



Glasgow City Region Cabinet

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West Dunbartonshire – Exxon Scope, Cost and Programme Change Control Request

Purpose of Report:

The report sets out a proposed Change Control Request relating to a change in scope for the West Dunbartonshire Exxon Transport Infrastructure and Platform Development Project (the Project).

Recommendations

The Cabinet is invited to:

- a) Note the contents of this report.
- b) Approve the change to scope as set out within the report.
- c) Note the proposed strategy to accelerate the promotion of the site to achieve the overall City Deal objectives.
- d) Note that West Dunbartonshire Council (WDC) will underwrite the cost increase of £2.605M

1. Purpose

- 1.1 The report sets out a proposed Change Control Request relating to a change in scope for the West Dunbartonshire Exxon Transport Infrastructure and Platform Development project (the Project).

2. Background

- 2.1 The Outline Business Case (OBC) for the Exxon Project was approved by Glasgow City Region Cabinet on 11th April 2017 with an approved budget of £27.897M and the Council's 14% contribution commitment equating to £3.906M for development and delivery. The Augmented OBC, which was submitted to City Deal Cabinet for consideration, had a higher overall project cost of £34.05M with WDC contributing an additional £6.153M of funding to meet the higher cost.
- 2.2 The Final Business Case (FBC) for the Exxon Project was approved on 27 July 2023. The market tested total project cost presented in this FBC is £44.324M. WDC agreed to underwrite the additional costs, making the total Council contribution at that stage £20.334M.
- 2.3 The Exxon Project involved the remediation of the 19.1 Hectares of land previously used as an oil terminal, which was derelict for over 37 years. The remediation work which carried out by Esso was delayed by the Covid pandemic, first by 6 months followed by multiple Covid shutdowns of site once contractors were on site. This challenged the site constraints (high water table due to the closeness of the River Clyde and near proximity to the Network Rail line where extensive excavations were required). Unexpected extents of contamination and challenging winter weather delayed the site remediation by a further 10 months. This had a direct effect on the completion of remediation works and site handover to the Council to allow construction start. This delay directly affected the Exxon programme and cost.
- 2.4 The Exxon project has a significant utility diversion element. The cost estimates of the works at the C3 stage in 2020 were increased from £1.2M to £2.84M for the C4 stage by late 2023/24. This is partially due to the level of detailed assessment, but also increased level of inflation within the duration of the 3 year period since initial C3 and C4 estimate.
- 2.5 The project cost re-evaluation from the FBC stage, June 2023 to October 2024 by our Framework Contractor and additional cost rises as described above, following the cost review at September 2024 pushed the overall project costs from £ 44.324M to £50.2M, prompting the Council to review other options as described below.

3. Change of Scope

- 3.1 The approved Project Scope at the FBC Stage (June 2023) contains two accesses to the site: from the west, the Western Junction Improvement and new Western Railway Underpass; and from the east, the Dunglass Roundabout improvement and Eastern Railway Bridge deck replacement.
- 3.2 The two access points are connected by a spine road which serves as an access road to the future platforms and as a relief road to the A82. An eastern service road was also included to allow access to the eastern development platform. The above road infrastructure is extended with suitable pedestrian and cycle path provisions and the improvement of the NC7 also incorporated into the design. As part of the deliverables the transport infrastructure was complemented by three development platforms (the western, central, and eastern platforms).

- 3.3 The significant cost increase described in Section 2 prompted a cost options review to keep the project affordable and delivering on the key funding requirements.
- 3.4 As a result of the options review, the Project Board recommended that the Council consider a reduced scope (Option B2) removing the construction of the eastern and western development platforms, hence only keeping the central development platform. This reduces the City Deal funded enabling infrastructure output to one Development Platform with the remaining two Development Platforms now intended to be delivered through follow-on outcomes paid for by private sector investment. This change was agreed by WDC Elected Members on the 30th of October 2024.

4. Affordability

- 4.1 Despite the scope reduction, the current cost has increased. The revised cost for the chosen Option B2 is £46.93M. It was agreed by WDC Elected Members at the 30 October 2024 Council Meeting that WDC would provide an additional £2.605M to cover this cost. The Council remains committed to achieving the full scope of the project and has agreed to bring forward the marketing to help attract developers for the Eastern and Western sites.

5. Impact on Programme

- 5.1 In the last approved Change Control Request 240405_WDC_06 the Council has reported that the Esso Site Remediation was expected to be completed in July 2023 with construction commencing thereafter. The Third-Party remediation contractor reported further delays due to discovering new pockets of contamination which had a direct negative impact on our construction programme. The site remediation of the Esso site is now successfully completed, and the land transfer was completed on the 10th January 2025.
- 5.2 The current programmed construction start date has moved from August 2024 to January 2025 (+5 months) with the Construction End date moved from December 2025 to October 2027 (+22 months). Transport infrastructure projects are usually linear projects and due to the Network Rail constraints when disruptive possessions can be taken, the scope reduction will not directly translate to significant programme savings. The main construction started on 27th January 2025.

