

REPORT TO: East Lothian Council

MEETING DATE: 28 June 2022

BY: Executive Director for Place

SUBJECT: Cockenzie Levelling Up Fund Bid

1 PURPOSE

- 1.1 The UK Government launched the second round of the Levelling Up Fund in March 2022. The purpose of the fund is to allow local authorities to bid for capital funding of up to £20m to support regeneration, cultural, heritage, town centre or transportation projects in their area, that can be delivered by 2025/26 and that will have tangible benefits.
- 1.2 Officers have been preparing a c. £10–15m levelling up funding bid for preparation works to the former Cockenzie Power Station site that would allow the site to be developed to its fullest extent in the future and therefore maximise the employment opportunities that the site presents.

2 RECOMMENDATIONS

- 2.1 That Council approves:
- Support for a circa £10–15m bid (final figure to be confirmed) to the UK Government Levelling Up Fund Round 2 for preparation works at the former Cockenzie Power Station site;
 - That these works are to include the infill of the former power station slab, the removal of earthwork bunds surrounding the former coal store, works to the sea wall and coastal flood defence and public realm and surface enhancements of the John Muir Way as it passes through the site, including the removal of the pedestrian bridge and re-routing of the John Muir Way through the site; and
 - Delegation of authority to finalise and submit the bid package to the Head of Development, in consultation with the Council Leader and the Provost.

- 2.2 To note that officers are not seeking approval for the delivery of the detailed package of works but the principle of submitting a funding bid for them. The package of works will require formal regulatory approval processes, including Environmental Impact Assessment and planning permission. Details of the John Muir Way and public realm enhancement will be worked up in consultation with the surrounding communities.

3 BACKGROUND

The Fund

- 3.1 In 2021, the UK Government announced the Levelling Up Fund, which is a £4.8bn capital only fund for UK local authorities to bid for contributions towards regeneration, cultural or transportation projects in their area, with the aim of improving infrastructure. £800m of this fund has been allocated towards authorities in Scotland, Northern Ireland and Wales.
- 3.2 The programme was announced to run for three bidding rounds and this submission will be made to Round 2, which closes on 6 July 2022. Bids must fall within the categories of transport investment, regeneration and town centre investment or cultural investment. We are bidding under the 'regeneration and town centre investment' category.
- 3.3 Councils are only allowed to submit one bid per MP that covers the local authority area, plus an additional solely transportation bid. As East Lothian Council is covered by a single Westminster Constituency, then the Council can submit one bid in any category, with the option of a second transportation-themed bid. The values of projects bidding for funding are capped at £20m, except in exceptional circumstances. In the first bidding round in 2021, a range of project values were supported, from £1m right up to a very small number of combined bids of £40m.
- 3.4 Bids are assessed on a number of factors and must meet UK Treasury Green Book standards for business cases. Factors include:
- Overall priority level of area based on need for economic growth, regeneration and accessibility – East Lothian has been identified as level 2 (1 being most in need and 3 being least);
 - Alignment of bid with local strategies/plans; Scottish Government strategies/plans and UK levelling up missions;
 - Value for money – an economic case should be submitted to explain the benefits of the bid and how it represents value for money;
 - Deliverability – financial and physical delivery, with full expenditure by 2025 (or 2026 as an exception) and some expenditure on capital development within the 2022/23 financial year
 - MP Support – bids are enhanced if the MP supports the bid through the signing of a form to accompany the bid submission documents.

- 3.5 Following the initial review stage, Ministers will also consider the following factors in awarding funding:
- Thematic split of approved projects (e.g. across regeneration and town centre, transport and culture and heritage);
 - Fair spread of approved projects across UK;
 - Fair balance of approved projects across places in need;
 - Prioritisation of either 'strategic fit' or 'deliverability' or 'value for money' over the other criteria; and
 - Taking into account other investment in a local area, including funding from other UK or Scottish Government grants.
- 3.6 As the deadline for submission falls after this Council meeting (6 July), delegated authority is sought to the Head of Development, in consultation with the Council Leader and Provost, allowing the maximum time to continue with the preparation of a robust bid package for submission. This will include advice from external consultants, due to report before the end of June.
- 3.7 Work is also underway within the Sustainability and Growth team, to identify potential transport interventions that could be brought forward for a transport-focused bid into Round 3 of the Levelling Up Fund.

