

Finance and Resources Committee

10.00am, Thursday, 21 September 2023

Asset Management Works Programme 2022/23 Update

Executive/routine
Wards

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All

1. Recommendations

- 1.1 That the Finance and Resource Committee note the completion of the five-year Asset Management Works (AMW) programme and delivery of objectives including the overall improved condition of the Council's operational buildings and the full spend of allocated budget.

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Asset Management Works Programme 2022/23 Update

2. Executive Summary

- 2.1 This report provides an overview of works carried out under the Asset Management Works (AMW) Programme during 2022/23. The initial five-year period for the AMW Programme ended in March 2023 with the original budget fully committed. The report also details condition improvements delivered during the five-year programme. The need for asset improvements remains an ongoing requirement of operating a large property estate.
- 2.2 Since 2018 when the programme commenced, new national targets for net zero across the public sector estate have been introduced by the Scottish Government and the Council have set ambitious net zero targets for Edinburgh. The report provides a brief overview of current net zero activities in the Council's operational estate and outlines requirements to align works to improve condition with net zero objectives.

3. Background

- 3.1 In January 2018, the Finance and Resource Committee considered a report detailing the [Outcome of Property Condition Surveys](#). The report highlighted the underinvestment in the Council's operational property estate over the previous two decades which had resulted in poor building condition and significant levels of backlog maintenance. This presented challenges in both the operation of Council buildings and increased health and safety risks. The report sought an increased capital budget allocation to invest in the improvement of condition of Council buildings as well as increased revenue budget to deliver a planned preventative maintenance programme.
- 3.2 In March 2018, Finance and Resource Committee received a [report](#) detailing the Council's approach to an expanded programme of AMW and the switch to planned preventative maintenance regime.
- 3.3 A five-year £118.9m AMW Programme was established to upgrade operational property condition. This programme was designed to first stabilise, and then upgrade the condition of the Council's operational estate to a safe and satisfactory condition and to address the backlog of maintenance issues.

3.4 Understanding the condition of assets is an essential component of keeping buildings safe and operable. Properties are surveyed on a five-year cycle to monitor condition and identify any required investment. The gathering and analysis of property data (such as any reactive maintenance call outs or surveys undertaken) helps inform this process. The Council follows the Scottish Government’s [The Condition Core Fact](#) guidance in the preparation of condition surveys.

4. Main report

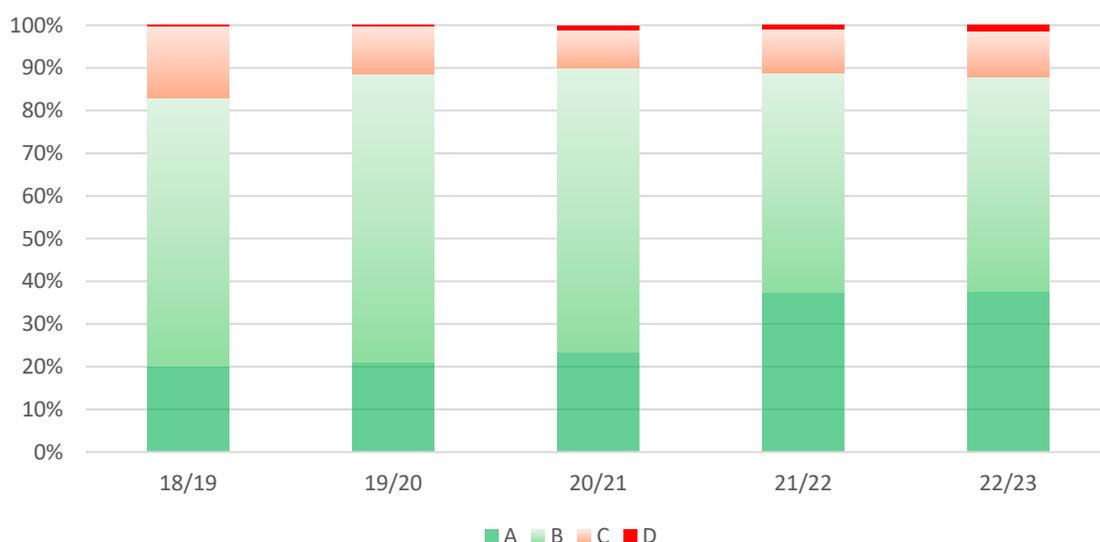
Asset Condition Improvement - 5 Year Programme

4.1 In line with The Condition Core Fact guidance, property condition is defined as follows:

Rating	Category	Description
A	Good	performing well and operating efficiently
B	Satisfactory	performing adequately but showing minor deterioration
C	Bad	showing major defects and/or not operating adequately
D	Bad	economic life expired and/or risk of failure

4.2 The outputs from condition surveys informed prioritisation, risk-based AMW planning and are the predominant consideration in scheduling AMW.

