

**REPORT TO:** East Lothian Council

**MEETING DATE:** 28 June 2022

**BY:** Executive Director for Place

**SUBJECT:** Cockenzie Former Power Station Site: Progress Update and Actions

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## **1 PURPOSE**

- 1.1 The purpose of this report is to provide an update on the future of the large and complex Cockenzie former power station site following the publication of National Planning Framework 4 (NPF), and to seek approval for actions which are related to progressing the preparedness of the site, future planning and subsequent marketing to secure and optimise business development and employment opportunities.

## **2 RECOMMENDATIONS**

- 2.1 That Council agrees to the Chief Executive of the Council writing formally to the Chief Executive of Forth Ports, in order to address the potential use of the site as a cruise liner terminal. The letter will seek confirmation of Forth Ports' position as to whether there is any potential for a partnership or joint venture following previous engagement and following the publication of NPF4. (Further detail on this is set out in paragraph 3.9 – 3.12 below.)
- 2.2 That Council notes the progress being made in relation to the site and the plans to appoint development master-planners, commercial agents and progress discussions with the Scottish Government's enterprise agencies, alongside both UK Government and Scottish Government, regarding the potential use of the site in the future.

## **3 BACKGROUND**

- 3.1 The last updates on the site were provided in 2021. A Members' Library report noted that terms had been agreed for an option with Seagreen Wind

Energy to land offshore power onto the site for onward transmission to the National Grid. Members also awarded funding to the community group promoting the 360 Project to undertake a feasibility study into their proposal to develop a climate change centre.

- 3.2 When the Council acquired the site, the former power station was identified in the third National Planning Framework (NPF) as a National Development site for thermal generation and carbon capture and storage. Work has been undertaken, since the Council's acquisition of the site, with the Chief Planner and wider Scottish Government team to seek to remove this designation and allow the site to be regenerated for much broader employment-generating uses.
- 3.3 The draft NPF4 now recognises the site as a wider opportunity site. It notes that the existing infrastructure can be repurposed to form the basis of new proposals and that there is an opportunity to generate employment and provide essential infrastructure for net zero. It is anticipated that NPF4 will be finalised in autumn/winter 2022. This will enable us to move forward with plans for the site.
- 3.4 Members will recall that the community has already provided valuable input into an initial master-plan of ideas for how the site might be taken forward for the benefit of the people of East Lothian. There is now a need to refine this and set a vision for necessary works to prepare the site, consenting processes and subsequent development of the site. There are many strands to be drawn together and the vision will need to be responsive and sufficiently flexible to accommodate the site's existing constraints and a range of potential developments that may come forward over the next decade.
- 3.5 Members are aware of the existing options with Inchcape and Seagreen 1A which will see power generated offshore connected to the Grid at Cockenzie. Both of these offshore generation projects are the subject of applications to the UK Government as part of the latest bidding round of 'Contracts for Difference' (CFD) (the UK Government mechanism for supporting low-carbon electricity generation). It is anticipated that if these bids are successful, work will begin towards the development of these installations before the end of the 22/23 financial year. A further energy-related proposal for a small part of the site is under discussion and more information will be brought forward later in the Council meeting as a private paper, along with an update on the option contracts granted to Inchcape and Seagreen. All are commercially sensitive and are the subject of non-disclosure agreements at the present time.
- 3.6 To facilitate land transfer to Seagreen 1A for the proposed substation, a planning application has been submitted by the Council to construct a road, primarily along the line of the existing service road within the site. This will have the additional benefit of improving the public road network through the provision of segregated pedestrian and cycle facilities and will alleviate congestion on the local road network. Both Seagreen and Inchcape have Planning Permission in Principle and will also bring forward

Applications for Matters Specified in Conditions to secure the detail of their proposed developments at the appropriate time.

- 3.7 It is the Council's intention, in the broad sense, to facilitate the development of the site for employment generating uses and there are a number of key actions that will be required in order to make progress. Members will note that there are two community-led proposals for the site, both of which have had the benefit of feasibility work funded by the Council. It is important that the outcomes of these two community-led proposals are fully understood as part of taking the site forward.
- 3.8 The two proposals are the 360 project and a proposal for a port to serve the market for cruise vessels. At this point, the 360 project has selected its preferred consultant and its study needs time to take its course, to identify the potential for and viability of, the proposed land use.
- 3.9 In relation to the port, the most recent advice the Council has is set out in a study prepared by AECOM in January 2021. This indicated a capital cost to provide a cruise berth of between £44M and £80M with a payback period of between 16 and 21 years depending on the type of facility and whether it is suitable for transit calls by ships only, or whether it functions as a 'turnaround' facility which would allow cruises to start and end at Cockenzie. The report also notes that for most ports, cruise is a marginal business and that dedicated facilities have only come about where a large cruise operator is willing to make a commitment in terms of utilisation of the facility (the example given was Southampton Cruise Terminal). The researchers contacted cruise operators, who indicated that investing in cruise terminals is not something that they perceive to be worthwhile, as they are primarily concerned with earning profit from their investment in vessels.
- 3.10 The report also notes that the existing facilities in the Forth (Leith, Rosyth, Newhaven and South Queensferry) serve the needs of a large portion of the cruise sector and although a new facility at Cockenzie could improve passenger experience, this is seen by the cruise operators as a marginal benefit. The report concludes that the case for Cockenzie could be greater if one of the existing terminals could no longer be used, or another type of marine traffic was found to utilise a Cockenzie facility in the winter months. Since the publication of that report, Forth Ports have also announced their proposals for a significant investment of c. £40M on an outer berth at the Port of Leith. This enhanced facility is intended to allow the larger cruise liners to berth, including those not able to enter the shipping lock, as per the current arrangement. Leith has the advantage of bringing passengers ashore closer to the tourist attractions of Edinburgh.
- 3.11 The existing facilities are predominantly owned and operated by Forth Ports, so if there is any potential for cruise business to be transferred to Cockenzie and contributions to viability to be made by the use of the facility for other cargoes during the winter months, a partnership or agreement with Forth Ports would be a sensible route forward. It does not appear to be a viable alternative to develop a port to compete directly with Forth

