Apply to the levelling up fund round 2

Submission details

Submission reference	LUF20155
Created time	Wed, 10 Aug 2022 08:44
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What is the legal name of the lead applicant organisation?

East Lothian Council

Where is your bid being delivered?

Scotland

Select your local authority

East Lothian

Enter the name of your bid

Former Cockenzie Power Station Site Remediation and Preparation Works

Does your bid contain any projects previously submitted in round 1?	No

Bid manager contact details

Full name	Graeme Marsden
Position	Project Manager
Telephone number	[redacted]
Email address	[redacted]
Postal address	John Muir House Brewery Park Haddington East Lothian EH41 3HA

Senior Responsible Officer contact details

Full name	Michaela Sullivan
Position	Head of Development
Telephone number	[redacted]
Email address	[redacted]

Chief Finance Officer contact details

Full name	Sarah Fortune
Telephone number	[redacted]
Email address	[redacted]

Local Authority Leader contact details

Full name	Norman Hampshire
Position	Leader of the Council
Telephone number	[redacted]
Email address	[redacted]

Enter the name of any consultancy companies involved in the preparation of the bid

SLR
Stantec

Enter the total grant requested from the Levelling Up Fund

£11267841

Investment themes

Regeneration and town centre	100%
Cultural	0%
Transport	0%

Which bid allowance are you using?

Full constituency allowance

How many component projects are there in your bid?

1

Are you submitting a joint bid?

No

Grant value declaration

I am submitting a bid as a single applicant and can confirm that the bid overall does not exceed £20 million grant value	Tick to confirm

Gateway criteria: costings, planning and defrayment

I confirm that some LUF grant funding will be defrayed in the 2022/23 financial year	Tick to confirm
Costings and Planning Workbook	Cockenzie_LUF_Single_Project_Costings_and_Planning_Workbook.xlsx

Provide bid name

Former Cockenzie Power Station Site Remediation and Preparation Works

Provide a short description of your bid

This bid seeks to transform a 92 hectare (227 acre) former coal fired power station site, preparing it for positive redevelopment. The remediation and site preparation works proposed (major earthworks, flood risk remediation and public realm improvement) will visibly remodel this Council-owned site. These works will mitigate abnormal costs, allowing brownfield land to be redeveloped for economic and zero carbon energy uses - supported by the UK and Scottish Governments' and the Council's regional and local strategies. This will create long term opportunities to level up the most deprived communities in East Lothian, through green recovery and job creation.

Provide a more detailed overview of your bid proposal

See Annex 1 for greater detail, images and context. Cockenzie Power Station employed c.500 people, closed in 2013 and was demolished in 2015. The Council purchased the site from Scottish Power in 2018 and worked with the local community on a masterplanning project, which identified a preferred redevelopment strategy, focused on creating a major employment hub as a positive future use. This will bring benefit to the adjoining communities and the

whole of East Lothian, reducing deprivation and the area's reliance for employment on the wider city region and associated unsustainable commuting patterns. Planning Permission in Principle has been granted for two interconnectors for offshore windfarms which, subject to necessary consents, will feed renewable energy into the grid.

The masterplan identified large areas that would need extensive remediation before development, primarily major earthworks to re-grade, as well as costly grouting and works to improve accessibility and reduce flood risk. It is these significant abnormal costs, required to secure a positive future use of the site, that are the focus of our bid:

1. Demolition of the power station building has left a void of 64,000 sqm (volume c.167,000m3). The masterplan identifies this area for mixed use development of c.25-30,000 sqm. To achieve this, the void needs to be infilled, drainage installed and the cooling water culverts grouted.

2. The former coal store area is surrounded by bunds, one of which contain a reinforced concrete plinth that supported the rail freight line. The coal store could accommodate c.30,000 sqm of development. The bunds are a constraint, reducing accessibility. Removal would both increase the developable area and enable an accessible layout of future development parcels. Bund material would be used for infilling the void and levelling the coal store site, allowing a rail connection at grade.

3. The coastal sea defences along the north of the site require repair and upgrading, to allow for development and flood risk mitigation.

4. The John Muir Way (long distance path) runs along the northern boundary of the site and is in poor condition, including a metal pedestrian bridge with steps preventing wheelchair access. Resurfacing is proposed, alongside the removal of the bridge, diversion and flood risk works.

These interventions would increase the developable area, facilitate an additional c.47,000sqm of floor space and allow for improved recreational access through the site for walking, wheeling and cycling. They are essential to allow the site to be marketed nationally and internationally, as capable of accommodating a flexible range of potential industrial uses, maximising green recovery potential with pace, scale and impact.

The intended outcome of these interventions is c.2,700 additional direct employees, within the part of the site subject to these interventions, over an up to 20 year development period, in an area with high levels of economic deprivation and where the community has lived in the shadow of the power station. This is all additional to the land identified for substations and the previously undeveloped parts of the site, also capable of providing further employment.

Provide a short description of the area where the investment will take place

Figures 1,2,5 and 7 in Annex 1 set out a map of the site and context, identifying where interventions are proposed. The site falls into four distinct zones (Figure 6, Annex 1): 1 to the north, the John Muir Way and former power station building; 2 grid connection area; 3 central coal store; and 4 to the south, a rail connection and undeveloped and agricultural areas.

The site lies 12 miles east of Edinburgh, in the western, more urbanised part of East Lothian. Immediately north the site is bounded by the Firth of Forth, and to the west and east are the settlements of Prestonpans, Cockenzie and Port Seton. South, separated by a belt of open space, lies Tranent.

The power station was developed on former mine workings in the 1960s. The main turbine building was within a concrete slab, north of the B1348 connecting Prestonpans and Cockenzie. To the south of this is the National Grid substation, retained by Scottish Power and associated twin high voltage electricity lines, supported on pylons that traverse the site and will remain in situ.

	Planning permission in principle has been given to Inchcape and Seagreen to build interconnectors and cabling infrastructure, to connect their offshore windfarms to the National Grid, via the substation. Subject to detailed planning consent, Inchcape is expected to commence work early in 2023, having received Contracts for Difference (CFD), whilst Seagreen are expected to progress without CfD. The Council has timed agreements with both companies to sell the land to them. The sum to be received from Inchcape is committed to assist in servicing the site for development. Any future revenue from Seagreen will also be ring-fenced and put into the site's infrastructure requirements. The area around Prestonpans and Tranent was part of the East Lothian coalfield, encompassing both deep pit and later open cast extraction. Despite the economic success of the Edinburgh City Region, there are retained pockets of deprivation within East Lothian. Six of the area's eight most deprived SIMD zones lie between Prestonpans and Tranent. The 2018 Local Development Plan made provision for significant housing growth, absorbing some of the requirements of the wider city region. Immediately to the south east of the site there is planning consent for a new settlement on a former opencast mine at Blindwells. Development of 1,600 homes has commenced, with potential for further expansion in the future. Tranent and Prestonpans have both seen large-scale housing growth in the last 15 years. Housing development provides a benefit in terms of regeneration, but many new residents work in the wider Edinburgh city region. This contributes to unsustainable commuting patterns and housing growth has not been matched by significant employment development. East Lothian's job density is low, when compared to the regional and Scottish averages and there are only a very limited number of larger employers and a lack of significant sites available. Redressing this balance is the Council's focus for the future and underpinned the decision to purchase the Cockenzie site.
Optional Map Upload	Cockenzie Study Area Diagram.pdf

Does your bid include any transport projects?

	No

Provide location information

Location 1

Enter location postcode	EH32 9SD
Enter location grid reference	NT 39551 75398
Percentage of bid invested at the location	100%
Optional GIS file upload for the location	Former Cockenzie Power Station shapefile.zip

Select the constituencies covered in the bid

Constituency 1

Constituency name	East Lothian

Estimate the percentage of the bid invested in this constituency	100%

Select the local authorities covered in the bid

Local Authority 1	
Local authority name	East Lothian
Estimate the percentage of the bid invested in this local authority	100%

Sub-categories that are relevant to your investment

Select one or more regeneration sub-categories that are relevant to your investment	Commercial Other Regeneration
Describe other regeneration sub-category	Whilst the remediation of the site will allow for renewable energy and commercial development, the masterplan also envisages civic and cultural uses could be developed within Zone 1 Coastal. Th

Provide details of any applications made to other funding schemes for this same bid that are currently pending an outcome

None

Provide VAT number if applicable to your organisation

664 0000 80

Bidders are invited to outline how their bid will promote good community relations, help reduce disparities amongst different groups, or strengthen integration across the local community

As section out in the project summary and the economy case, the Council is seeking funding to remediate former coal fire power station site. Within three miles of the site are a number of former East Lothian coalfield communities, where despite recent levels of housebuilding, there are significant pockets of multiple deprivation, with six of eight most deprived parts of East Lothian lying within these three miles. The remediation works will allow the site to then be developed for low/zero carbon uses and economic development as part of the new green industrial revolution and provide employment that support the transition to new zero. These opportunities will most impact on these surrounding communities helping reduce deprivation and also close the divide between parts of these communities.