Former Cockenzie Power Station Site

- 3.8 The Council acquired the c. 200-acre Cockenzie site from Scottish Power in 2018 and undertook a community master-planning process, to identify future potential uses for different zones of the wider site. The masterplan was flexible to take account of unknown futures regarding development of offshore energy infrastructure on part of the site and the requirement in National Planning Framework 3 (NPF3) for thermal energy generation and carbon capture and storage on the area of the former coal-fired power station.
- 3.9 Following extensive community and stakeholder engagement the masterplan¹ included the following vision for the former power station site:
- “An ambitious, dynamic and distinctive area at the heart of East Lothian, characterised by a vibrant, growing and flourishing economy which is of strategic significance in the national context, a network of active communities and greenspaces providing an attractive and sustainable place in which to live, work, visit and invest.”*
- 3.10 In order to achieve the vision the masterplan identified the following principles:
- Maximising employment opportunities;

¹ Available as a background paper

- Creating a high quality setting to encourage investment;
 - Working with the grain of the place and employing existing assets;
 - Maintaining and enhancing the character of the district;
 - Introducing new landscape amenity features;
 - Encouraging ambitious design;
 - Improving routes, access and legibility of wayfinding;
 - Efficient development to avoid sprawl and make the most of the opportunities;
 - Creating a new East Lothian destination; and
 - Planning for future flexibility.
- 3.11 From those principles the masterplan identifies up to four development zones within which c. 90,000sqm of employment floorspace and up to 3,500 jobs could be created, as well as new green links and recreational space.
- 3.12 Since the development of the masterplan, planning permission in principle has been granted for two substations and interconnector infrastructure to Redrock and Seagreen required for off-shore windfarms. The draft National Planning Framework 4 (NPF4) removes the restrictions on the site for thermal generation and therefore the Council will be revisiting the masterplanning of the site². However, regardless of what eventual uses are developed on the site, there are remediation measures that are required if we are to maximise the use of the previously developed parts of the site.
- 3.13 To set this in context, the site comprises various elements including the plinth of the former power station, which contains a large void that can be filled to create level ground for development and extensive earth bunds which surrounded the former coal stocks, which can be removed to reveal further ground for a more flexible development pattern on the site. There is also a bridge across the former water inlet which is unsightly and in poor condition, which can be removed and replaced with a footpath on the site.

Proposed Bid Elements

- 3.14 Officers have been working up the bid with the following elements forming a single package of work to allow for the development of the site:
- Removal of the bunds surrounding the former coal store on the South side of Edinburgh Road;

² Subject to separate Council report

- Infilling of the void where the former power station was sited and the possible raising of levels in that part of the site to reduce flood risk, if required by SEPA;
- Works to the sea wall and repairs to the rock armour at the base of the sea wall to improve flood protection; and
- Public realm and surfacing improvement to the John Muir Way (JMW) as it runs along the promenade of the site. It is proposed to remove the current pedestrian bridge over the former cooling water outfall, which is in deteriorating condition and then re-route the path within the site.

3.15 The need for each of the above elements is set out in in turn below:

3.16 Under the Coal Store section of the Cockenzie masterplan, it is proposed that if the existing bunds and disused railway infrastructure could be removed, the area would be more accessible and capable of more flexible use. The developable area of this part of the site would be increased, with points of access capable of being provided from both from the new link road that will traverse the site, as well as from the existing B6371 to the east.

3.17 The site is served via an existing rail connection on the east coast main line and a rail sidings area within the site. Removal of the eastern bund would facilitate regrading of the rail line into the developable area if required in the future.

