount of waste sent to landfill. UKGIB investments in Scotland so far include Scottish wind farms, low-energy street lighting through the bank's green loans scheme, recycling and waste plants, and community renewables. Councils told us that the UK Green Investment Bank is currently not a popular choice for funding capital projects since interest rates on borrowing are usually higher than other sources of borrowing.

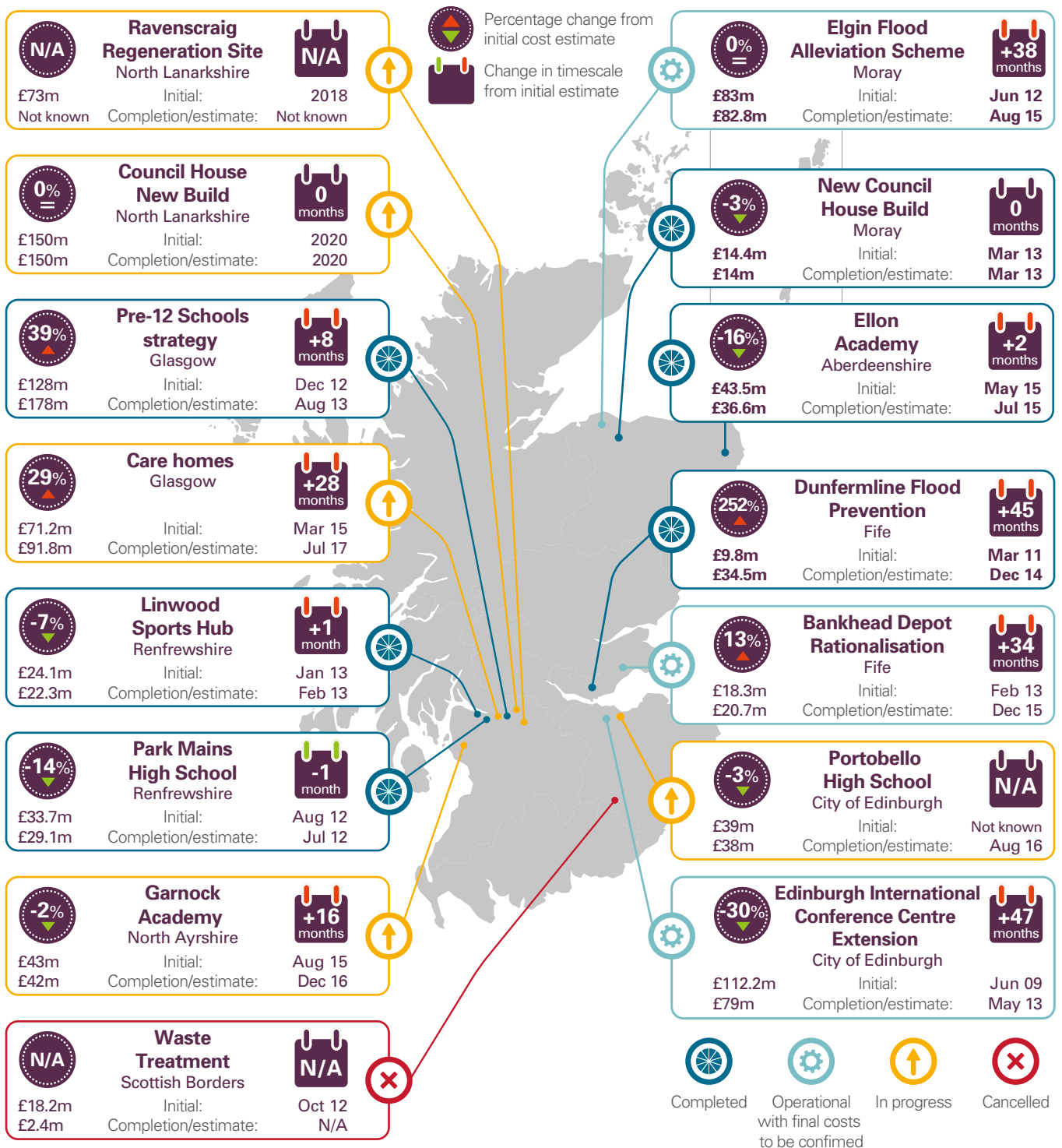


Appendix 4

Update on the 15 projects reviewed in the 2013 report



Of the 15 capital projects that were in progress at the time of the 2013 report, nine were complete, five were under way and one had been cancelled as at October 2015.



