

REPORT TO: East Lothian Council

MEETING DATE: 27 June 2023

BY: Executive Director of Place

SUBJECT: Cockenzie Former Power Station Site: Update

1 PURPOSE

- 1.1 This paper will provide an update on progress since the last two papers presented on 28 June 2022, in relation to the Cockenzie Power Station site redevelopment. This follows a successful bid for funding for site preparation and remediation from Round 2 the UK Government's Levelling Up Fund and the start of the development of Inchcape Offshore Limited's renewable electricity substation.

2 RECOMMENDATIONS

- 2.1 That Council notes the progress being made towards the goal of regenerating the site for employment uses and the next steps which will include the procurement of a technical masterplan, which will inform a subsequent site marketing strategy and programme.
- 2.2 The Council instructs the Executive Director of Place to progress the Levelling Up Works, subject to planning, including designs and procurement of designers and contracts, as per the approved capital budget.
- 2.3 That Council, considering the complexities around the use of the Cockenzie site as a port, agrees that no further work should be undertaken to advance the site as a major port facility and/or cruise terminal and instead the site should be considered for a broader range of employment uses.
- 2.4 That Council notes that the 360 Project report identifies a vision for a climate change centre, public realm and education/training on the site, but also identifies risks and viability challenges in terms of the proposals, for which there is no current funding.

3 BACKGROUND

- 3.1 The most significant progress that has been made since the last report to Council in June 2022 is the announcement that the Levelling Up Bid has been successful. This will bring £11.26m of funding to East Lothian Council to undertake a programme of works that will address some of the challenges in redeveloping this significant brownfield site. The works will include removing the earth bunds that surrounded the coal store, grouting the former cooling water infrastructure that lies below the ground, filling in the deep void where the power station stood to create a level platform, works to repair and increase the climate resilience of the sea wall, improvements to the John Muir Way and re-grading of the coal store site to create a level platform for development. These works are required to make the best use of the land available, regardless of the end land use of the site, with the removal of the bunds making available a further 8 hectares (20 acres) of land for development.
- 3.2 Inchcape Offshore Limited have commenced construction of the substation that will bring renewable electricity generated at sea to ground, for onward transmission to the National Grid. It is anticipated that in time, once the substation is in use, an offer will be made by Inchcape to local communities to provide 'community benefits' for use on projects in the area nearby and possibly more widely in East Lothian. These are voluntary payments made by the renewable energy generators directly to the community, to reflect the fact that they will be making profits from the use of Scotland's natural assets. At this stage, the scale of these payments is not available; however, once known, Council will be updated on this matter. It is the intention that the capital receipt from the sale of the relevant part of the site to Inchcape will be ring-fenced to be used for the future development of the infrastructure necessary to service the site.
- 3.3 The Council's vision for the Cockenzie site was established when the Council bought the site in 2018, as it was the subject of a 2017 high level masterplan, which proposed predominantly employment uses as well as public realm improvements. The masterplan was used to inform and support the Levelling Up Bid and the focus, as then in 2018 and now remains on the redevelopment of the site to provide for the transition to net zero, economic development and high quality employment opportunities.
- 3.4 The Council's purchase of the Cockenzie site in 2018 for economic development and employment opportunities represents a forward-thinking and important move to ensure an effective regeneration of this large and challenging area of brownfield land. Such sites can lie vacant and derelict indefinitely, without a combination of vision and the injection of significant funds. These are needed to restore the land to a developable condition and provide the necessary infrastructure and services, such as a network of roads, foul and surface water drainage and electricity supplies for future economic development. Significant capital funding will still be required for the infrastructure and servicing works, before the site can be redeveloped in the future. It is important that the challenges of the site are not underestimated and that expectations of when development can be brought forward are realistic – full development of the site is dependent on funding

becoming available to progress the site to the next stages of preparedness. The vision established in partnership with the local community in 2018, to turn it into a thriving employment area with positive public realm remains undiminished.