The Council has reviewed the proposal against the nine projected characteristics and have not identified any negative impacts from this project against those. This is a long term economic development projects and will

	improve opportunities for all in the community. In terms of positive impacts on the nine characteristics, the biggest benefit will be to those with disabilities through the removal of the stepped pedestrian John Muir Way bridge and the resurfacing of the John Muir Way which will allow access along this sea front section of the way to wheeled users. New employment opportunities that will be made available on site that could benefit those with disabilities who currently live in an area with lower job opportunities. The Council's procurement tender briefs will require diversity and equality issues to be considered in submissions. Examples include through improving diversity of staff and gender balances in senior role and has training been provided on this subject A full equalities and human rights impact assessment will be undertaken prior to designs of the individual project elements being completed.

Is the support provided by a 'public authority' and does the support constitute a financial (or in kind) contribution such as a grant, loan or guarantee?

No

Does the support measure confer an economic advantage on one or more economic actors?

No

Provide further information supporting your answer	No. Investment is in remediation works on public owned brownfield site.

Is the support measure specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services?

No

Provide further information supporting your answer	Investment is in the remediation of a Council owned brownfield site. It does not benefit economic actors over others.

Does the support measure have the potential to cause a distortion in or harm to competition, trade or investment?

No

Provide further information supporting your answer	Investment in remediation of a Council owned brownfield site will not cause distortion in or harm to competition, trade or investment.

Will you be disbursing the funds as a potential subsidy to third parties?

No

Has an MP given formal priority support for this bid?

	Yes
Full name of MP	Kenny MacAskill
MP's constituency	East Lothian
Upload pro forma 6	Proforma 6 - MP Support.pdf

Describe what engagement you have undertaken with local relevant stakeholders. How has this informed your bid and what support do you have from them?

The Council has undertaken and continues to plan extensive consultation, engagement, awareness raising and collaborative working on site redevelopment.

Effective consultation, engagement and collaboration with local and national stakeholders and communities underpinned development of the Cockenzie Masterplan (Annex 2, Chapter 5). In 2016, the first stage of consultation was carried out to inform the masterplan design and delivery strategy. Stage 1 involved:

• Stakeholder site visits and workshops - National stakeholder groups and then for local stakeholder groups. These looked at constraints and opportunities and potential development scenarios;
• Public drop in sessions with feedback forms and aerial maps of the site and its surrounds and a poster to record ideas; and
• School pupil workshop held at the local high schools.

In 2017, the second consultation stage began to update on progress, review several masterplan options and to seek feedback for a final masterplan design and delivery strategy. This involved a combined national and local stakeholder workshop, public drop in sessions and two school workshops. Analysis of these events informed the final masterplan in August 2017.

The Council also consulted on the adopted Local Development Plan 2018 going beyond statutory requirements to do so, which contains policy PROP EGT1 Land at Former Cockenzie Power Station Site.

In 2020 the Council publicly consulted on draft Supplementary Planning Guidance for a ‘Climate Evolution Zone’. It covers wide area including the Cockenzie site, the adjacent Blindwells New Town site as well as the neighbouring regenerating communities. It supports the provision of employment and essential infrastructure for net zero at the Cockenzie site, and a wider series of regeneration proposals of the wider area. Innovative consultation techniques for this Vision were deployed during the pandemic, including online videos and a social media campaign, and online events, workshops and meetings, and engagement with young people through schools and the curriculum. The emerging National Planning Framework 4 supports Climate Evolution Vision and employment uses at the Cockenzie site, and it too has been consulted on by Scottish Government.

The Bid interventions at the Cockenzie site are necessary, since site clearance and enabling works are needed to prepare it for any redevelopment. At this stage, the bid proposals are therefore technical and have been developed over Spring 2022. This was during the Scottish Local Government Elections pre-election period and post-election Council formation. At meeting of full Council on 28 June, all elected members voted to support the Bid proposals. This followed an elected member site visit to explain the Bid and its reasoning. On-going engagement with communities is also planned as the bid, and hopefully the project, progresses.

This bid has the support of the Local MP, Kenny MacAskil, and written support (Annex 5) has also been received from the constituency MSP Paul McLennan and the two South of Scotland regional list MSPs Craig Hoy and Martin Whitfield, both of whom have East Lothian connections. The other five South

Scotland region list MSPs do not have East Lothian connections and were not asked for support.

Has your proposal faced any opposition?

There has been no opposition to the interventions in the bid proposal and a strong feeling among surrounding communities that progress on a redevelopment of the site should be made as soon as possible. Site clearance and enabling works will deliver significant visible short term outputs and outcomes, and will provide the flexibility to allow the accelerated delivery of a number of longer term outcomes, impacts and benefits, including improvements to the public realm and the ability to market the site nationally and internationally to attract new employment development.

There are inevitably some concerns amongst nearby residents as to the nature of the works and the change that they will bring, however this is within the context of overall support for the site's redevelopment. There will be an ongoing dialogue with local people, to ensure that they understand what will happen, when and how the works will be undertaken. The site works will be the subject of a full construction management plan and regular community liaison, so that vehicle movement patterns, site working hours and effective dust suppression measures are implemented and understood.

Do you have statutory responsibility for the delivery of all aspects of the bid?

Yes

Provide evidence of the local challenges / barriers to growth and context that the bid is seeking to respond to

East Lothian has been graded category 2 in the UK Index of Priority Places, but this masks inequalities and pockets of acute multiple deprivation within the area.

According to the Scottish Index of Multiple Deprivation (SIMD 2020v2), East Lothian has eight data zones in the 20% most deprived areas of Scotland. Six of these are within three miles of the site (three in Prestonpans West and three in Tranent North and South), making it the most deprived area in East Lothian.

Prestonpans, proximal to the Cockenzie site, has 70% of its residents living in the 50% most deprived conditions in Scotland. This represents 10 out of 13 of Prestonpans' zones. Half of Tranent's residents live in the 50% most deprived zones, and 16% are in the 20% most deprived in Scotland. The effect of multiple and prolonged losses of industry hashad a detrimental impact on the area, driving inequality and making the area the most clear target for the Council's plans for a green recovery and opportunity to 'level up'. SIMD is weighted to income and employment domains (28% each), with the income domain derived using the number of people claiming relevant benefits. This highlights the level of challenge in the area.

Job Density measures the availability of local jobs in relation to the local population and is expressed as a ratio of total jobs to those of working age (16-64). The job density in the study area (0.34) is significantly lower than in East Lothian (0.58) and Scotland (0.83), demonstrating lower employment opportunities in the local area relative to the wider population. Income deprivation combined with low job density emphasises the need to provide opportunities for fair work and low/zero carbon jobs in this part of East Lothian.

At the Cockenzie site, the former turbine building area and coal store would be uneconomic to develop and therefore a barrier to growth due to the earthworks and flood risk remediation costs. These works are necessary to enable the

overall site, and will not be covered by market development costs, which will only cover servicing and internal access from site parcel boundaries. Without funding, the site is at riak of remaining vacant and derelict land in the most deprived part of East Lothian. Land value uplift from VDL with a negative value is estimated at x as result of interventions and what can be achieved.

The planned interventions will facilitate the delivery of development on 33ha of the site, estimated to enable an additional c.47,000 sqm net zero energy, economic and culture floor space, generating up to c.2,700 additional direct jobs and c.£200M in direct annual GVA, compared to a 'business as usual' scenario without funding being granted and the interventions not being delivered. Long term impacts will be increase in public sector owned land use value, reduced unemployment, increase in local incomes, and increase in local job density, with commensurate reduction out-commuting and reduction in multiple deprivation in the local and wider area.

Explain why Government investment is needed (what is the market failure)

The Cockenzie Power Station site is one of the last projects of East Lothian's fossil fuel economy. The area is in transition and this brownfield site needs public intervention to pump prime it for future uses that stimulate a green recovery, regeneration and renewal.

The Council will be in receipt of income from sales of part of the site to Seagreen and Inchcape for the substations. However, the complexity of remediating, preparing and servicing the site means these receipts will only cover the costs of some essential infrastructure, including the £3M service road that the Council will be delivering in 2022 and 2023 to allow access to the Seagreen site. They will not cover the totality of all the costs that the Council will be liable for as landowner to make areas identified in the Masterplan developable (zones 1, 2 and 3 Annexes 1 and 2).

A commercial operator developing a parcel will pay for the necessary services and access roads within the parcel itself. This means the provision of wider access roads, foul and surface water drainage infrastructure and delivery of power to the boundary of each parcel needs to be financed by another means. On top these the site has the void, bund, flood risk and JMW abnormalities that a normal development site would not have and the market will not pay to remediate.