Reasons for overspends and delays:

Bankhead Depot Rationalisation

Fife Council revised the budget in February 2012 to take account of additional design works and extended the construction programme. The installation of a biomass boiler was subject to planning delays but this did not delay the use of the facility. The council is still to complete sub-metering that will detail energy use in different locations, a small element of the project with the estimated cost of £0.07 million.

Dunfermline Flood Prevention

Phase 1 was delayed significantly because of contractual disputes, and design and site supervision failures. The council terminated the contract in January 2014 due to problems with the contractor's performance and delays in project delivery. This led to additional costs and significant professional fees for recovering costs but any recovery from the design consultant will reduce the total completion cost ([Case study 1, page 19](#)).

Pre-12 Schools Strategy (Phase 4)

As reported in the 2013 report, the movements in cost were due to problems with identifying a site and with planning approval, changes to design requirements and unforeseen additional ground works. The council increased the budget to £178m in November 2012. Delays were mainly due to adverse weather, unforeseen ground conditions and additional structural works in one of the existing buildings. There were also delays in procurement and in agreeing changes to the project's scope.

Edinburgh International Conference Centre extension

The project was delayed significantly because the original contractor withdrew in 2007 and because the council reappraised the project's scope with a reduced budget of £84.6 million. The revised budget included £71 million for the main construction phase and £15 million for development costs and the lease of the land. The council delivered the construction phase at £64 million, £7 million under the revised budget.

Ravenscraig Regeneration Site

In September 2015 Ravenscraig Ltd, the joint venture company overseeing the development of the former Lanarkshire steelworks site, announced its intention to update the Ravenscraig regeneration plan. As a result, the town centre element of the original plan was temporarily put on hold. Between 2006 and 2015 Ravenscraig Ltd. invested over £200m in the project and is now working with North Lanarkshire Council to finalise a revised plan for the site.

Reason for project cancellation:

Waste Treatment facility

The Scottish Borders Council cancelled the project due to project-specific issues. In particular, the council failed to demonstrate the project's technical viability and was therefore unable to secure funding for the project. External auditors are satisfied that it followed appropriate procedures in relation to this decision.

Source: Audit Scotland's analysis of supporting documentation

Major capital investment in councils

Follow-up

This report is available in PDF and RTF formats,
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Accounts Commission ‘Major capital investment in councils follow up’ key recommendations – reminder of existing actions to address these

Accounts Commission key recommendation	Existing / planned actions that exist to address this
<p>Councils should develop and confirm long-term strategies to set out the needs and constraints for local capital investment and consult with stakeholders, such as service users and suppliers, as they develop these strategies. These should demonstrate to elected members and service users how planned capital investment will help achieve councils’ long-term strategic priorities as defined in corporate plans and Single Outcome Agreements (SOAs).</p>	<p>The Council has a ten year capital plan. This was rolled forward to the period 2019/20 to 2023/24 and approved by Council in February 2014. This was subsequently updated in January 2016. From 2019/20 onwards, with the exception of £7m of funding that remains unallocated pending a decision by Members as to where best to redistribute this, the capital plan was rolled forward on the basis of directing approximately £40m of capital expenditure per annum to the same priority areas as before.</p> <p>As part of the budget framework process, a list of unfunded capital priorities is collated to inform Members of likely future requirements. As part of the 2016/17 process, a list of unfunded capital priorities over the period 2016-2021, including an element of works across the Council estate was collated from each service Director and presented to Elected Members. A list totalling £142m was presented as part of the budget framework process which links to the Corporate Asset Strategy based on considering each priority using the standard assessment criteria (condition, sufficiency, suitability and affordability).</p> <p>The Corporate Asset Strategy, which sets out the Council’s approach to capital investment was presented and approved by Members in May 2015. The strategy identifies the capital investment needs in relation to the condition of the Council estate and service implementation plans. The strategy focuses on four key objectives: 1) meeting statutory obligations 2) aligning property priorities to service delivery outcomes 3) smaller and better quality estate 4) optimising asset performance.</p>
<p>Councils should ensure that they:</p>	<p>Requirements for outline and full business case information are set out within core project toolkit</p>