6. Economic Benefits

- 6.1 The Original Scope at FBC Stage had economic benefits of £520.8m GVA and a Benefit Cost Ratio (BCR) of 11:1. The reduced scope (Option B2) has a £331.4m GVA and 7.5:1 BCR, demonstrating that the project is still delivering a high value for money. Table 1 is a summary outline of economic information for the changed scope.
- 6.2 The central development platform is proposed to be Business (Class4) development; No.3 buildings at 2,620m² (2-storey buildings - 1,310m² per floor) TOTAL: 7,860m² with a standalone £244.6m GVA. Further breakdown on the development platforms and floorspaces can be seen in Table 2 and 3.

Table 1 Economic Summary

Category	Output Reference	Benefit	Geographic Level	Value By 2035	Value Over 25 Years
Employment (outcome)	EMP_01	Gross Construction PYE by 2035	Glasgow City Region	600	-
	EMP_02	Net Additional Construction PYE by 2035	Glasgow City Region	515	-
	EMP_03	Gross Operational FTEs by 2035	Glasgow City Region	460	-
	EMP_04	Net Additional Operational FTEs by 2035	Glasgow City Region	276	-
GVA	GVA_GCR_01	Net Additional GVA by 2035 (£m)	Glasgow City Region	£185.4m	-
	GVA_GCR_02	Net Additional GVA over 25 year period (£m)	Glasgow City Region	-	£331.4m
	GVA_SCOT_01	Net Additional GVA by 2035 (£m)	Scotland	£139.9m	-
	GVA_SCOT_02	Net Additional GVA over 25 year period (£m)	Scotland	-	£250.0m
Investment	OFL_01	Direct Project Private Sector Investment by 2035 (£m)	Glasgow City Region	£0m	-
	OFL_02	Net Additional Private Sector Investment (Follow-on) by 2035 (£)	Glasgow City Region	£20.6m	-
	OFL_03	Total Investment Combined (£m)	Glasgow City Region	£20.6m	-
	OFL_04	Other Public Sector Investment Leveraged	Glasgow City Region	£0	-
BCR	BCR_01	Value of Net Additional Benefits over 25 Years (£m)	Glasgow City Region	-	331.4:1
	BCR_02	Value of Public Sector Costs over 25 Years (£m)	Glasgow City Region	-	44.4:1
	BCR_03	Public Benefit Cost Ratio over 25 Years	Glasgow City Region	-	7.5:1

Table 2 Development platform breakdown information

Development Platforms	Investment source	area (sqm)
Eastern Development Platform (outcome)	Private sector	30,800
Western Development Platform (outcome)	Private sector	70,400
Central Development Platform (output)	City Deal/WDC	15,700
Total area (sqm)		116,900

Table 3 Proposed Floorspaces with classification by platforms

Enabling infrastructure	Investment source	area (sqm)*	Classification
Central Development Platform - Floorspace (outcome)	Private sector	7,860	Business (Class4)
Eastern Development Platform - Floorspace (outcome)	Private sector	9,900	Industrial (Class5)
Eastern Development Platform - Floorspace (outcome)	Private sector	1,752	Office (Class2)
Western Development Platform - Floorspace (outcome)	Private sector	25,000	Storage& Distribution (Class 6)
Total area (sqm)		44,512	

*Based on the latest Masterplan EID-STN-GEN-STW-DR-C-0002 Rev2

7. Site Promotion

- 7.1 As a result of local press, publicity and a growing awareness of the site via Glasgow City Region social media channels, there has already been approaches to West Dunbartonshire Council in advance of any market testing made, by a range of businesses interested in either acquiring the entire development as a lead developer, establishing new premises, relocating or in need of expansion sites.
- 7.2 The Council's Exxon Project Board is currently considering the best route to market in order to realise the benefits and GVA. The Intelligence Hub signposted Council officers to the AMIDS joint venture structure in Renfrewshire and meetings were held to better understand and learn from the experience there.
- 7.3 Over the coming months, the Council will consider the pros and cons of a range of options from marketing development platforms as they become available, seeking a development partner for delivery of development across the entire site, to either market and dispose of the site in its entirety or in phases, and will report back to City Region on the proposed development strategy.
- 7.4 Scottish Enterprise has been consulted on their interest and potential involvement in the delivery of the project outcomes. They have stated that they welcome the opportunity to contribute to the ongoing development of the Exxon site in partnership, and can offer expertise in property solutions for industrial property development and support to West Dunbartonshire Council through partnership in relation to:
- Industrial Property Development Strategy with staff expertise, and
 - Potential funding support to develop the opportunity where West Dunbartonshire's goals align with SE's ambitions and missions.

8. Next steps

- 8.1 Concluding the outstanding Chivas Brothers' land transfer. This is expected to be completed in February 2025.
- 8.2 Further promotion of the pre-marketing site promotional brochure is ongoing and will align with the agreed development strategy.

9. Recommendations

9.1 The Cabinet is invited to:

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