If these abnormals are not funded through public interventions, then the non-Inchape area of the zone 1 coastal in which the void in the concrete slab is located, will not be developed because a commercial operator will not be able to cover the costs of the void infill, drainage and grouting of the former cooling water culverts. The Council will also not have the funding from sales revenue to cover those works, the flood protection works as well as other site servicing costs. The same applies to removal of the bunds surrounding the coal store which will allow for significant greater flexibility for that part of the site to be developed. Without the bund removal access is severely limited and therefore attractiveness of development that location is significantly less.

Factoring that in, without intervention, the majority of the zone 1 coastal area and the zone 3 coal store will remain undeveloped due to market failure, an area of 33ha.

What will be developable will be a market only funded, business as usual scenario driven by the completion of the Inchcape and Seagreen substation and interconnectors. The parts of the site that are easier to develop and can could be accessed from the new road the Council is delivering may also be developed – i.e. the remainder of Zone 2 Energy as set out in the Masterplan. Zone 2 does not contain any significant abnormalities compared to flood mitigation, void infill, grouting, bund removal to improve access and a long distance path running through it that requires investment.

Seagreen and Inchcape's footprints are estimated at 25,000sqm. Given that Seagreen is located within Zone 2, it is estimated that at further circa 27,500sqm of floor space could be developed in zone 2 giving a total of

52,500sqm of potential developable uses. In comparison, the floor space of the masterplan envisages that if all of Zone 2, plus all of zones 1 and 3 can be developed, nearly 100,000sqm of economic, net zero energy, cultural and community floor space could be developed. This includes a conservative figure for the Coal Store as this did not involve the removal of the bunds which would increase the area of the coal store from 170,000sqm to 265,000sqm.

Explain what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers

As set out in questions 3.1, 3.2, 4.3.1 and 4.3.2 and Annex 1, the Council is seeking funding to remediate abnormalities on the Cockenzie Site, which has been identified for future employment development. This will release for development a significant quantum of additional developable land (up to circa 33ha) within the site for potential low/zero carbon energy and economic uses, in an area of high multiple deprivation.

These interventions are:
- Removal of the 400,000m3 bunds that surround the former coal store on all sides and the railway infrastructure that sits on top of the eastern bund. Site will be regraded using bund material to create a level, developable platform with rail access at grade. This will increase the area of the coal store from 17.3ha to 26.5ha and remove the current barrier to access in this area, with potential access from all sides;
- Sustainable re-use of the remaining 167,000m3 bund material to infill a 6.4ha void in the former power station site. This will be compacted to a level to support future development. Drainage solutions will be implemented;
- Underneath the concrete slab above which the void will be filled, the cooling water culverts of the former power station will be injected with grouting otherwise the area could not provide the appropriate bearing capacity;
- Repair the current sea wall parapet and raise it by 500mm along circa 650m length around the western and northern edges of the former power station area to mitigate against future storm waves. Replace circa 30m of rock armour at the base of the sea wall;
- The John Muir Way (JMW) runs round the east and north edges of the former power station area and crosses a stepped access, pedestrian bridge, spanning the former water outlet. The bridge detracts from the route and is a long term liability. With the removal of the bridge, the walking route would require to be diverted around the cooling water outlet. The surface of this section of the JMW alongside the sea wall is in a poor condition and will be upgraded to increase accessibility for walking, wheeling and cycling. The level will also be raised by 500mm to allow views over the increased height sea wall parapet.

Accordingly, the Council is seeking Government investment alongside the Council's own investment for the above interventions, on a publically owned former coal power station site. This will accelerate and enable low/zero carbon energy and economic development opportunities as part of an inclusive green recovery. This investment will address the barriers that site abnormals present to realisation of the full development potential of the site, and associated impacts. In so doing, it will help 'the aspiration to 'level up' through an increase in job opportunities in a deprived area with low job densities. Currently consented substations for Inchcape and Seagreen offshore windfarms will provide temporary construction jobs but do not provide long term employment opportunities, beyond a small number of maintenance jobs. Creating a remediated and developable site will improve the business perception of place and lead to fuller, long term redevelopment of the site for both low/zero carbon energy, economic and culture uses. The site used to its fullest extent could provide c.3,500 jobs across those uses, c.2,700 of which cannot be achieved without the interventions subject of this bid. Accelerated impacts from site redevelopment of these vacant and derelict site will be increases in employment, income and subsequent knock on benefits in health and other deprivation factors that impact the local area.

Annex 1 section 4 sets out in greater detail alternative remediation options for the site that were considered and ruled out. In summary:
- The void has to be filled, grouted and sea wall works have to be undertaken to allow development on the power station slab. Cost could be reduced without

JMW works but minimal compared to cost of bid. These are minimum interventions required to make former power station part of the site developable;
- Considered not removing bunds but then would have to use outside material source to fill void resulting in purchase costs and great transportation costs for material rather than using Council owned and locally available. Retaining the bunds would not allow the developable area of the coal store to be increased and create flexible access.
- Considered partial removal of bunds but then cannot use material to regrade site and create flexible access, including rail access at grade and realise full increase in developable area to 26.5ha.

Upload Option Assessment report (optional)

How will you deliver the outputs and confirm how results are likely to flow from the interventions?

A Theory of Change has been submitted as Annex 6. It sets out the need for public intervention, and how the additional resources that the Council is seeking, alongside its own investment, shall address market failure and deliver the key short term output of remediating brownfield, vacant and derelict land to make it viable and available for redevelopment, pursuant to the wider regeneration of the former coal field area.

Two key needs underpin this case for change:

1. Positive Public Sector Leadership

Public intervention is needed to address market failure in the redevelopment of the site;

2. Transformation of Public Assets

Need to transform public asset to address social, economic and environmental challenges and opportunities in capital city region. This includes enabling green recovery, economic growth, job creation and increasing job density, as well as addressing inequality, climate change and ecological and environmental challenges.

The Theory of Change demonstrates how these key needs can be met, if supported by LUF funding, to deliver short term outputs and outcomes that provide direction, alignment, governance, resources, assets, action and public engagement to inform and complete key site clearance and enabling works.

Reducing site abnormals will deliver a flexible public asset that can deliver extensive placed-based levelling-up opportunities. This will attract and accelerate private investment in the remediated site to complete its positive redevelopment, increasing and realising public sector asset value and associated benefits.

Such uses could include employment in cultural and industrial developments as well as low and zero carbon uses and nature based solutions to help address inequality, climate change, ecological issues, health and wellbeing, and stimulate a sustainable green recovery with pace, scale and impact. Such investment in the site will also lead to improvements in business perception of the area.

In the medium to longer term, post site remediation, planning applications and floor space for low/zero carbon, economic and possibly cultural developments will come forward and be built out. This will contribute to the following medium and longer term outcomes:

• Up to 3,500 jobs provided on site through development and operation of low/zero carbon energy and economic uses
• Provision of construction jobs
• Increase in business investment

• Removing the blight of the fossil fuel era and increasing local pride and business, residents and visitors perceptions of this part of East Lothian

Through the theory of change the following longer term impacts of the proposal will be realised:

• Increase in public sector owned land use value
• Reduced unemployment
• Increase in local incomes
• Increase in job density locally
• Improvements in SIMD scores in local and wider area
• Reduced need to travel and associated emissions
• Enables environmental and ecological enhancement

Overall, the strategic impact will be to accelerate regeneration and redevelopment of the former Cockenzie Power Station site to 'level-up' the former East Lothian coal field by providing opportunities that help to address inequalities, improve health, well-being and the environment, and that stimulate a green recovery and enhanced prosperity.

Theory of change upload (optional)	Annex 6 Theory of Change.pdf

Set out how other public and private funding will be leveraged as part of the intervention

[redacted] As per the bidding requirement, the Council will additionally fund 10% of the cost of the proposed remediation works, if the bid is successful.

No private funding is being sought for any of these works.

Explain how your bid aligns to and supports relevant local strategies and local objectives for investment, improving infrastructure and levelling up

Regenerating the former coal-fired power station at Cockenzie for economic development is a priority with widespread local, regional, Scottish and national strategy support, closely aligned to the Levelling Up agenda. Its redevelopment will bring new prosperity to communities with high levels of deprivation and improve an area which has been blighted by decades of coal-fired generation and coal storage. The site is identified for new uses in National, Regional and Local policy.

The extant Scottish National Planning Framework (NPF) 3 recognises the pressing need for a reuse of the site and identifies it for gas-fired thermal generation. The former owners, Scottish Power, now focus on renewables. Consequently, draft NPF4 has signalled a new direction to reuse the site for employment and essential net zero infrastructure (pp31-35). Scottish Development International identifies the site as key for energy transition and inward investment.