- 3.5 Since the site was purchased, the Council has worked with the Scottish Government to secure an appropriate land use allocation in the National Planning Framework 4 (NPF4). Partly as a result of COVID-19, this document made slow progress but was finally adopted by the Scottish Government on 13 February 2023 and confirms the previously reported policy position from the draft, namely that the site is a wider opportunity site which is suitable to generate employment and provide essential infrastructure for net zero. NPF4 has a new status as part of the Development Plan – significant in planning law terms as applications must be determined in accordance with the Plan, unless material considerations indicate otherwise.
- 3.6 Technical work on the site continues, including the detailed testing of the material that makes up the bunds, which has recently been completed and confirms that it is suitable to use for infill to create a stable platform for the redevelopment of the former power station area and regrade the coal store. This testing indicates that there is no contamination of the site that would prevent the bund material being used to infill the void in the power station site and regrade the coal store.
- 3.7 It is very positive that East Lothian Council was successful in the highly competitive Levelling Up bidding process. It has taken some time to work through the UK Government's assessment of subsidy rules and other technical matters, but the Memorandum of Understanding required to secure the funds was signed on 27 March 2023, which allows the working up of the project to begin. The next steps with regard to the Levelling Up project will include procuring a consultant to undertake detailed design of the works, further studies of the concrete slab, identifying a detailed programme and the bringing forward of planning applications for the necessary consents. Appointment of a contractor to undertake the works will follow. It is anticipated the works will start in early 2024, once the full programme is in place and approved and further progress updates will be provided to Members. We are targeting completion of the works in 2025 as per the bid submission. The 2023 Capital Plan and capital budget reflects the proposed expenditure of the Levelling Up funds and the Council's 10% contribution. Authority is sought from Elected Members for the Executive Director of Place to continue the next steps of the project.
- 3.8 Project Managers in the Development Service will lead on project progression, including community engagement at the appropriate stages. The Levelling Up bid documentation has now been made public and shared with interested community groups in the area. The Council's Cockenzie website page has also been updated to include a link to the Levelling Up Bid package. It is important that it is understood that at the end of the Levelling Up project, the site will be levelled and developable, with servicing to happen later following the substantive groundworks.

- 3.9 There remain two further energy-related interests on the site, as reported to the Council last June. One is Seagreen 1A's substation, which has planning permission in principle, but a firm development timeline remains to be confirmed. Members will recall that planning permission has been granted for a link road that will run from east to west across the site (Planning Ref: 22/00440/P). Construction of the first part of the road will be required to provide Seagreen 1A with access to the site. The road will not be required in the immediate future and construction will commence once Seagreen 1A have their necessary consents and funding in place to proceed.
- 3.10 The other energy-related use is the potential for a battery storage plant to be constructed adjacent to the National Grid substation. Bids from potential providers have been received by the Council; however, there is no contract in place at this point in time and further updates will be brought in the future as progress is made. The developer has begun a pre-planning application consultation process. The facility's proposed location is between the link road and the National Grid substation and is within the area designated to be developed as an energy quarter in the 2018 community masterplan.
- 3.11 Members will recall that in June 2022, it was also agreed that a technical masterplan should be procured for the site. This is different from the 2017 masterplan in that it will set out how the site could be technically and physically redeveloped for economic uses rather than high level vision and options for site uses. Its purpose will be to identify the potential constraints to development and devise a suitable internal road network and potential servicing routes, so that the site can be divided into a series of development land parcels and appropriate landscaped areas. It is intended that this will provide a flexible development structure for the site, allowing land parcels to be consolidated for a larger user or divided for smaller use types. This reflects the fact that the aspiration for employment investment could encompass industrial, office, distribution, or other use types as well as public realm improvements.
- 3.12 Once this structure is in place, it will facilitate the marketing of the land parcels for potential investment opportunities, to bring employment development to the area. The procurement process for the consultant is about to be completed and work and engagement on the masterplan will begin over the summer.
- 3.13 The offshore substations and battery storage facility make valuable use of the site's strategic scale energy network assets and support national priorities relating to the transition to net zero, as well as providing financial returns to the Council. However, they are not job intensive uses and so in order to support the economic development focus of the 2017 masterplan, economic uses on remaining parts of the site should look to have a greater level of employment generation. There have been a number of potential uses mooted for the site. A Scottish Futures Trust report identified it as suitable for a data centre, although to date no potential investor in this use has been identified. There have also been enquiries from a number of hydrogen manufacturers however very careful consideration would have

to be given to the potential for such a use and its proximity to the local communities. These proposals also have limited employment generation. Other potential interests have included engineering firms and rail carriage fit out. An early output of the technical masterplanning process will be to identify a series of planning and economic parameters of the potential broad economic uses and interests for the site which have been promoted for the site or we have received interest in. This will help focus the masterplan into a series of options as to how the site can be technically developed and parcelled to attract uses that members could support. This exercise would also allow members to discount potential site users that they may not feel be suitable for this site prior to marketing.