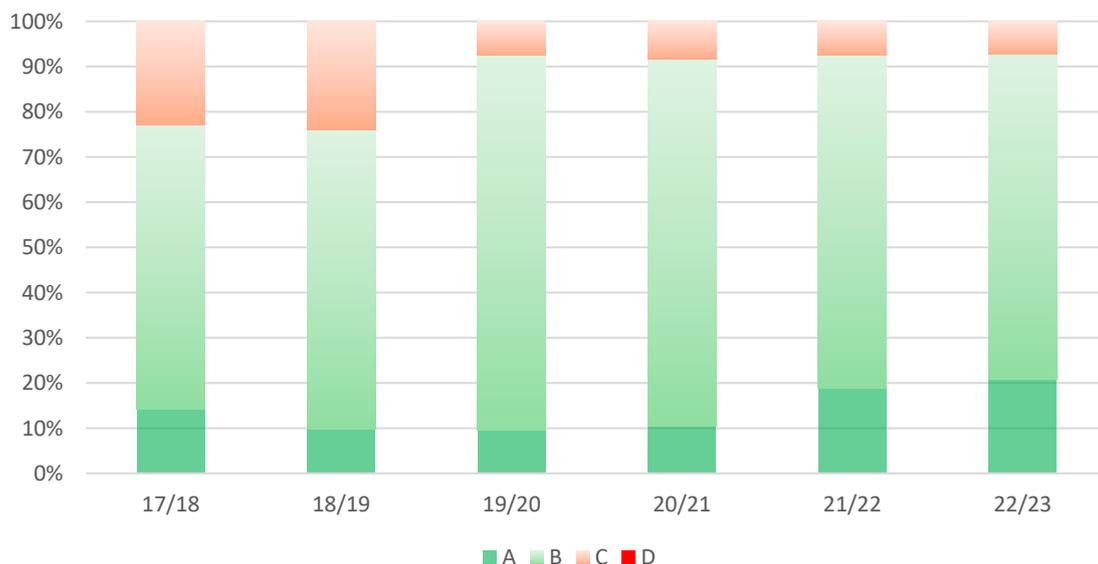
Graph 1 - Building Condition of Operatoinal Estate



4.3 Graph 1 outlines the recorded condition of the Council’s operational estate as a percentage of the estate for the last five years. In 2022/23, 88% of the buildings in Council’s estate were either classed in A or B condition. This is an improvement of 5% since 2018/19 where 83% of the estate was classed in A or B condition.

4.4 There has been a reduction in buildings in C condition. The majority of buildings in D condition are depots which are currently subject to the Depot Strategy. There are also a number of depots in C condition along with a few community centres with decisions on future investment to be considered as part of the [community centre strategy](#).

Graph 2 - Building Condition of School Estate - CEC Operated



4.5 The learning estate has been a key focus of the AMW Programme. Graph 2 presents the significant improvement in condition realised across the Council Operated (i.e., non-PFI/DBFM) school estate. This can predominantly be attributed to investment through AMW and through the replacement of buildings as part of the capital investment programme.

2022/23 AMW Programme Update

4.6 The ‘Top 10’ substantially completed projects in 2022/23 are detailed below:

Order of Spend	Property
1	Wester Hailes Education Centre
2	Balerno High School
3	Trinity Primary School
4	Gracemount Primary School Phase 2
5	Benmore Outdoor Centre
6	Kirkliston Primary School
7	Dalmeny Primary School

8	Holycross Primary School
9	James Gillespie's Primary School
10	Parsons Green Primary School

4.7 Upgrades to building fabric remained the predominant focus in 2022/23. More detail of the works carried out in the five-year programme can be found in Appendix 1 with additional detail on historic years detailed in previous reports (see section 10 of this report). Photos from both 2022/23 projects as well as select photos from the five-year programme can be found in Appendix 3.

