



Glasgow City Council
City Administration Committee

Item 3

13th March 2025

**Report by Councillor Laura Doherty, City Convener for
Neighbourhood Services and Assets**

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**EASTER QUEENSLIE REDEVELOPMENT FUNDING UPDATE & STRATEGIC
BUSINESS CASE FOR ADDITIONAL FUNDING**

Purpose of Report:

To seek approval of capital investment to bridge the funding gap of the Easter Queenslie redevelopment, to be funded from the business case.

Recommendations:

It is recommended that the Committee:

1. Notes the contents of the report
2. Approves the additional capital funding requested on the basis of the business case to bridge the overall funding gap of the project.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1. Introduction and background

- 1.1 The Resource and Recycling Strategy (RRS) 2020-30, that was approved by the City Administration Committee (CAC) on 3rd June 2021, seeks to reduce the carbon impact of waste on the environment and significantly improve Glasgow's recycling rate, which is currently reported at 27.2%. This will be achieved through our ongoing transformation of the waste programme, a key component of which is the redevelopment of the current Easter Queenslie Refuse & Waste site. The outcome of this transformation programme will significantly improve the quality and quantity of materials captured for reuse and recycling, resulting in significant financial efficiencies, including increased income generated from the improved quality of recyclable materials.
- 1.2 The council has been working in close partnership with Zero Waste Scotland and their appointed advisors, Eunomia, to develop alternative service delivery options to improve the quantity and quality of recyclable material collected, aligning services with local and national policies, whilst creating efficient and effective recycling services for the residents of Glasgow.
- 1.3 In October 2023 a report was provided to the Environment & Liveable Neighbourhoods Committee providing an update on work undertaken with Zero Waste Scotland in developing an options appraisal of collections from flatted properties across the city.
- 1.4 The output from this report recommended that the service models that would generate the greatest improvement in terms of both environmental and financial performance would be the introduction of an enhanced twin stream service across all property types. These services will see the introduction of a new fibre bin (paper & card) and enhanced containers collection service which would target recycling materials that Glasgow currently did not previously collect, including plastic films, beverage cartons, pots, tubs and trays which are currently unable to be processed at the existing facilities in Blochairn.
- 1.5 The twin stream rollout to kerbside properties will be complete by March 2025 and the rollout to flatted properties has already commenced, supported by the on-street bin hubs. Early indications have shown that the areas where these changes have been delivered have seen positive improvements in both quantity and quality of material collected, providing confidence in achieving the desired project outcomes.
- 1.6 Waste and recycling collection from flats is traditionally very challenging, due to numerous factors, and from the modelling work undertaken the best performing option is the installation of bin hubs to the front of properties, with the re-introduction of a food waste collection service. Due to the complexity and diversity of the properties and areas across Glasgow a

hybrid approach, focusing on twin stream solutions, will be developed for the city that will incorporate on-street bin hubs.

- 1.7 To support the recycling collection service changes and optimise income generated, a new Materials Recycling Facility (MRF) is required to replace the current outdated facility at Blochairn. The existing facility is susceptible to regular breakdowns, which are extremely expensive to repair, and the quality of recyclable materials is poor. This can result in significant expenditure to third parties having to process this waste. To support the delivery of this new purpose-built facility, a funding contribution of £17m, via the Recycling Improvement Fund, has been received. The project, including the creation of a new centre of excellence for waste management & recycling at the former Easter Queenslie site, will be delivered as part of the council's property strategy, and the increased capacity at Easter Queenslie of 50,000 tonnes (compared with Blochairn's current capacity of 30,000 tonnes) will be able to recycle additional waste from other agencies. Any additional benefits from this increased capacity have not been assumed as part of the current business case at this stage

2. Easter Queenslie re-development progress update

- 2.1 The council's Easter Queenslie property is undergoing significant re-development to become a Centre of Excellence for Waste Management & Recycling, as well as a "super depot" for the North East of the City.
- 2.2 It is anticipated that the main construction works package will be awarded in September 2025 and a cost plan has been developed, which has been validated by external specialists.
- 2.3 Several advanced work activities have been undertaken, including site clearance and demolition work, with most buildings now demolished and operational staff and assets re-located to a temporary site at Blairtummock Road, which is within the Easter Queenslie industrial estate. Piling work at the site has also commenced.
- 2.4 The MRF building will be an early priority for the main construction programme and procurement is already underway for the specialist MRF equipment, to include robotics, and the tender is due to be approved late March 2025.

3. Depot Strategy update

- 3.1 The Easter Queenslie redevelopment will form a strategically important part of the NRS property estate, which consists of several depots and buildings that support the delivery of core frontline services, including waste management and recycling, roads, transport and parks operations.
- 3.2 NRS continues to prioritise investment into protecting and preserving these assets, however with operational use over a prolonged period, these aging

assets have required significant maintenance and repairs and now require more significant capital investment works, aligned to the NRS People initiative, to improve the health and wellbeing of our employees and address ongoing concerns raised by staff via Trade Unions. A depot rationalisation programme is underway as part of a wider property review, which will assist in directing investment most efficiently.

- 3.3 NRS have created a multi-disciplinary Property Strategy Board to ensure that property investment is targeted to deliver the maximum long-term service benefit, however significant additional investment in the reduced property footprint is required and this business case would allow some investment to be made available to improve and futureproof the rationalised depot estate.