3.14 As the technical masterplanning process is ongoing, discussions can continue with the enterprise agencies, the UK and Scottish Governments for ongoing support for the ambition to redevelop of the site. Once the masterplanning process is complete a procurement process will also be undertaken for commercial agents. A programme will be developed in conjunction with Scottish Enterprise, Scottish Development International and the agents to market the site to potential commercial investors. Whilst the 2017 masterplan identified potential office and headquarters use of parts of the site, in the post-COVID-19 environment, the site is unlikely to be a marketable office location and alternative economic uses are more likely to be delivered. It should be noted that the Council is in regular contact with Scottish Enterprise and the site is sometimes included in portfolios of sites put to potential inward investors into Scotland. This process will continue.

3.15 Within the communities themselves, there have been two concepts brought forward for the potential use of the site. These are a port/cruise and the 360 climate change centre.

Port/Cruise

3.16 In relation to port/cruise-related development, Members will recall that the June 2022 report provided detail on the significant challenges of developing a cruise port at Cockenzie, which were highlighted in a technical study finalised by AECOM in January 2021. The challenges include high capital costs with a long payback period and a lack of potential investment from the cruise industry in a new port. Consideration was also given to alternative cargo uses of the potential port, to supplement the cruise industry; however, this was also considered to be challenging. It should be noted that the NPF4, now adopted, does not identify Cockenzie for port use and this is despite ELC seeking to engage with Scottish Ministers and Scottish Government regarding potential interest in port related development at the site. Port/cruise proposals would require national level backing to be viable, none of which has been forthcoming.

3.17 As Council agreed at the June 2022 Council meeting, the Chief Executive wrote to Forth Ports, who operate the nearby ports at Leith, Rosyth, Burntisland and Methil, and the anchorage at South Queensferry, are the Statutory Harbour Authority and operate the pilotage of vessels in the Forth. The aim was to assess the appetite for a partnership arrangement

in relation to a new cruise port at Cockenzie. As a consequence of the Chief Executive's letter, senior representatives of Forth Ports met with Council officers on 7 September 2022 to discuss the potential for partnership and also reviewed the AECOM study and provided comments.

- 3.18 Forth Ports had given the proposal due consideration but highlighted a number of issues – ports such as Southampton get cruise calls year-round for the Mediterranean etc. cruises, but in Scotland it is a very seasonal business. This clashes with using a port for other cargo which is a year-round business. Cruise itself is a secondary market for many ports, excepting the major 'home ports' like Southampton that specialise in the cruise market. They also have the hotels and the depth of water required to accommodate these vessels. Cockenzie would be unlikely to be a home or turnaround port, more a port of call. The income from each cruise ship 'call' is not very high and the potential to grow the number of calls in the Forth will be possible but up to a realistic limit. In line with the AECOM report, therefore, the payback period on any investment would be long.
- 3.19 In terms of water depth suitability, Cockenzie would require constant management and maintenance dredging of a channel to accommodate the draught of cruise ships. It is quite possible that in order to develop a suitable channel for Cockenzie, it would be necessary to remove rock and it would be very difficult to get the consents to do this. It was also noted that there can be accumulations of pollution in the silt of the Forth, which undisturbed cause no issues; however, if this were to be disturbed by a major dredging operation, extensive sampling works would be required for suitability. It may be difficult to secure consents for any type of dredging in this location. Much of the Firth of Forth foreshore is a Special Protection Area and this is a specific designation to protect seabirds – any development proposals will have to pass stringent tests. The costs of undertaking the impact assessment required would be high. A very broad estimate to dredge a channel would be £40m.
- 3.20 The jetty required for cruise liners would also be different in construction and type from both the existing jetty, which would require significant investment and any jetty required for heavy tonnage.
- 3.21 If Cockenzie were to be used for bulk cargoes as well as cruise, the uses do not sit well together. Bulk cargoes bring issues of noise, dust etc. There are other matters of practicality to consider, for example if 4,000 people leave a ship when it calls at Cockenzie, 80 buses are needed to be ready on the quayside to take people to their visitor destination, which is likely to be the tourist attractions of Edinburgh, which will be the marketed destination for cruise operators, rather than East Lothian. If cruise ships are berthed alongside at Cockenzie, the necessary security measures would mean the John Muir Way would have to be re-routed away from the coast to the land side of the port. Thus, there seemed to be a comprehensive range of reasons why the proposed port is likely to be a very significant viability challenge, whilst not necessarily delivering economic returns for East Lothian.