The vision for Cockenzie aligns with Scotland's new policy statement 'Delivering Economic Prosperity' (NSET). It identifies opportunities for economic growth, building on strengths in energy and decarbonisation, to create well paid, secure green jobs (pp1-6).

The Regional Prosperity Framework identifies the site and the need for land remediation and infrastructure delivery; it is key to one of the regional 'Big Moves' to achieve prosperity by regenerating the Forth Estuary (pp18-24). The site redevelopment features within the Council's Economic Strategy (pp 18).

The Council acquired the site in 2018, with an objective to facilitate the provision of a target 3,500 jobs. The adopted Local Development Plan conforms with NPF3 and recognises the site as suitable for thermal generation, but goes on to identify the wider area, including the coal yards, as a significant opportunity for renewable energy investment. The plan sets out the Council's aspirations for the site and notes that proposals which make the best use of the location's assets and bring the greatest economic benefits will be preferred (page 112).

After the Council acquired the site, with its vision for a thriving employment area, a masterplan was prepared in conjunction with the local community, to allow everyone to explore their aims and objectives for the site. This masterplan, which achieved widespread support, has been used as the foundation of this bid. Planning permission has been granted subsequently for two substations to bring ashore the low carbon electricity from two major offshore windfarms. This electricity will be fed into the National Grid through the existing switching station which forms part of the site's wider infrastructure and opportunity. The Council's most recent emerging expression of policy puts the site at the heart of a wider and thriving 'Climate Evolution Zone', which accords with the Scottish Government's Climate Change Plan Update 2018-2032 and the Council's Climate Change Strategy.

This Vision for the site is in accordance with national, regional and local policy. It can attract investment to deliver green jobs, innovation, training and skills, climate change adaption and mitigation, and nature based solutions, as well as other key opportunities post pandemic.

Explain how the bid aligns to and supports the UK Government policy objectives

The redevelopment of this large-scale former fossil fuel asset aligns exceptionally well with UK Government policies aimed at Levelling Up and achieving Net Zero carbon by 2050. The regeneration of this extensive brownfield site will certainly improve everyday life in the area, affected by the former use. The re-use of existing material to fill the void left by the power station is an essential first step towards achieving the vision, retaining the embodied carbon in the bunds, whilst undertaking costly remediation works that are necessary in preparing the site for its new future, opening up the opportunity for economic growth as part of the new Green Industrial Revolution. The proposal will also improve public realm along the waterfront, to the benefit of local residents.

In the Levelling Up White Paper, East Lothian is noted to be towards the lower end of the scale in terms of productivity and earnings (pp7-8), whilst a more granular examination will identify an imbalance which exacerbates these measures, with lower prosperity in the former coalfield area to the west of the Council area. The purpose of the Council's purchase of the site is in unison with some of the defining aims of the Levelling Up agenda, to redress this imbalance, boost productivity and bring well paid new jobs in the low carbon economy to Cockenzie, as well as restoring local pride in a large site that has been scarred by its industrial legacy.

The proposal also aligns successfully with progress towards Net Zero by 2050 and the Clean Growth Strategy, as the site will become the landing and distribution point for offshore renewable electricity and subsequent developments will be able to take advantage of this immediately adjacent renewable power source. [redacted] the creation of a level platform will provide large, level and developable land parcels, protected from coastal flood risk, by improvements to the sea wall. These will be capable of accommodating further low carbon energy developments, including the potential for low carbon fuel manufacture, modular construction opportunities, battery technologies and a range of other potential uses that the Council envisages will emerge once the basic remediation of the site has been funded.

Scotland-specific policies are also supportive of the proposed use for the site, both the aim to achieve Net Zero by 2045 and the work of the Just Transition

	Commission, aiming for a fairer, greener future for all. Cockenzie provides the opportunity to make a significant contribution to both these objectives, as a hub for renewable energy and with such a significant potential as a location for fair work in industries associated with the low carbon economy. The plans also accord with Fair Work First, which sets out how Scotland is working towards creating a wellbeing economy, which will allow for innovation and the provision of good quality jobs that reduce inequalities and are compatible with the aim to achieve a net zero, sustainable economy.

Alignment and support for existing investments

Where applicable explain how the bid complements or aligns to and supports existing and/or planned investments in the same locality	Whilst the Council has not received any other external funding streams, the bid will complement the Council's own investment into delivering a link road through the site and other site preparation works it will be undertaking. Offshore wind developers Inchcape are also due to invest in the site in the immediate future, with potential for Seagreen to invest at a later date with substations and cabling infrastructure to connect to the existing Grid substation. Whilst not capital investment in the Cockenzie site, East Lothian's UKSPF allocation is intended to be targeted towards skills development, which fits with the planned utilisation of the site for employment uses.

Confirm which Levelling Up White Paper Missions your project contributes to

Select Levelling Up White Paper Missions (p.120-21)	Living Standards Research and Development (R&D) Skills Health Wellbeing Pride in Place
Write a short sentence to demonstrate how your bid contributes to the Mission(s)	Remediating this brownfield site will allow it to be regenerated and capable of low and zero carbon energy and economic development and investment, potentially including advanced manufacturing and research, in turn providing valuable employment opportunities leading to increased incomes and subsequent impacts on health, wellbeing and education in this most deprived part of East Lothian.

Provide up to date evidence to demonstrate the scale and significance of local problems and issues

The full response to this question contains data tables and is set out in Annex 9 and should be read as the response to this question.

As set out in sections 3 and 4 and Annex 1 Delivery Plan, the Council is looking remediate and make developable 33ha of vacant and derelict land of a demolished coal power station site and associated coal store area. The whole site is 92ha but much of it is greenspace and not identified for redevelopment. The site is located nearby the most deprived communities in East Lothian, where job density is well below average for both East Lothian and Scotland. East Lothian itself also has a low job density, resulting in unsustainable commuting patterns, as residents' access available jobs in the Edinburgh area.

The communities within a three mile radius of the site (Study Area – Figure 1 in Annex 1) are more deprived than both the East Lothian and wider Edinburgh and South East Scotland City Region (SESPlan) area averages, using Scottish Index of Multiple Deprivation (SIMD) indicators. Income, employment and education rankings, are noticeably lower – scoring 5s rather than 6s. East Lothian contains eight SIMD data zones that fall within the 20% most deprived zones within Scotland. Notably for this proposal, six of these are concentrated

within the Study area, in the communities of Prestonpans and Tranent. The SIMD rankings for these six zones are very significantly lower, particularly the measures of income (2), employment (2), health (3) and education (2). These measures are all important indicators of wellbeing. The Levelling Up Fund missions have been designed to address these identified challenges for local areas and thus this bid represents a very strong fit. If the site is remediated for development it can bring a wide range of new job opportunities, consequent increased wages and better health and wellbeing outcomes at a local and regional scale.

In terms of job density (jobs/working age population), the Study Area has a much lower density (0.34) relative to population size than in East Lothian (0.58), which is in turn much lower than that in the City Region (0.83) and Scotland (0.8). The site can serve as a new centre for economic activity within East Lothian and the City Region, reducing unsustainable commuting patterns and focusing on local job opportunities. East Lothian has a lack of available and developable employment land and this bid will release a large area of remediated land in Council ownership, targeting jobs within the low/zero carbon economy.

Demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues

SIMD is the standard approach uses by the Scottish Government to identify concentrations of deprivation across Scotland in a consistent manner. The Scottish Government's SIMD website states 'It can help improve understanding about the outcomes and circumstances of people living in the most deprived areas in Scotland. It can also allow effective targeting of policies and funding where the aim is to wholly or partly tackle or take account of area concentrations of multiple deprivation.' Scotland is divided into 6,976 data zones (each averaging around 783 people). These data zones are then ranked (with the lowest number indicating the most deprived area) against key measures of deprivation – income, education, crime, health, employment, geographic access and housing – as well as by overall deprivation. As this bid will be compared against other Scottish proposals to secure funding, this is considered the most appropriate dataset to highlight the economic and social needs for levelling up investment in this part of East Lothian in the concise manner requested. The SIMD data used is the most recent SIMD 2020 v2.

Job density ratios clearly articulate that the area within three miles of the site and also the wider East Lothian area has significantly fewer jobs relative to the working age population, when compared to the City Region and Scotland. That is why investment is required to remediate a brownfield site to provide low/zero carbon and economic use employment opportunities. Data is taken from 2020 Office for National Statistics Employment Densities.

The use of both SIMD and Job density data highlights that whilst East Lothian has been categorised as level 2 in the LUFs Index of Priority Places, there are concentrated socio-economic, deprivation and access to employment issues in relation to these communities affected by the legacy of fossil fuel mining and power generation, partly masked if East Lothian is considered as a whole. These challenges in this specific area are a strong fit with the Levelling Up missions and demonstrate the urgent need for these to be addressed, to improve economic, health and wellbeing indicators within the communities surrounding the Cockenzie site.