4.8 Larger refurbishment projects, such as those carried out at the City Chambers or Wester Hailes Education Centre run over more than one financial year.

Looking Ahead to 2023/24 AMW Programme

4.9 There are more than 20 projects currently in delivery in the 2023/24 programme. The 'Top 10' buildings programmed for investment are detailed below:

Order of Spend	Property
1	Gylemuir Primary School
2	Central Library
3	City Chambers
4	Parson's Green Primary School
5	Portobello Swim Centre
6	Flora Stevenson Primary School
7	Granton Primary School
8	Clovenstone Primary School
9	Nelson Monument
10	Balgreen Nursery School

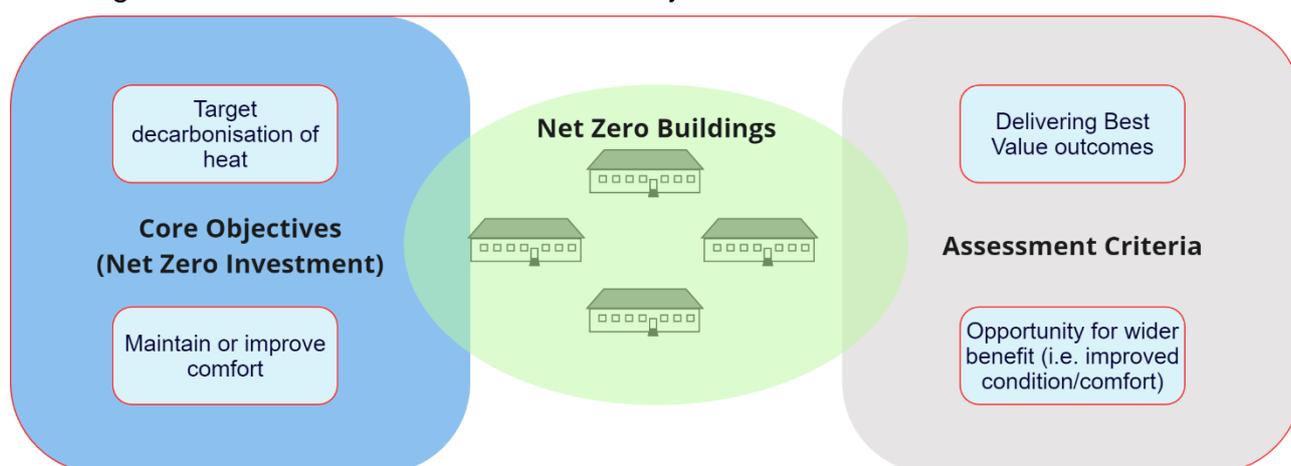
Aligning Future AMW with Net Zero Aspirations

4.10 As outlined within the Council's [Corporate Property Strategy](#), net zero must inform future decision making about Council assets. Supported by retrofit pilot work, such as through the [Council's retrofit programme](#), strategies are being developed to ensure that net zero is aligned with established processes that deliver lifecycle condition improvements of the Council's estate. Realigning investment strategies in

this way is not without challenge. There are technical, practical, and financial difficulties that need to be overcome to continue the drive to decarbonise the Council's operational estate. Cost increases across the construction sector have added to the challenge.

- 4.11 Figure 1 provides a simplified representation of strategy regarding decarbonisation of an asset. The core objective is to target decarbonisation of heat whilst maintaining levels of comfort. The technical and practical approach to achieving this will be informed by opportunity (for example, where plant or fabric is near end of life and requires replacement). Given the large financial investment required to decarbonise the estate, Best Value consideration will be critical and includes the assessment of capital investment required against revenue considerations such as energy/carbon costs.
- 4.12 Whilst there may be some limited opportunity for spend to save investment, it is important to emphasise that Best Value will be assessed in a counterfactual context against alternate options/scenarios for delivery of net zero in a building.