- 3.22 Forth Ports followed up after the meeting, having reviewed the AECOM proposal and noted a number of matters. They noted that one option had berthing counter to the prevailing wind and tide and was likely to be weather-restricted in use – cruise vessels are noted to have a huge wind area and manoeuvring them onto and off this berth would be challenging. The other option would require the works to dredge and maintain a channel that were discussed in the meeting and set out above.
- 3.23 Turning to land-use planning matters, as noted above the Cockenzie site is not identified in the NPF4 for port use. By contrast, the document does identify the Edinburgh Waterfront as a location for new or upgraded port facilities. As the adopted document now forms part of the Development Plan for decision-making purposes, an application for a new port may be considered contrary to the Development Plan. As well as the Special Protection Area and environmental considerations, there are also practical considerations about the land area that may be suitable for port use and the proximity of the proposed port to adjoining communities.
- 3.24 Given the foregoing, Members are asked to agree that the proposals for a port at Cockenzie should not be taken further forward and the technical masterplan for the site should not plan for any port-related uses. The focus should be on employment-related, land-based development as supported by NPF4 which promotes net zero infrastructure and significant economic and employment opportunities at the site and that is the context for future delivery. Whilst the main use of the power station slab site would not be for major port/cruise use, that would not prevent any economic users or occupiers of part of the power station slab site making use of marine access to the site as it currently presents.

360 Study

- 3.25 Since the June 2022 Council report, the 360 Group has received its study from the Planning Solutions Consulting, the consultants that the group appointed, following the award of funding from the Council in November 2021. The 360 Group were supported in this process by colleagues from Economic Development. The report, lodged in the Members' Library in June 2023 (Ref: 49/23), is comprehensive and detailed, although it should be noted that the 360 Group has written to say that it is not in full agreement with the findings. Accompanying the report is a high level concept diagram and programme (Ref: 50/23). The group identifies a site area of c. 10 hectares (the entire part of the site where the main power station building was located, not including the Inchcape site) for a 'National Centre for Climate Change, an innovative green space, community park and art installation of national significance'. This will include galleries and exhibition areas and a separate learning centre with proposals for training and skills development. The aim is to work in partnership with existing education providers.
- 3.26 The National Centre for Climate Change estimated in the feasibility report to have a capital cost of £29.5m, including £6m for public art but excluding exhibits, will look to attract funding from a wide range of sources including the Scottish and UK Governments, the renewables sector, funding

streams associated with the educational offer and visitors to the attraction. It is noted, however, that the proposals are regarded as needing significant 'ongoing revenue support' as well as additional funding to refresh the attraction, which is necessary to secure repeat visitors. Using the assumptions in the report, the centre would require c. £400k per annum over the first five years in revenue support to break even. The report also mentions that a number of other attractions in the east and central Scotland area also have climate change elements, including Dynamic Earth, the other Scottish science centres, the proposed Eden Project at Dundee and a current exhibition at the National Mining Museum in Newtongrange. This demonstrates an interest in the subject matter but also a competitive landscape.