Accounts Commission key recommendation	Existing / planned actions that exist to address this
<ul style="list-style-type: none"> - prepare business cases that comply with good practice for every capital project - revisit and monitor business cases throughout every capital project - regularly carry out post-project evaluations to help establish whether planned benefits are realised and to identify good practice or lessons learned - consider how best to review projects at key stages, using independent experts as necessary, to help provide assurance about project progress and to identify any potential problems - are proactive in sharing lessons learned from projects, both, successful ones or those that ran into significant difficulties, 	<p>documentation produced by the Corporate Programmes Office (CPO – the function now transferred to the newly created Strategy and Insight Division). The most up to date version has incorporated feedback from Procurement, Finance and Service Areas.</p> <p>All major projects provide a status report to the CPO function on a bi monthly frequency. In addition to highlighting upcoming milestones the reporting framework provides visibility of all project milestones so that delivery of the project can be tracked against these. Furthermore, assurance reviews are agreed with the Project Sponsor early in delivery and will normally be aligned to key milestones.</p> <p>CPO and Finance undertake joint assurance reviews and the focus on project/programme budgets, actual spend/forecasts and benefits is strengthened through this joint working.</p> <p>Work has progressed on the monitoring of financials and particularly benefits with CPO and Finance working closely to ensure projects deliver the benefits stated within their business cases. Post project/programme reviews (that focus on realisation of benefits) are now undertaken within a year of formal project/programme closure.</p> <p>Project close reviews are now undertaken for all major projects and include a review of lessons learned. Lessons learned reports are available to other projects and the CPO and Project, Programme and Change Community promote the availability of these.</p>

Accounts Commission key recommendation	Existing / planned actions that exist to address this
<p>within the organisation and with other councils.</p>	
<p>Councils should ensure that they provide elected members with regular, appropriate and accurate information to allow them to scrutinise properly capital investment activity. Council's should ensure that they develop their capital monitoring to include:</p> <ul style="list-style-type: none"> - cumulative spending against total capital budget and the progress of each significant project against its key milestones - reasons for and consequences of slippage, or delays, of capital projects and any changes in the timing of capital spending - clear outlines of the benefits that individual projects have realised, and how these 	<p>The Corporate Programmes Office (CPO) continues to report on all major projects (which include capital projects) to Council Leadership Team (bi-monthly), Finance and Resources Committee (quarterly) and Governance, Risk and Best Value Committee (six monthly). Financials, performance, risk, governance and benefits are key areas reported. Reporting to Governance, Risk and Best Value Committee is provided to strengthen transparency and accountability and enable effective scrutiny.</p> <p>Work has progressed on the monitoring of financials and particularly benefits with CPO and Finance working closely to ensure projects deliver the benefits stated within their business cases. Post project/programme reviews (that focus on realisation of benefits) are now undertaken within a year of formal project/programme closure.</p> <p>Slippage and the reasons for it are reported as part of Capital Monitoring report presented to Finance and Resources and Governance, Risk and Best Value Committee. This includes categorising the slippage by type.</p> <p>Future planned actions are for the Capital Monitoring report to incorporate information on the cumulative spending against total capital budget and estimated completion dates for each of the Council's major capital projects (total spend of £5m and greater).</p>

Accounts Commission key recommendation	Existing / planned actions that exist to address this
<p>compare with the expected benefits outlined in business cases</p> <ul style="list-style-type: none"> - updates of the risks associated with capital projects and programmes, including their financial and non-financial implications 	
<p>Councils should provide elected members with regular training on capital investment to enable them to scrutinise effectively capital investment activity.</p>	<p>As part of the ongoing programme of training provided for elected members, training on understanding financial statements is provided which includes some coverage of capital issues. Additional informal or ‘ad hoc’ training is provided on specific capital-related issues upon request.</p> <p>Councillor briefings on Treasury Management and the capital investment programme were offered to Members in August 2015.</p> <p>A presentation on the capital investment programme and how it is funded was delivered to Members of the Finance and Resources and Governance, Risk and Best Value Committees in September 2015.</p>