Figure 1: Net Zero Investment – Core Objectives



AMW and Corporate Property Strategy

- 4.13 The aim of the Council's [Corporate Property Strategy](#) is to deliver a more efficient, affordable and accessible estate that contributes to the Council's zero carbon goal. In support of this aim, there are ongoing wider service led reviews including the Community Centre Strategy and the Depot Strategy. Along with net zero, the main themes of the Corporate Property Strategy include Live Well Locally and Our Future Work. The AMW programme will align with these wider strategies.

5. Next Steps

- 5.1 Preparation for 2023/24 works is complete and new projects are fully committed with commissions in place. There will be future pressure placed on AMW as the Council seeks to deliver on core net zero objectives. More detailed consideration

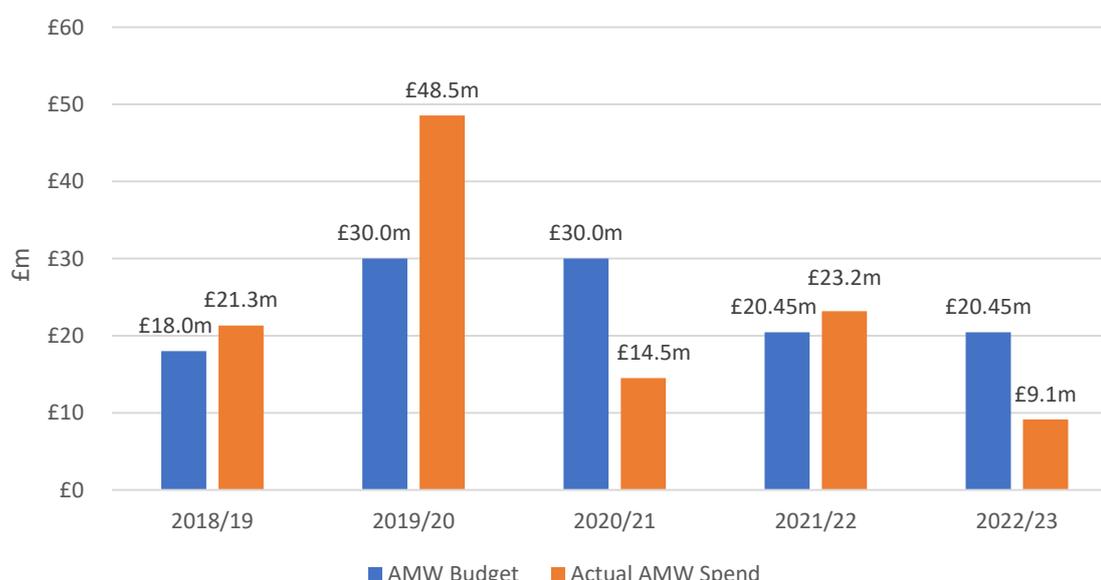
into the extent of works is required to ensure that the opportunity to support net zero is taken. This inevitably will lead to higher costs as the specification sought increases (such as through increased levels of insulation).

- 5.2 The requirement to convert gas boilers with alternative heat sources adds complexity to decision making and will increase the time and disruption associated with the delivery of AMW.
- 5.3 Future EnerPHit works will support the net zero learnings within the Council. As the Council builds knowledge and expertise, it is important that it remains flexible in approach so that decision making is led by the criteria outlined in figure 1.
- 5.4 The condition of buildings and the delivery of net zero are enablers of a wider aims as outlined in the Corporate Property Strategy.

6. Financial impact

- 6.1 The 5-year asset management programme cost profile is detailed in Graph 3 below. This cost profile is based on the AMW Programme actual spend against the original AMW Programme 'baseline' budget figures approved by Committee in February 2018.
- 6.2 The purpose of the cost profile is to demonstrate the percentage of the yearly AMW Programme budget spend against the Committee approved budget and no account has been taken of slippage/acceleration from previous years or additional funding received from other sources (i.e. grant funding).

Graph 3 - Approved AMW Budget vs Actual Spend



- 6.3 In total, a budget of £118.9M was allocated for the five-year programme of condition-based improvements. £8m of funding was transferred as a contribution toward condition improvements as part of larger capital investment projects. This left a budget of £110.9M for the AMW programme. Total expenditure through the 5-Finance and Resources Committee – 21 September 2023

year programme (excluding monies transferred) was £116.9M. The £6m overspend is made up of slippage from previous years and an acceleration in programming of projects from scheduled for future years.