4. Capital Pressures

- 4.1 The redevelopment of Easter Queenslie has progressed significantly since the outline business case was developed. The ongoing work has led to more certainty over the capital requirements to deliver the projects, and further due diligence regarding the recent tender submissions received in relation to the specialist MRF equipment has presented a more defined capital investment value. A capital funding shortfall of approximately £20m has been identified, following a contribution of £4.5m from Extended Producer Responsibility for Packaging (pEPR).

- 4.2 These capital pressures relate to:

- Higher than anticipated capital costs for the re-development of Easter Queenslie. This is attributable to additional works to meet the requirements of the finalised client brief, satisfying the council's sustainability and environmental ambitions – renewables, sustainable drainage, etc – and decanting of staff and assets to an alternative property during the works.
- MRF equipment initial bid prices being higher than anticipated, which is driven by the increasing cost of works, raw materials, a complex commercial contract, and the cost associated with meeting the commercial risks inherent in a comprehensive commercial contract (IChemE Red Book).
- The undernoted business case, at section 5 below, also provides an opportunity to deliver further investment required for the wider depot estate of £5m.

Project	Funding Requested
Easter Queenslie Development (including the MRF equipment)	£20m (anticipated shortfall)
Depot Strategy Improvements	£5m
Total capital requested	£25m

5. Financial business case analysis

- 5.1 The completion of the redevelopment of Easter Queenslie is critical to achieving the council's sustainability ambitions set out in the Resource and Recycling Strategy 2020 – 2030, including the significant improvement in the recycling rate and compliance with the principles of the Extended Producer Responsibility funding, and are detailed more fully in the outline business case prepared for the application to the recycling improvement fund.
- 5.2 By delivering these ambitious projects, the council will be able to divert recyclable material from residual waste and achieve a higher overall quality and quantity of recyclable product. The benefits assumed, of £1.9m per annum, are conservative and have been calculated based on current market conditions, existing contracts and income budget targets and the following success criteria;

Success rate – the % of target material removed from the residual waste stream (assumption of 10% for the business case)

Contamination Rate – the % of non-target material within the recycling streams (assumption of 40% for the business case)

- 5.3 Based on the targeted success and contamination rates above, the significant transformational improvements that are being implemented within Glasgow over the next two years, endorsed by national data from other local authorities that have introduced a twin stream service and are already been evidenced from this rollout, it is anticipated that we would confidently yield a conservative additional annual financial benefit in excess of £1.9m, being mindful that market rates for materials are subject to variations. The financing costs of an additional capital borrowing of £25m requested to bridge the funding gap of £20m for Easter Queenslie and £5m contribution towards further improvements in the rationalised property estate equates to

£1.7m annually, which is more than sufficient to finance this requested capital.

6. Risks and issues

- 6.1 It is important to highlight that Zero Waste Scotland committed £21.7m from the Recycling Improvement Fund to Glasgow City Council's commitment to reduce the carbon impact of waste on the environment, with an expectation that Glasgow would deliver the significant improvements highlighted within this report, that can only be realised through the state-of-the-art materials reclamation facility. Their contribution of £17m specifically towards this redevelopment of Easter Queenslie from the Recycling Improvement Fund is required to be spent by 31 March 2027 and NRS have been liaising with Scottish Government in this regard, with a revised plan to support this, dependent upon the revised construction timeline.
- 6.2 The successful tenderer of the building works must be able to commit to the delivery timescales of the project to ensure that any funding from Scottish Government/Zero Waste Scotland is not at risk, based on the revised approved re-profiling exercise.
- 6.3 The tender for the works package element is expected to be returned by May 2025 and therefore the quotation for the works is not yet known but the risk has been managed via external validation of the cost plan, allowing for a reasonable contingency.

7 Policy and Resource Implications

Resource Implications:

Financial: The additional capital expenditure will be funded by prudential borrowing as set out in paragraph 5.3.

Legal: None

Personnel: None

Procurement: In line with Council procedures and policy

Council Strategic Plan: Grand Challenge 2 Mission 2 – Support the growth of an innovative, resilient and net zero carbon economy.

Grand Challenge 3 Mission 2 – Become a net zero carbon city by 2030.

Grand Challenge 4 Mission 3 – Enable staff to deliver a sustainable and innovative Council structure that delivers value for money.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.

The funding requested in this paper will be used to construct a state of the art, modern recycling facility that will include the highest levels of public and staff accessibility and significantly improve the equality of access to this facility. It will also improve the quality of accommodation and amenity for operational staff.

What are the potential equality impacts as a result of this report?

Overall, the assets that will be created as a result of this business case will have a positive impact on equality outcomes when compared to the current waste arrangements.

Please highlight if the policy/proposal will help address socio-economic disadvantage.

None identified

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

The design and construction of the new facilities that this business case will support, will be in line with the latest policies and statutory obligations in relation to energy performance and carbon reduction, however, the intent is to exceed statutory compliance standards with the inclusion of other technologies and aspects of sustainability within the construction specification.

What are the potential climate impacts as a result of this proposal?

The impact of the construction of this new facility will be positive. The new assets will perform significantly better in terms of carbon footprint. Additionally, the inherently improved performance for recycling of waste in the city will also be a significantly improved impact.

Will the proposal contribute to Glasgow's net zero carbon target?

Yes – the proposal will significantly increase the council's recycling rate.

**Privacy and Data
Protection Impacts:**

Are there any potential data protection impacts as a result of this report N Do data and privacy impacts have been identified as a result of this proposal.

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out

7. Recommendations

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