3.18 The demolition of the main building of the former power station has left a significant level difference over the area to the north of Edinburgh Road. It is considered that infill of the void where the power station stood (requiring 130,000m³ of material) and infilling of culvert structures below ground, will significantly improve the development opportunity offered by this part of the site. Infilling the culverts will also reduce flood risk in the future.

3.19 Initial tests have indicated that three of the four coal store bunds are made up of clay with a capping of shale/granular material, the fourth containing a significant volume of reinforced concrete. Subject to further tests (ongoing), the material in the first three bunds is considered to be suitable for infilling the power station void to create a development platform. The volume of material (c. 400,000m³) would be more than sufficient. The Council has to dispose of the rest, or possibly raise the level of the ground north of Edinburgh Road, if required for flood risk reasons (subject to further engineering reports and engagement with SEPA).

3.20 A survey of the sea wall has been undertaken. Existing rock armour along the base of the sea wall has been reduced over years and requires to be replaced. The concrete skin to the outside face of the wall is in good condition with minor repair work required. The parapet wall on the top of the wall is in poor condition and requires repair with the opportunity taken to heighten the wall to mitigate against future flood risk, which is increasing as a consequence of climate change.

- 3.21 The John Muir Way runs along the coastal perimeter of the site then exits over the area known as the green hills. The surface of the promenade section along the coastal perimeter is in a poor state with a broken surface, making access for users in wheelchairs or with buggies difficult. Along with the sea wall works the Council proposes to re-surface this section and make public realm improvements, including lighting, to improve the attractiveness and increase visitors to this section of the route. The zone 1 Coastal section of the masterplan references public realm improvements would include lighting, the provision of crossings, a zone for safe cycling, and planting as appropriate.
- 3.22 As the John Muir Way exits the site to the east it crosses a metal bridge over the former cooling water outfall, with high sidewalls and no visibility. It is not an asset that adds to the attractiveness of the route. The bridge is in poor condition and has long term maintenance and repair liabilities. It is proposed to remove this short bridge and instead re-route the John Muir Way through the eastern edge of the site. Details of the exact re-routing have to be worked up and this will be done in consultation with communities and user groups.
- 3.23 Together as a package these works have been estimated as costing circa £10–15m with the final costs due to identified in a technical study prior to bid submission in early July.
- 3.24 Whilst the Council will be in receipt of capital income from sales of land to Inchcape and Seagreen, the complexity of remediating and developing a large brownfield site of this nature will mean that these funds are likely to be required to achieve adequate access and servicing. The additional costs involved in the works specified in this bid, which will increase the overall potential of the site, will not be available.
- 3.25 To explain this in more detail, when a commercial operator makes a bid for a land parcel for development, they will pay for the necessary services and access roads within the parcel itself. This means that the provision of the wider access roads, foul and surface water drainage infrastructure and delivery of power to the boundary of each parcel will all have to be financed by another means. The Council has the potential to finance these from the revenues arising from the renewable energy generators Inchcape and Seagreen.
- 3.26 The revenues arising will not, however, cover the additional costs of the remediation works proposed to enhance the overall development potential of the site, such as repairs to the sea wall and earthworks to level the site and remove the bunds. In order therefore, that we are able to use the site to its fullest developable extent and achieve the vision of the masterplan, we are applying for Levelling Up funding to cover the ground remediation and site preparation works identified in this report.

Delivery

- 3.27 As noted previously, this report is only seeking approval to submit a bid for funding of these works. If successful, they will then be subject to

refinement, consultation and formal approval and regulatory process arising under EIA and planning legislation.