- 6.4 The AMW programme includes capital spend in Edinburgh Leisure buildings. In total, £7.6m of the 5-year AMW budget has been invested in Edinburgh Leisure buildings. There is an ongoing requirement to provide capital support to Edinburgh Leisure which is reflected in the £5m allocation in the 2023/24 programme towards the refurbishment of the Portobello swim centre.
- 6.5 The cost of delivering works has increased significantly over the last few years due to the impact of COVID on global supply chains and an associated rise in the cost of construction materials. This pattern has continued with wider global events, such as the war in Ukraine, contributing to increases. This has resulted in the increased cost of delivery of AMW.
- 6.6 The delivery of net zero represents a significant financial challenge to the Council. The scope and levels of specification of AMW are being expanded to align with net zero objectives. Whilst this is informed by Best Value decision making, the consequence is that works may cost significantly more which will further pressure existing budgets.
- 6.7 AMW are undergoing a period of transition as the processes for assessing and programming works evolve to accommodate net zero objectives. The introduction of decarbonisation of heating plant and measures to improve energy efficiency add complexity to design decisions which result in longer lead in times for design development and subsequent impacts on works programmes. There is a need to consider the impact of changes to the building fabric and the corresponding impact on the building physics to ensure comfort is maintained. Simple steps, such as increasing insulation, may lead to increased summer overheating if not properly considered. As a result of these changes, there will be an impact on the scheduling of works as well as on the practicalities of delivery as the construction phase of works lengthens. Work is underway to remodelling the works pipeline but it will take time for the Council to adapt which may impact on the phasing of future spend.

7. Equality and Poverty Impact

- 7.1 The AMW Programme is informed by condition assessments which are objectively produced in line with technical guidelines. The works are carried out to ensure building users are not adversely impacted.

8. Climate and Nature Emergency Implications

- 8.1 The asset management programme is focussed on extending the effective life of buildings through condition improvements, which has a consequential benefit on the carbon footprint of the Council.

- 8.2 Asset management improvements also increase the efficiency of Council buildings and reduce direct emissions. The alignment with net zero will further increase the sustainability and emissions reduction benefits for the Council. The decarbonisation of the Council's estate is a key aspect of the Council's Emissions Reduction Plan (CERP) and the city-wide Climate Strategy

Environmental Impacts

- 8.3 The decarbonisation of heat will help reduce greenhouse gas emissions and improve local air quality in Edinburgh. The Council has been proactive in reviewing the impact of embodied carbon and associated environmental impact and knowledge on this will feed into decision making on material selection. Whilst most AMW focus on the building fabric, where appropriate, consideration will be given to the wider environmental impacts such as biodiversity.

9. Risk, policy, compliance, governance and community impact

- 9.1 The AMW Programme, together with the Council's Planned Preventative Maintenance (PPM) Programme, has and will continue to significantly reduce the risk profile associated with operational estate asset condition, that has been and continues to be one of the Council's top risks.
- 9.2 Besides the improvements in asset condition, the AMW Programme, especially with the embedding of net zero works in the programme, has other associated benefits which will ultimately benefit affected stakeholders and local communities, such as:
- Improved environment and ambience for building users;
 - Improved asset resilience and future proofing of asset condition;
 - Reduction in health and safety incidents; and
 - Reduction in the risk of unplanned closures of operational buildings.
- 9.3 Following the programme works delivery, the users and occupiers of the buildings will benefit with buildings of improved comfort, of better resilience and which are more energy efficient with lower heating loads.
- 9.4 Where the programme has displaced and affected community users such as community activities taking place out with school hours, the project delivery teams continue to liaise with the School Lets team to offer alternative venues where possible. The provision of breakfast clubs and after school care has been safeguarded to protect continuity of provision.
- 9.5 As the scope of works expand to accommodate retrofit works, increased engagement with the building users and contractors will be required to minimise disruption.

10. Background reading/external references

- 10.1 [Outcome of Property Condition Surveys](#) - 23 January 2018, Finance and Resources.
- 10.2 [Property Condition Project- Delivery Programme](#) - 27 March 2018, Finance and Resources.
- 10.3 [Asset Management Works Programme- 2018/19 Update](#) - 23 May 2019, Finance and Resources Committee.
- 10.4 [Asset Management Works Programme- 2019/20 Update](#) - 5 March 2020, Finance and Resources Committee.
- 10.5 [Asset Management Works Programme 2020-21 Update](#) - 12 August 2021, Finance and Resources Committee.
- 10.6 [Asset Management Works Programme – 2021/22 Update](#) – 10 November 2022, Finance and Resources Committee.
- 10.7 [Corporate Property Strategy](#) – 22 August 2023, Policy and Sustainability Committee.