Demonstrate that the data and evidence supplied is appropriate to the area of influence of the interventions

The Council commissioned the technical consultants Stantec to update the Socio-Economic Baseline Appendix A from the 2017 Cockenzie Masterplan, to support this LUF bid. For wider context, the Council advised that the Study Area be increased to a three mile radius from the site (figure 1, Annex 1). The

original study was focused on the immediately adjacent communities of Prestonpans, Cockenzie and Port Seton, as it was prepared specifically in the aftermath of the closure of the power station. The wider radius used is still within close proximity to the site and has been defined, taking account of advice from colleagues in the Council's Highways Department, to reflect a distance that people may travel to work by sustainable modes (walking, cycling and public transport). This wider area draws in the neighbouring former coalfield communities that have the highest levels of deprivation as defined by SIMD, particularly Tranent, which thus will experience the greatest positive impacts of LUF investment in a project to bring significant and sustained new economic activity to this area. This defined geography provides data at a level that is local to the site, which can be then compared to wider East Lothian, City Region and Scotland wide datasets.

Provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems

The full response to this question contains data tables is set out in Annex 9 and should be read as the response to this question.

The Theory of Change (TOC) (Annex 6) identifies that significant areas of the former power station site require remediation works, before it can be serviced and subsequently redeveloped for low/zero carbon energy and employment development uses in line with local and Scottish strategy, policy and the vision of the community masterplan. These remediation works encompass the removal of bunds, infill of a significant void where the power station stood, sea wall raising to protect against climate change and provision of access improvements – figure 7 in Annex 7 Delivery Plan. The input of the Levelling Up funding would allow these remediation works to be completed on 33ha of land and the short term outputs identified in the TOC will be a site that can be serviced and developed. In turn, this will see the vacant and derelict site delivering a positive land value as set out in response to section 5.3.

As per policy and strategy, the remediated parts of the site will be available for economic development, alongside the already consented renewable energy uses on the other parts of the site, providing a policy compliant mix. These remediated areas of land will be parcelled and serviced for development and built out over the medium to long term as envisaged by the TOC. The outcome will be job opportunities and wider benefits, in this area scarred by the legacy of the fossil fuel industry, which currently has higher employment and income deprivation and poorer health and educational outcomes than other parts of Scotland.

Economic modelling undertaken by Scottish Enterprise has identified potential economic impacts of the development of:
a) a 'Business as Usual' (BAU) scenario covering what is estimated could be built out on parts of the site that are developable without the LUF intervention, comprised of Masterplan Zone 2 (figures 6 and 7, Annex 1) which is the area surrounding the grid connection building to the north of the coal store and the Inchcape and Seagreen interconnectors and substations; and
b) a 'Future Potential' scenario setting out a broad range of floor space that would be policy and strategy compliant and developable on the site, if it were remediated to release the former power station area and the coal store area, unfettered by the bunds, for development.
These impacts are:

BAU
Floorspace 52,500sqm total - 36,250sqm energy and 16,250sqm industry/business units.
Jobs (direct) 881
Jobs (factoring in supply chain and induced impacts) 2,334
GVA £70.1M
GVA (factoring in supply chain and induced impacts) £133.3M
GVA minus 25% (sensitivity test) £100M

Future Potential
100,000sqm total floorspace - 25,000sqm office, 25,000sqm energy and

50,000sqm industrial/small business (47,500sqm>BAU)
Jobs (direct) 3,672 jobs (2,791>BUA)
Jobs (factoring in supply chain and induced impacts) 6,697 (4,363>BAU)
GVA £277.5M (£207.4M>BAU)
GVA (factoring in supply chain and induced impacts £459.4M (£326.1M>BAU)
GVA minus 25% (sensitivity test) £344.6M (£244.6M>BAU)

Based on the above, the intervention of £11.268M of LUF funding is intended to lead to Future Potential development scenario of up to 2,791 direct additional jobs, based on job density assumptions and the full build out of floor space, when compared to full build out of the Business as Usual scenario without LUF investment. This would lead to GVA increases as identified above, including a wider GVA increase of £244.6M factoring in a 25% sensitivity. It should be noted that the energy uses in both the mixes utilise a job density assumption of 90sqm per job, but the substations may produce a lower job density in either scenario due to a maintenance workforce. It is the non-energy floor space in the Future Potential scenario that is only made possible as a result of the LUF investment and public sector support for development and delivery on the site that then leads to significant increases in employment and GVA. These benefits are then widened beyond immediate employment, encompassing supply chain and induced impacts, providing direct benefits across the wider area. In turn, as per the TOC, this will lead to increases in local job opportunities, training and incomes with subsequent positive impacts on deprivation indicators, in this most deprived part of East Lothian.

Local job opportunities, coupled with wider supply chain and induced jobs will increase local and East Lothian job densities, helping to reverse the increasing and unsustainable trend of out-commuting and consequent congested road and public transport networks.

Describe the robustness of the analysis and evidence supplied such as the forecasting assumptions, methodology and model outputs

The full response to this question contains a number data tables with cautions is set out in Annex 9 and should be read as the response to this question.

Scottish Enterprise undertook modelling of the economic potential of the Cockenzie site on behalf of the Council and the following provides extracts from the data that the response to 5.2.1 is based on.

To calculate the employment and GVA impacts of the developments, the 2015 ‘Homes & Communities Agency Employment Density Guide’ was used to estimate the sqm of floor space per employee for a range of uses. A figure of 90 was used for energy because the proposed substations are likely to have very low job densities akin to storage and distribution uses, rather than be influenced by higher job densities for oil and gas extraction.

Densities of 13, 34 and 90 sqm per employee were used respectively for office, industry and energy uses.

The next step is to apply these use densities to the areas allocated to each use in the scenarios, then calculate the GVA associated with the developments by applying the per capita GVA figures in the latest edition of Scottish Annual Business Statistics, with the 2019 figures being updated to 2020-21. To do this, the Standard industrial Classifications divisions (the classifications for which GVA is given) had to be mapped onto the activities in each scenario.

Energy GVA per employee figures can be informed by high oil and gas GVA. To err on the side of caution, therefore, it has been assumed for the proposed uses at Cockenzie, that the GVA per employee for the proposed substation uses is £70,000 at 2018 compared to an energy average of £108,268. When re-based to 2021 prices, this gives a figure of £77,000.

Offices GVA per head £70,604
Industry GVA per head £81,800
Energy GVA per head £77,000

The following Type II multipliers were uses for employment and GVA
Offices – 1.4 Employment – 1.4 GVA
Industry – 2.1 Employment – 1.9 GVA
Energy – 3.3 Employment – 1.9 GVA

All inputs were used to calculate the following employment and subsequent GVAs for both scenarios:

Business as Usual
Energy = 403 direct jobs and 1,300 jobs after Type II multiplier
Industry = 478 direct jobs and 1,004 jobs after Type II
Energy GVA = £31.0M and £59.0M after Type II
Industry GVA = £39.1M and £74.3M after Type II

Future Potential Post LUF Works
Offices = 1,923 direct jobs and 2,692 jobs after Type II multiplier
Energy = 278 direct jobs and 917 jobs after Type II
Industry = 1,471 direct jobs and 3,088 jobs after Type II
Offices GVA = £135.8M and £190.1M after Type II
Energy GVA = £21.4M and £40.7M after Type II
Industry GVA = £120.3M and £228.6M after Type II

Explain how the economic costs of the bid have been calculated, including the whole life costs

Overview
The funding sought from LUF is £11,267,841. The following figures detail the impacts on project funding resulting from the application of optimism bias, inflation, and discounting with reference to the delivery plan.

The total discounted LUF request is £10,471,631.94, inclusive of inflation and Optimism Bias (OB) at 6%. OB has been estimated at the lower-bound of standard civil engineering because of the advanced stage of project design and costing and the relative simplicity of the proposed works in proportion to the costs. The majority of the costs are made up of grouting former cooling culverts through the injection of concrete and the movement of earthen bunds and transportation of a third of the material to another part of the site for infill and compaction. For the latter the Council is already in ownership of the material to fill the void and is therefore not subject to fluctuation in material costs. The designs and works estimates have been costed by SLR Consulting and their report is available as annex 3 to this submission.

The total discounted public sector co-funding is £11,635,146.61, inclusive of inflation and OB.

Discounting
Capital costs have been developed with reference to the delivery programme. These are then discounted to the base year of 2022 at the Green Book recommended rate of 3.5% per annum for the social time preference of money

Inflation
Capital financial costs have been advised by SLR Consulting (Annex 3) are to a Q2 2022 base. Inflation has then been applied to all capital costs based on the Build Cost Information Service (BCIS) rates in the Project Costings Workbook and this is based on the expenditure of the funding as per Tables B and C in that workbook. This was based in the development profile set out in table D in the workbook as informed by the development programme provided by SLR Consulting.