- 3.28 A Delivery Plan will support the bid and it indicates that the majority of the works to remove the bund and infill the void will not commence until 2024. Further technical analysis, site investigations and design studies are required as well as allowing for approval processes. This time period will also allow for further consultation on works required to the sea wall, JMW and public realm improvements as well as discussions with SEPA regarding climate change mitigation and the development levels of the site. The Council will also be submitting a focused risk avoidance and mitigation plan as part of its bid submission.
- 3.29 Seagreen and Inchcape are highly likely, assuming that they are awarded Contracts for Difference by the UK Government and subsequent detailed planning permission, to be developing their substations and interconnectors in the 2022 to 2024 period. Thus the delivery plans between the substations and the earthworks proposed in this bid will have to be co-ordinated carefully.
- 3.30 All bid documentation will be made available to the public by the UK Government, following notification as to whether the bid has been successful. Any sensitive information will be redacted.

Consultation

- 3.31 Extensive consultation was undertaken in 2017 for the Cockenzie Masterplan process, with which this bid is aligned. The proposed bid also accords with the ClimatEvolution draft Supplementary Planning Guidance that the Council consulted upon in 2020.
- 3.32 Officers are looking to inform local community councils of the bid. Kenny MacAskill has given his support for the project and as the local MP this is important for the assessment of the bid. Support is also being sought from MSPs Paul McLennan, Craig Hoy and Martin Whitfield.

4 POLICY IMPLICATIONS

- 4.1 The proposal is aligned with the draft National Planning Framework 4 (NPF), the National Strategy for Economic Transformation (NSET), the Regional Prosperity Framework (most notably Big Move 4 – Regeneration of the Forth) and the Council's own Economic Development Strategy 2012-2022.
- 4.2 The proposed bid is in line with approved 2017 masterplan and does not conflict with any element of it. A feasibility study has been undertaken into port development at the site and a feasibility study into the 360 project is underway. Neither of these alternative site uses would be in conflict with the proposals and both would benefit from the measures proposed in the bid.

- 4.3 The proposal is in alignment with Local Development Plan Policy *PROP EGT1 Land at Former Cockenzie Power Station Site*. The proposed package of works will require environmental assessment screening and be subject to planning.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 It is not possible to undertake an integrated impact assessment on the project until the feasibility and technical work have been completed. An assessment will be made available at that stage.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – If a bid is successful, the Council will be awarded 90% of the total cost of the works submitted in the bid and will be expected to fund the remaining 10%. As the total cost of the works is projected in the £10–15m range, the Council will therefore be expected to fund £1–1.5m.
- 6.2 Whilst there is no specific capital budget sum identified currently in the approved March 2022 capital budget, it would not have been appropriate to include it until Government funding support is confirmed. If the Council is successful, the requirements of the project will be worked up as part of budget development for 2023, from autumn 2022 onwards. Detailed arrangements for the energy related developments that were referenced in the previous report and are subject to further update under private business on this meeting’s agenda, provide the potential for the Council’s contribution to be met from capital receipt(s).
- 6.3 The fund rules require that there is some capital expenditure on the project required in the current 22/23 financial year, but that this can include design works and studies. This funding can be identified from the Accelerating Growth line within the approved Capital budget. Any sum required in 2022/23 is likely to be small, comprising 10% of the 22/23 expenditure on the project.
- 6.4 Personnel – Project managers within the Growth & Sustainability Team have been working on bid development and will be taking the project forward if the bid is approved.
- 6.5 Other - None

7 BACKGROUND PAPERS

- 7.1 [Levelling Up White Paper](#)
- 7.2 [Levelling Up Fund Round 2 Prospectus](#)

- 7.3 [Regional Prosperity Framework Report for Approval](#) – Council – 16
November 2021
- 7.4 [Council Response to Draft National Planning Framework 4](#) – Council – 29
March 2022
- 7.5 [Draft Climate Evolution Vision & Action Programme for Consultation](#) -
Member's Library Report 57/20, 26 May 2020 - COVID_19 Emergency
Recess Report
- 7.6 [Former Cockenzie Power Station Site Masterplan](#) – August 2017 -
Prepared with significant community and other stakeholder consultation
and input

AUTHOR'S NAME	Michaela Sullivan
DESIGNATION	Head of Development
CONTACT INFO	gmarsden@eastlothian.gov.uk
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