11. Appendices

- 11.1 Appendix 1 – Top 40 AMW Projects 2018/19 – 2022/23.
- 11.2 Appendix 2 – 2023/2024 AMW Programme – Top Ten Detail.
- 11.3 Appendix 3 – Photos from AMW Programme 2018/19 – 2022/23.

Appendix 1 – Top 40 AMW Projects 2018/19 – 2022/23

Property	Description of Works	Total (£)
Balerno Community High School	Condition upgrade comprising roofing, ceilings, pool windows, courtyard doors, 1st floor toilets & changing, DHW, distribution boards, fire detection system, kitchen upgrade, demolition of SSO house, externals & décor.	4,254,373
Warrender Park Swim Centre	Upgrade Condition A/B	2,725,291
Dean Park Primary School	Condition upgrade comprising improvements to mechanical & electrical installation, roofing, windows, new switchgear, Gym Hall Floor, new ceilings.	2,696,860
Estate Wide Improvements	New kitchen installations to Leith, Wardie, Ferryhill, Duddingston & Trinity Primary Schools.	2,644,985
Murrayburn Primary School	Condition upgrade comprising roof, stonework, toilets, electric, doors, ceilings, and decoration.	2,583,636
Queensferry Primary School	Condition upgrade comprising roofing, stonework, toilets, doors, electrics, rooflights, kitchen and decoration.	2,477,332
Balgreen Primary & Nursery	Condition upgrade comprising roof, windows, mechanical & electrical installation, water quality, externals, and decoration.	2,396,920
Central Library	Condition upgrade comprising roofing, stonework, windows, toilets, Lift, mechanical & electrical installation, structural improvements, new dry riser and decoration.	2,370,600
City Chambers	Condition upgrade comprising roofing, fire system, stonework, windows, toilets, air conditioning systems, lighting, kitchen, downpipes & decoration.	2,364,633
Leith Victoria Swim Centre	Upgrade to Condition A/B	2,335,711
Echline Primary School	Condition upgrade comprising ceilings, roofing, drainage, boundary wall, mechanical &	2,309,794

	electrical improvements, and decoration.	
Craigentinny Primary School	Condition upgrade comprising roofing, windows & doors, toilets, mechanical & electrical improvements, CCTV system, fencing, ceilings and decoration.	2,156,592
Benmore Outdoor Centre	Condition Upgrade comprising internal and external fabric upgrade	2,081,756
Trinity Primary School	Condition upgrade comprising mechanical & electrical improvements, toilets, boundary wall, roofing, gym hall screen, windows, and decoration.	2,057,877
Leith Academy	Condition upgrade comprising window improvements, mechanical & electrical improvements, lighting rewire, fire alarm detection and decoration.	1,998,873
Clermiston Primary School	Condition upgrade comprising roofing, windows, toilets internal & external fabric and decoration.	1,969,454
Gracemount Primary School	Condition upgrade comprising roofing, toilets, internal & external fabric, external areas, fencing and decoration.	1,936,114
Liberton High School	Condition upgrade comprising full mechanical & electrical installation, toilets, internal fabric, and decoration.	1,917,691
Duddingston Primary School	Condition upgrade comprising roofing, windows & doors, mechanical & electrical installation, DHW, ceilings, external areas, and decoration.	1,874,434
St Mary's (Leith) Primary School	Condition upgrade comprising, roofing, windows, stonework, staff toilets, mechanical & electrical improvements, ceilings, internal fabric and decoration.	1,853,169
Broughton Primary School	Condition upgrade comprising new fire alarm system, small power & lighting, pool drainage & decoration.	1,815,314
Craiglockhart Primary School	Condition upgrade comprising, mechanical & electrical improvements, windows, concrete hardstanding & decoration.	1,729,608