Describe how the economic benefits have been estimated

A detailed Economic Case Modelling produced by Stantec has been submitted as part of this bid as Annex 4.

Direct Land Value Uplift
Land Value Uplift (LVU) is the difference between new use value and previous use value. For the previous use value, the bid uses floor space for the Business as Usual scenario set out in section 5.2. The new use value is based on the floor space for the Future Potential (Post LUF Works) scenario, as that is a proxy for the potential scale of development on the site post-LUF works.

A residual valuation model has calculated the value of land in its new use. Residual land valuation is undertaken by subtracting the costs a developer will incur from the estimated maximum revenue that could be obtained from that land, referred to as Gross Development Value (GDV). The GDV of project deliverables has been estimated using East Lothian market data sourced from CoStar Properties © database.

The development costs, fees, and profit associated with new development has been modelled using the set of assumptions in the accompanying guidance to MHCLG's Land Value Estimates for Policy Appraisal. As the development site is vacant, derelict and lacks appropriate infrastructure, it has been assumed that it effectively has no existing value in its current state. Without investment to unlock the sites, they will remain unviable for development indefinitely.

New land values are assumed to increase at 5% annually as suggested by MHCLG guidance. Benefits are realised in the anticipated opening year of a given development and are discounted to the base year and adjusted for displacement.

Adjusted for displacement (20%) and discounted (3.5%), the net present value (NPV) LVU is £15.4m.

Wider LVU
Wider LVU is the indirect impact on land values produced by a nearby investment. It can occur around regeneration or infrastructure projects as these may stimulate economic activity nearby, or increase the desirability of the location and thus increase demand for property.

A survey of properties within the local area of the proposed development has identified 448 residential units with an estimated value of £81.3 million, and some 5,691sqm of commercial floor space (primarily general commercial space) with an estimated value of £7.9 million.

We have modelled these properties as increasing in value by 1.5% per annum for 5 years following completion of the LUF investment. In a recent literature review MHCLG states that this represents 'a reasonable ceiling figure' for wider LVU (See: Bhabra, J. (2020). Wider Land Value Uplift.)

Adjusted for displacement (5%) and discounted (3.5%), the NPV Wider LVU is £5.5m.

Provide a summary of the overall Value for Money of the proposal

Below summarises the Value for Money of the Proposal, comparing the Net Present Value benefits against the economic costs. A detailed methodology note for how these figures have been calculated as set out in Annex 4 - Stantec Economic Case Modelling.

Previous responses set out how land value uplifts (benefits) and economic costs have been calculated.

Direct Land Value Uplift = £15.4M
Wider Land Value Uplift = £5.5M
A: Total Benefits = £20.9M

B: Total Levelling Up Fund Cost = £10.5M
C: East Lothian Council Funding = £1.2M
D: Total public sector cost = £11.6M (rounding is reason for difference – See Table A5 in Project Costings Workbook)

	BCR on Levelling Up Fund grant = A / B = 2.00 BCR on all public sector costs = A / D = 1.80
Upload explanatory note (optional)	Annex 4 Stantec Economc Case Modelling.pdf

Have you estimated a Benefit Cost Ratio (BCR)?

Yes

Estimated Benefit Cost Ratios

Initial BCR	2.00
Adjusted BCR	

Describe the non-monetised impacts the bid will have and provide a summary of how these have been assessed

The land value uplift provides a Green Book compliant assessment of the increase in land value generated by low/zero carbon energy and economic uses, subject to LUF being awarded to address site remediation issues that presently prevent the site's potential from being fully realised. Public sector land value uplift is only one positive outcome of the bid, with the others summarised below:

Non-Monetised Impacts
• As set out in section 5.2, economic modelling of development potential of the site post LUF funded works estimates that an additional circa 2,700 jobs could be provided through varied uses on site in comparison to only the development of the parts of the site that do not require remediation;
• Whilst monetised, GVA impacts of this employment generation are not included in the BCR calculation. Scottish Enterprise’s modelling estimates that those additional jobs will have a circa £200M direct GVA uplift in comparison to the Business as Usual development forecast. Factoring in greater supply chain and induced benefits will have significant positive impacts on incomes and expenditure in this area of concentrated multiple deprivation;
• Site remediation would allow a wider, larger site that could be developed by one single user or split into parcels to deliver green recovery employment on this coastal site with unique characteristics of access to the East Coast Mainline at grade and a National Grid connection point;
• In accordance with City Deal and other regional and local skills and employability programmes, employment opportunities generated on this site will allow for training and skills improvements in the local workforce;
• Increased and better job opportunities and subsequent higher incomes will lead to better health and wellbeing outcomes;
• Increased local job densities leading to reduced commuting distances for East Lothian residents, reducing transport network pressures and leading to reductions in transport emission through reduced vehicle commuting to outside East Lothian;
• Transforming fenced off areas of vacant and derelict land into eventual landscaped areas with nature-based solutions to complement economic activity, will improve both environmental and economic perceptions and realities of this area of increased deprivation;
• Restoration of this section of the John Muir Way coast to coast route and accompanied promotion will lead to increased levels of walking and cycling. This will also lead to an increase in visitor numbers of this part of East Lothian and spin-off local economic benefits; and
• Removal of the stepped access bridge over the outfall will allow this waterfront section of the John Muir Way to be enjoyed by walkers, wheeled users and cyclists rather than have to divert along the B1348.

These proposed outcomes and impacts are highlighted in the Theory of Change for this investment and closely align with the missions of the Levelling Up agenda.

Provide an assessment of the risks and uncertainties that could affect the overall Value for Money of the bid

Project costs have been estimated to a high degree of certainty. A summary of cost estimates for the works package was produced by SLR Consulting on behalf of East Lothian Council in June 2022.

The value for money (VfM) assessment is based on land value uplift that, in this case, is a function of commercial property rents, yields, and build costs. Therefore, a fluctuation in any one of those will impact the viability of commercial property development. With pandemic and Brexit-related issues driving up build costs and impacting the attractiveness of the traditional office spaces, the land value uplift assessment comes with a caveat, in that it's driven ultimately by the demand for new development (sensitivity of impact has been identified).

The Council is undertaking a review of aspects of the masterplan in the post-Covid environment, including how the remediated site could be flexibly divided up into development parcels, as well as employing Commercial Agents to undertake market testing of the remediated site. However, the proposed Future Potential scenario set out in 5.2 is not fine grained and therefore represents a reasonable proxy at this stage, whilst aligning with strategy and policies for the site. Given the current market conditions, there could be uncertainty about the level of floor space built out or the proposed types of uses. This could lead to a lower land value uplift and subsequent lower VfM. Lower value floor space could be developed on site with lower yields also negatively impacting on VfM.

Upload an Appraisal Summary Table to enable a full range of impacts to be considered

Appraisal Summary Table 1

Upload appraisal summary table	Cockenzie Appraisal Summary Table.pdf

Additional evidence for economic case

Additional evidence 1

Upload additional evidence	Annex 9 Economic Case Responses.pdf

Confirm the total value of your bid

Total value of bid	£12519823

Confirm the value of the capital grant you are requesting from LUF

Value of capital grant	£11267841

Confirm the value of match funding secured

£1251982

Evidence of match funding (optional)

Where match funding is still to be secured please set out details below

East Lothian Council will contribute 10% of proposed bid costs in each financial year from its capital budget to the works - as per the submitted costings workbook. Sufficient budget has been identified within the Council's wider Accelerating Growth resource for its contribution towards the financial costs in the 22/23 financial year. For 23/24 and 24/25 matched expenditure, the Council's capital budget will be set in February 2023. The June 2022 Council Report (Annex 8) seeking approval for the bid submission, that was unanimously approved by councillors, set out that the Council would be required to fund 10% of the cost of the proposed capital works.

LUF and Council capital funding are only funding sources for the proposed works. No sums are sought from third parties.

Land contribution

If you are intending to make a land contribution (via the use of existing owned land), provide further details below

The Council owns all of the current site area where the proposed bid works are sited and no transfers of ownership are proposed. No land is to be contributed by third parties. The site is identified for regeneration in the extant Local Development Plan 2018 and also the draft National Planning Framework 4 2021.

Upload letter from an independent valuer

Confirm if your budget includes unrecoverable VAT costs and describe what these are, providing further details below

The proposed budget does not include unrecoverable VAT costs.

Describe what benchmarking or research activity you have undertaken to help you determine the costs you have proposed in your budget

East Lothian Council required market research into feasibility, costs and delivery programme and therefore appointed SLR Consulting to undertake this work. SLR consulting had previous knowledge of the site through undertaking a feasibility assessment in 2020 into infilling the void on the former power station site, to create a level, developable platform. The report provided is based on SLR's experience of similar remediation works.

Sections 2.13-2.14, 4, 5 of this application (as per applicate guidance question numbers) and section 4 and appendix 1 of the SLR Report – submitted as Annex 3 – sets out details of assumptions used in the cost estimates. The following is a summary.