- 3.27 The study suggests that there are considerable risks and the future of the 360 centre will depend on successful engagement and partnership working with the Council, the Scottish Government, the renewable energy operators, other potential site users and the local community.
- 3.28 The 360 team has sought to confirm the basis of their proposals by submitting an application for planning permission in principle but the application could not be validated for technical reasons.
- 3.29 The current stage of the proposals for the site do not preclude this use coming forward either in whole or in part in the future and colleagues from the Sustainability and Growth and Economic Development teams have met with the 360 Group to gain a better understanding of their next steps.. 360 representatives were advised that they should look to engage Elected Members on their ambitions and ideas over the summer and a further report will be brought on this issue post-summer recess.
- 3.30 Whilst the report suggests 360 Group's proposed climate change visitor centre is economically unviable, the 2017 Cockenzie Masterplan did envisage public realm improvements throughout the site and on the seafront areas. Therefore there is overlap with the 360 Group's vision for public open space, public realm, public art and greenspace improvements to the site. Although it should be noted that the proposed concept plan that has been developed for the site does not contain any economic uses other than the visitor centre and training building and this would be contrary to the strategic reasoning behind the acquisition of the site. In the concept plan, the level of built development the former power station slab is significantly less than potentially envisaged in the 2017 masterplan for this part of the site, even though that included a significant area of the slab for public realm improvements.
- 3.31 The next steps, as set out above are first, progressing the Levelling Up project through its necessary consents, to enable the commencement of the remediation of the site to create a level platform for future development. The works are anticipated to be completed by 2025. Second, the appointment of the technical masterplanner who will work with Council officers and the local community to establish the full development potential of the site to enable it to be marketed. It is anticipated that this masterplanning process will be complete by early 2024.

- 3.32 Whilst the Council has managed to attract significant investment and funding for the site, post-levelling up works and completion of the substations the site will still need significant funding for the services and enabling works to achieve the Council's vision for the site. Therefore as a small authority, the Council will still require significant capital and revenue support from both UK and Scottish Governments for investment into the site to realise the net zero and economic development and thereafter to attract and deliver such high quality jobs, which is the main future opportunity that Council sought when acquiring the site in 2018.
- 3.33 Appendix 1 to this report sets out a strategic timeline for the site up until the end of the decade, factoring in the proposed technical studies, works and developments planned for the site and their implementation. This builds on the following achievements and work-streams since the acquisition of the site in 2018:
- National Planning Framework 3 to 4 and engagement on the review of national development plan status towards net zero infrastructure and employment uses;
 - National Transport Strategy (NTS), Strategic Transport Projects Spending Review 2 (STPR2) – engagement and shaping development of approved version to include Cockenzie;
 - Interim Regional Spatial Strategy – drafting and shaping development of approved version;
 - Regional Prosperity Framework, to shape NPF4;
 - Regional Transport Strategy and Masterplan, to nest under NTS and STPR2;
 - Completed and ongoing technical work and feasibility studies for site and surrounding area (could list, but to include all that is needed for above and more widely including STAG);
 - Ongoing commercial activities in respect of the site;
 - Planning approvals for private projects and ELC infrastructure etc.; and
 - Successful Levelling Up Fund bid

4 POLICY IMPLICATIONS

- 4.1 This report provides an update on progressing proposals for the Cockenzie site that are in line with the Council's expectations for the employment development of the site. They also accord with the approved National Planning Framework 4's expectations for the site, which are now Development Plan policy. The proposals are also in accordance with the policy intentions of the National Strategy for Economic Transformation (NSET), the Regional Prosperity Framework, the Council Plan and the 2012-2022 Economic Development Strategy. Consultants have been appointed for the replacement of the strategy and the future of Cockenzie as an employment site will be given detailed consideration as part of the development of the new strategy.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not, at this stage in the process of bringing the site forwards, 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 in this report are contained within approved capital and revenue budgets.
- 6.2 Personnel - none
- 6.3 Other - none

7 BACKGROUND PAPERS

- 7.1 [National Planning Framework 4](#)
- 7.2 [2017 Cockenzie Masterplan](#)
- 7.3 [Report to Council June 2022 – Cockenzie Site Progress and Actions](#)
- 7.4 [Council website Cockenzie page & LUF Bid Application Form](#)
- 7.5 [Report to Council November 2021 - Cockenzie site and 360 project feasibility study](#)
- 7.6 [May 2020 Members Library Report - Aecom Study into Creation of a Cruise/Port-Related Facility](#)
- 7.7 [Report to Council February 2021 – Cockenzie Power Station Site update including finalised Aecom Cockenzie Cruise Berth Update](#)
- 7.8 [360 Feasibility Study & Concept June 2023 Members Library](#)

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Annex 1: Former Cockenzie Power Station Site - Strategic Timeline

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/2030
Inchape- Substation							
LUF Approvals							
Technical Masterplan							
LUF Implementation							
Distributor Road							
Seagreen Substation							
Battery Storage							
Marketing							
Proposals & Applications for Economic Uses							
Delivery							

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