Ports for cruise traffic, nor to seek 'winter only' cargo at a new facility. Forth Ports is the Harbour Master and operates the pilotage service that allows vessels to navigate the waters of the Forth. A port development in competition with Forth Ports would also be unlikely to give an investor the certainty required to justify injection of between £44M and £80M and the division of the available business between the competing alternatives would also extend the payback period significantly.

- 3.12 Following the publication of NPF4 in draft, and in the context of previous officer engagement, Members are asked to agree that the Chief Executive of the Council now writes formally to the Chief Executive of Forth Ports to seek confirmation as to whether Forth Ports would agree to the exploration of a partnership or joint venture at Cockenzie.
- 3.13 Following these actions and outcomes, decisions will be required to determine whether either of these projects, or elements of them, are viable and capable of being taken forward as part of the further master-planning of the site into development parcels.
- 3.14 Another ongoing project for the site is the development of a submission to the UK Government's Levelling Up Fund to bid for support to undertake necessary works to the site, which will enhance and optimise the opportunity for the future development of the site, whatever the eventual land use is. The window to submit this bid closes on 6 July and the detail is the subject of a separate paper before Council for approval at this meeting.
- 3.15 It is intended that the next actions that will be undertaken will include: a) the appointment of a master-planner, to consider the development potential of the site as a whole and identify constraints and necessary core infrastructure to divide the site into development parcels. It is anticipated that the infrastructure and development parcels will be as flexible as possible, at this early stage, before the likely land uses are known and understood; b) the continuation of technical work being undertaken to assess the development potential of the site as part of the wider Blindwells and potential Climate Evolution Zone, including looking at flood risk and mitigation; c) continued liaison with Scottish Enterprise, Scottish Futures Trust and Scottish Development International with regard to the potential marketplace for UK-wide or international investments that could be brought to the site. This will include further assessment of the likelihood of investment in a data centre, in response to the Scottish Futures Trust study which identified Cockenzie as a potential site for this use; and d) appoint a commercial agent to develop a marketing strategy and market the site UK-wide and internationally.
- 3.16 These actions will collectively allow the development of the vision and continue progress towards development. The key actions have been summarised into a high level timeline which is attached at Appendix 1 – this will be refined into a more detailed project plan as we proceed to the next steps. It is anticipated that construction of the road and the onshore substations and associated infrastructure could commence as early as

winter 2022. The subsequent actions to achieve the delivery of employment generating uses of the site are variable and are linked to dependent on ongoing technical work, securing funding, investment in site preparation and servicing works and the level of appetite in the marketplace to bring forward development on the site.

- 3.17 Community engagement will be embedded throughout the process and it is intended that a Communications Strategy, will be considered by the cross party elected member oversight forum at its next meeting. This will reflect the council's recent move out of Business Continuity arrangements and into recovery from COVID-19,
- 3.18 A further update will be brought forward in winter 2022, to update on progress in relation to the matters raised in this report.

#### **4 POLICY IMPLICATIONS**

- 4.1 The proposals herein are in line with the wider expectations of the Council for the development of employment opportunities on this site. They also accord with the draft vision for the site established through the draft NPF4, and policy intention as established within the National Strategy for Economic Transformation (NSET), the Regional Prosperity Framework, the Council Plan and the Economic Development Strategy 2012-2022.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report, at this stage, does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – Actions set out within this report are contained within approved Capital and Revenue budgets. The funding implications of updates on energy related proposals that are subject to non-disclosure agreements are included within the private report later in the agenda for this meeting. The financial implications of the Levelling Up bid are detailed within the separate report that follows on the agenda for this meeting.
- 6.2 Personnel – none
- 6.3 Other – none

## 7 BACKGROUND PAPERS

- 7.1 Report to Council 16 November 2021 – Cockenzie Power Station Site 360 Project Feasibility study ([here](#))
- 7.2 Report to Council 16 November 2021 – Regional Prosperity Framework ([here](#))
- 7.3 Members Library Report 55/20, 26/05/20. Cockenzie Power Station Site: High level Optioneering Study into the creation of a Cruise/Port-related Facility ([here](#)).
- 7.4 Council Report 23 February 2021- Cockenzie Former Power Station Site Update / National Planning Framework 4: Position Statement and Associated Response ([here](#))
- 7.5 Report to East Lothian Council by Depute Chief Executive (Partnerships and Community Services) February 2020 - Development Planning: National Planning Framework 4/Regional Spatial Strategies and Local Development Plan ([here](#))
- 7.6 Member's Library Report 50/20 26/05/20. Full Response to National Planning Framework 4 Consultation ([here](#))
- 7.7 Member's Library Report 57/20, 26/05/20. Draft ClimatEvolution Vison & Action Programme for Consultation ([here](#)) – COVID\_19 Emergency Recess Report
- 7.8 The original masterplan prepared for the site in liaison with the local community can be found [here](#)
- 7.9 The draft National Planning Framework 4 (NPF) can be found [here](#)
- 7.10 The SFT Data Centre Study can be found [here](#)
- 7.11 Appendix 1 herewith sets out a brief summary timeline to development on site.

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