Planning and Environmental Impact Assessment (EIA), Ground Investigation

and Design of Works (£351,517):
A series of assumptions are set out in section 2.13 of Annex 1 but the main assumption is that the Council will be required to prepare and submit an EIA as part of its bid. The subsequent planning application for the works would be classified as a 'Major' development and will require pre-application consultation. Cost estimate does not include planning application fees, which the Council will fund entirely.

Removal of Coal Storage Bunds (£2,364,174.57*):
Boreholes and site surveys have indicate that there is no contaminated material in the bunds and that they are primarily made of clay with a topping of shale blaes. The exception is the western bund which contains concrete structures, which would be removed and crushed to leave re-usable material. Cost assumes material not used for void infill would be used for site regrading (as proposed in bid) rather than more costly off-site disposal.

Power Station Slab Void Infill (£1,119,597.67*):
Based on visual inspection of bunds it is assessed that material used for void infill is suitable as a base for development post layering and compaction. The bid includes an allowance for post-works verification.

Drainage & Grouting of Cooling Water Culverts (£5,448,248.71*):
Assuming drilling of grouting holes at c. 3m centres along the 1830m of cooling water culvert although some areas have previously been filled. Drainage costs have been based on a high level design.

Sea Wall Parapet & Rock Armour Works - £1,160,445.72*:
Assumes sea wall parapet needs to be raised by 500mm to meet 1/1000 year flood risk climate change requirements and rock armour requires to be replaced along 30m stretch.

John Muir Way (JMW) and Bridge Removal - £323,438.33*
Assumes bridge to be removed by crane in sections and JMW re-routed in 4m wide path around outfall.

Verification - £28,560.07*

Preliminaries - £1,606,840.7
Includes allowances for contractor mobilisation and amenities

Construction Supervision – £117,000
Assumes 50% Full Time Equivalent for 18 month construction period.

*Includes 30% contingency as recommended by SLR. This has been added individually to each item as per table C in the Single Project Costings and Planning Workbook rather than as a separately line.

Provide information on margins and contingencies that have been allowed for and the rationale behind them

It is important to highlight that this is a project to remediate land to make it capable of development. Thus the standard metrics of a development project including margin do not apply in this instance. What East Lothian Council is seeking to do is the basic remediation works required to level and re-grade this former fossil fuel asset, to make it capable of viable development for positive economic uses. The project is essentially one of pump-priming remedial works that cannot be funded by commercial means, to get the site to a point where it will be possible to masterplan it into development parcels and market these for future employment uses. The project is seeking to address a true market failure at its most basic level.

SLR Consulting have used 30% contingency costs and they have been applied to the cost estimates for the construction costs of all the physical works proposed on site i.e. bund removal and regrading; power station slab void infill; drainage and grouting; sea wall and rock armour repair; and bridge removal and John Muir Way works.

SLR have advised that 30% contingency costs are standard for this type of project at this pre-planning and design stage. As it is at early stage, later contractor engagement will result in cost refinement and risk mitigation highlighting where there is potential to reduce contingency.

This bid thus relies on the professional advice the Council has received in relation to the appropriate contingency for the works proposed.

Describe the main financial risks and how they will be mitigated

The risk register (Annex 7) that the Council has submitted as part of its accompanying delivery plan identifies three potential financial risks, set out below in order of decreasing likelihood and severity. In each case a 30% contingency has been applied on advice from SLR Consulting, so that the project should remain within the costs identified except in extreme circumstances, where further work would be undertaken to cost any unknown risks that may arise. For now, the Council believes that appropriate advice has been received to contain the project within the set budget. We will engage regularly with the Government's Levelling Up team as we tender the project and are able to refine the terms.

The main financial risk, identified as Risk 2 in the register, is that the cost of completing the project increases due to unknown additional costs that could not have been anticipated, or material/labour shortages drive higher prices and high inflation. The Council has sought to mitigate additional cost risk, as far as possible, through application of appropriate contingency, as advised by SLR Consulting. 30% contingency is considered appropriate for the level of risk at this point. This contingency is not an optimism bias. In terms of financial risks arising through increased costs (inflation of material and labour costs) in delivering the project, the Council will seek to manage this risk through the procurement process. There will be two full procurement exercises (the first for consultants to undertake pre-planning and consenting, and construction contract management; the second for the contractor to undertake the required demolition, engineering, earthworks and construction works). As part of these procurement processes, the Council will seek to enter fixed price contracts to ensure that cost liabilities to the Council do not increase. The Council will also be procuring and appointing the consultants this year and therefore the forecast costs are likely to be aligned with the June 2022 estimate.

Risk 5b relates to that further detailed analysis of bund material could potentially reveal that material is unsuitable for void infill, as material has been sampled from a grid of boreholes. In turn, discovery of unexpected material could lead to delay and/or increased cost in decontamination and remediation and/or having to find alternative material that is suitable for void infill. It should be noted that this is considered to be to be highly unlikely given material testing that has already been undertaken does not indicate contamination, or that the material is unsuitable for infilling the void. This is reflected in the low likelihood scoring in the risk register. Further testing is also being proposed as part of the design works and will be completed prior to December 2022. In the event that alternative material were to be required, this is more likely to lead to a time rather than a cost delay, as appropriate inert material would have to be imported to the site from construction waste on other developments within the area. In the event that contamination found on site could not be bio-remediated in situ and had to be carted off site and disposed of, costs could vary according to the nature of the material concerned. SLR have advised a disposal cost in the order of £1,125 per 100m3 of material.

Risk 5c identifies that further technical studies post-bid submission may reveal that the concrete slab is not a suitable base for void infill due to drainage issues. This leads to increased costs and delay as a result of additional works being required to the concrete base. Nonetheless, the risk register highlights that the SLR technical study indicates that a drainage solution is possible and therefore the likelihood of this risk transpiring is low. Further technical analysis and design works are proposed in the current year.

Works of this nature will be subject to a full construction management plan to minimise impacts on the local community. These will include site working

	hours, dust suppression measures, vehicle management and other measures as considered appropriate, to cause as little disruption as can be achieved. The Council is the only body funding the proposed works other than the UK Government through the LUF and therefore any increases in costs as a result of these risks will be borne by the Council.
Upload risk register	Annex 7 Risk Register.pdf

If you are intending to award a share of your LUF grant to a partner via a contract or sub-grant, please advise below

N/A

What legal / governance structure do you intend to put in place with any bid partners who have a financial interest in the project?

N/A

Summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted

The Council has considered the commercial structure, risk allocation and procurement strategy linked to the delivery of the project and full utilisation of LUF funds within the prescribed period. The preferred approach to these matters is set out below, with alternatives considered (and dismissed) throughout the narrative. This is also set out in section 5 of Annex 1.

The project milestones set out in the delivery plan and the submission workbook indicates that two key procurements would be sought as follows:

1. Pre-planning and consenting, and construction contract management; and
2. Construction contract.

The first is the multi-disciplinary design, engineering, environmental consultancy to undertake the following tasks:
• EIA Scoping, environmental surveys necessary for planning application and preparation of EIA Report and HRA Appropriate Assessment. It is possible that following EIA and HRA Screening it will be determined that a full EIA or an HRA is not required, although it is expected that certain environmental studies will be required for planning application submission. In this event, the overall timetable can be compacted;
• Detailed design of proposed works;
• Statutory pre application consultation (PAC) for the major planning application;
• Management of submission and planning application process; and
• Subsequent to grant of permission, consultant will also provide supervision of the works undertaken by the appointed contractor.

Appointing one multi-disciplinary consultant to undertake all the pre-planning tasks will result in fewer procurement tasks and for only one consultant to be managed at that stage.

The chosen approach for this first procurement is through Scotland Excel, within which there is an engineering & technical consultancy framework where 12 suppliers are appointed. These suppliers provide the services that match the above tasks and the Council has used this procurement framework before to secure similar services. That framework approach is appropriate for a contract which is forecast at under £500,000 in the SLR costings report

provided to the Council. Using alternative frameworks would come at an additional costs to the Council and an open market two stage procurement would not be appropriate for this lower value work package. Using the Scotland Excel Framework would allow for a confined competition which it is anticipated will lead to appointment by October 2022. Packaging the tasks to one multi-disciplinary consultant would also result in fewer procurements and a single contract to be managed at that stage; it also means that interrelationships between work streams and programme could be better aligned.

The second procurement is for the contractor to undertake the proposed works post-planning approval. As the value of these works is estimated at £12.2M it is considered that to achieve best value, a two stage, WTO Government Procurement Agreement compliant, restricted tender process should be carried out. This is estimated to take up to six months in total. The appropriate time allowance has been factored into the delivery programme, so that a contractor can be appointed before works are scheduled to commence in October 2023 to allow a March 2025 completion.