Usher Hall	Condition upgrade comprising new boiler, air handling units, chillers & fire detection improvements.	1,676,838
Liberton Primary School & Nursery School	Condition upgrade comprising roofing, windows, toilets, mechanical & electrical installation, lighting, ceilings, externals and decoration.	1,663,177
Wardie Primary School	Condition upgrade comprising mechanical & electrical installation, roofing, stonework, internal fabric and decoration.	1,613,745
Royal High Primary School	Condition upgrade comprising roofing, windows, stonework, toilets (inc. external decommissioning) and Roof, Windows, Masonry, Toilets (inc. external decommission), ceilings and decoration.	1,597,744
Roseburn Primary School	Condition upgrade comprising smoke detection system, roofing, windows, heating, toilets, stonework, externals, and decoration.	1,589,897
Royal Mile Primary School	Condition upgrade comprising new heating, windows, stonework, externals, and decoration.	1,426,776
Fox Covert Primary School & St Andrews Primary School	Condition upgrade comprising, roofing, rooflights, electrical improvements, windows, doors, boundary fence and decoration.	1,419,360
Gilmerton Primary School	Condition upgrade comprising, roofing, windows, mechanical & electrical installation improvements, toilets, and decoration.	1,399,951
St Ninians Primary School	Condition upgrade comprising new heating, stonework, rewire and decoration.	1,312,286
Tollcross Primary School	Replace metal casement & southwest casement windows & ceiling works.	1,238,207
Kirkliston Primary School	Condition upgrade comprising roofing, windows, toilets, mechanical & electrical installation, ceilings, externals, and decoration.	1,165,342
South Morningside Primary School	Condition upgrade comprising windows, mechanical & electrical	1,134,817

	installation, ceilings, externals, and decoration.	
Bruntsfield Primary School	Condition upgrade comprising roofing, rewire, windows, kitchen ventilation, ceilings, and decoration.	1,130,641
Ratho Primary School	Condition upgrade comprising toilets, electrical rewire, kitchen improvements, external works, and decoration.	1,114,542
Dalmeny Primary School	Condition upgrade comprising roofing, mechanical & electrical improvements, internal & external doors, toilets, and decoration.	1,078,833
Granton Primary School	Condition upgrade comprising roofing, windows, mechanical & electrical installation, ceilings, external works, and decoration.	1,054,904
Towerbank Primary School	Condition upgrade comprising windows, access improvements, electrical installation improvements, ceilings, external works, and decoration.	1,034,888
Lagganlia Outdoor Centre	Condition improvements comprising roofing, internal & external fabric improvements to main building. External fabric to Anderson Lodge. Mechanical & electrical improvements to support unit. Removal of remaining asbestos. Decoration.	1,030,680

Appendix 2 – 2023/2024 AMW Programme – Top Ten Detail

Property	Works Description	Budget
Gylemuir Primary School	Condition upgrade comprising energy efficient windows, heating, toilets, electric, low energy lighting, ceilings and decoration.	3,200,000
Longstone Primary School	Condition upgrade comprising roofing with improved insulation, heating, windows, electrics, windows & doors, security and decoration.	2,700,000
Parson's Green Primary School	Condition upgrade comprising roofing with improved insulation, heating & windows, lighting, ceilings, staff toilets & decoration.	2,700,000
Clovenstone Primary School	Condition upgrade comprising roofing with improved insulation, toilets and external doors.	1,055,000
City Chambers	Heating alterations & asbestos Removal	710,000
Leith Academy	Window improvements, calorifiers, electrical distribution board, lighting rewire, fire alarm detection system & decoration.	700,000
St Mark's Primary School	Condition upgrade comprising ceilings, sanitary upgrade and decoration	520,000
Nether Currie Primary School	Ceiling & sanitary upgrade	500,000
Nelson Monument	Upgrade fabric & timeball	450000
Balgreen Nursery School	Roof & electrical distribution board replacement	420,000

Appendix 3 – Photos from AMW Programme 2018/19 – 2022/23

Balerno High School Sample Before/After Photos – Curtain Wall, Toilets, Kitchen





Warrendar Park Swim Centre – Major Refurbishment



Dalmeny Primary School Sample Photos – Roof Works



Trinity Primary School Sample Photos – Gym Hall



Ferryhill Primary School Sample Photos - Kitchen



North Merchiston Cemetery – Boundary Wall