The first stage involves using pre agreed selection criteria to shortlist a number of suppliers to take through to the second stage. Under the first stage, submission will be required to provide evidence of experience in delivering similar projects in the last five years. The award criteria are identified by combining a suitable balance between quality and price, to ascertain the strongest balance in terms of reliable delivery and the most economically advantageous tender. Evaluation takes place at each stage and prior to the contract being awarded, a 10 day standstill period has to be observed to allow for challenge by unsuccessful suppliers. The two stage restricted process allows for the shortlisting of suppliers so that the tenders at the second stage are focused on those contractors who have passed the first stage. Tenders will assessed by the evaluation panel and interviews will be held prior to selection. The second stage tender will provide the most up to date reflection of market price due to its open market nature and will produce a commercially-focused outcome. As this procurement will not start until early 2023, the Council has a period to undertake market testing for contractors with the skills and experience to deliver the project. A similar approach was taken for procuring a contractor to undertaking the construction of a £12M dual carriageway junction on the A1 at Queen Margaret University, in 2021, that is currently under construction and on programme. This provides access to the Council's Edinburgh & South East Scotland City Deal Project to develop a £40m food and drink innovation hub at Queen Margaret University.

It is proposed, on advice from the Council procurement team, that the Council would use a New Engineering Contract (NEC) 3 Option A contract for this scale of project. The Council used this for the A1 junction project. The advantage of this type of contract is that it is a recognised industry standards and relates to the construction programme, where each activity is priced and interim payments are made against the completion of each activity. The Council will have certainty around the cost of each activity and that the activity is completed before payment, with the cost risk passed onto the contractor. Clearly in the current economic climate that is a preferred position.

Whilst the Council is member of the SCAPE framework under which construction works from £50K to £100M can be appointed, there is only one supplier. Therefore whilst this would be a quicker procurement process, its closed market nature may not demonstrate Best Value and would increase cost risks to the project and subsequent impacts on the Council's financial liability.

The contracts procured by the identified method will be required to meet all UK and Scottish-specific legislation and public contract regulations, including the Modern Slavery Act. In the tender document briefs, submissions will be required to demonstrate how they propose to minimise environmental impacts and demonstrate net zero ambition in both the design of the works and their construction. In terms of community impact a particular focus will be on minimise the disturbance and traffic impacts as a result or removing of the bunds and the movement and compaction of material.

Council policy is for procurement briefs to set out sustainability tests for tender submissions. These include:

• Are there an opportunities to minimise energy consumption?:
• Can they demonstrate how they can minimise energy/resource intensity;
• Is there potential to minimise vehicle movements?;
• Can current materials be re-used or recycled materials used; and
• Are there opportunities to minimise water use.

Council policy also requires that procurement briefs ask questions and require responses in tender submission on social and economic opportunities and risk. These include:
• Have diversity and equality issues been considered e.g. through improving diversity of staff and gender balances in senior role and has training been provided on this subject;
• Are there opportunities for apprenticeships;
• Are there opportunities for local suppliers and employment of local residents; and
• Are they committed to decent working conditions and labour standards within supply chains?

East Lothian Council is also committed to fair work practices through procurement including the consultants or contactor payments of the real Living Wage to individuals involved in delivering the contract.

Who will lead on the procurement and contractor management on this bid and explain what expertise and skills do they have in managing procurements and contracts of this nature?

The project will be managed within the Council's Development department, by the growth and sustainability project team, supported by a Project Board of senior officers. The team contains five project managers leading and supporting each other on a variety of growth related projects, including a £40m Innovation Hub under the auspices of the City Deal, technical work supporting the 1600 home Blindwells New Settlement and the wider redevelopment of the Cockenzie site, including new road infrastructure.

The project managers will lead on the procurement briefs with the Council's Procurement Service and review submission tenders. The Project Board will sign off procurement briefs and receive and sign off reports advising of preferred appointees. The appointment of the contractors does not require approval from any political committee but they are required to be notified through a report as to how the appointment accords with the approved project budget. This report will be approved by the Council's Chief Financial Officer.

Procurement experience of members of the project team and board is as follows:
• Graeme Marsden - Project Manager & LUF Lead Project Manager; Procurement experience in appointing and managing consultants to undertake technical studies and provide advice into planning matters and procuring and managing long term planning legal advisors to the Council.
• Andrew Stewart - Project Manager & LUF Support Project Manager; Project Manager in the Growth Delivery Team delivering UK Treasury Green Book business cases and major projects, including procurement of those.
• Project Board Members are Michaela Sullivan (Head of Development), Douglas Proudfoot (Executive Director for Place) and Ray Montgomery (Project Manager – Cockenzie Site). Details of experience are set out in Annex 1 and the response to 6.3.4 (Core Project Team Experience). In summary, this combination of board members have extensive private and public sector financial, project board and delivery experience in significant infrastructure and development projects, including transport, housing and education. This includes determining procurement approaches, reviewing submissions, risk analysis, input into contracts and managing contractors

The Council has an in house procurement service comprised of a Service Manager, five Senior Procurement Officers and three Procurement Assistants. They will lead on the management of the procurement process and have advised on the procurement approach set out of for this project. The team has significant experience in procurement of similar sized contracts. This includes

procurement of:
• £11m A1 junction construction (2021);
• £8.5m Letham Mains Social Housing (2019)
• £11m Letham Primary School construction (2018)

In supporting the delivery of the ambitious housing requirement of the Local Development Plan, the Council is also is making an investment of £136M in four new primary schools, a new secondary school, four large secondary school extensions and eleven primary school extensions over the next five years. This is in addition to two new primary schools and a secondary school extension completed in the last three years. Procurement experience is therefore both detailed and recent.

The Council's finance department will assist in reviewing financial elements, including financial compliance, of procurement submissions.

Are you intending to outsource or sub-contract any other work on this bid to third parties?

As set out in Section 5 of Annex 1 and the response to section 6.2.1, the Council intends to outsource:
1. Pre planning environmental assessment, design of proposed works, preparation and management of planning applications and supervision of construction; and
2. Construction of proposed works.

No other work on the project is proposed to be outsourced.

Outsourcing of both the preliminary designs and subsequent construction as well as separation of these works reduces risk that the project will exceed the forecast budget and that it will breach the proposed timescales.

Section 6.2.1 sets out the processes and criteria as to how the consultant and contractor will be selected. Contactors will be appointed through compliant procurement process and will only be appointed if their procurement tender submissions demonstrate:
• Sufficient experience in undertaking such projects;
• Evidence of undertaking such works to agreed budgets;
• Evidence of undertaking to projects to agreed timescales; and
• Evidence of risk management and reporting processes.

Based on this and the criteria set out in response to section 6.2.1, KPIs set out in the contracts will relate to:
• Producing outputs as per proposed timetable to ensure that works can commence in Autumn 2023;
• Effective public engagement on the design of the John Muir Way works and diversions so that opposition to the proposals and disruption is minimised;
• As per NEC3 Option A requirements, contractor delivers programme of works to agreed budget and to timescales for an end March 2025 completion

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How will you engage with key suppliers to effectively manage their contracts so that they deliver your desired outcomes

In terms of the contractor to undertake the works, the Council will be appointing the multi-disciplinary consultant to undertake full contract management procedures for supervising those works and provide reports to the Council's project managers.

Due diligence process will be followed in appointing contracts relating to bid delivery as per procurement requirements set out in the response to 6.2.1. Both the contractor and consultant procurement submission will be required to provide evidence of successful on time and on budget delivery of similar projects elsewhere in the last five years.

In terms of diligence, in order to be accepted onto the Scotland Excel Framework, a consultant must demonstrate its ability and financial standing. Therefore this aspect has already been covered for the first stage procurement for the multi-disciplinary consultant to undertake planning and design works, as well as contactor supervision.

For the contractor procurement, the Council will require tender submission to provide initial and economic evidence demonstrating that bidders have positive net assets and that they have made a profit over the last two years. That will be part of the stage one process to create a shortlist of suitable suppliers (as set out in in response to question 6.2.1). They will be also be asked to provide evidence that suppliers are paid on a timeous basis and within one month as per Council standards.

In terms of the construction contract, the multi-disciplinary consultant will lead on contractor management and supervision of the works on behalf of the Council, with reports provided to the project managers. Bidders will be required to demonstrate what procedures and indicators they will put in place to manage risks, cost and delivery timescales. These will reflect the contract payment requirements set out in the proposed NEC3 Option A contract with payment only being made on reaching key delivery points in the proposed 18 month work programme. These key delivery points will be clearly measureable against the agreed cost and programme and will be based on the individual elements of the project which are the bund removal, grouting and drainage, void infill, sea wall, John Muir Way and bridge removal. Each element of the project has different costs and timescales, resulting in peaks and troughs of workforce, equipment and expenditure and so performance and payment will relate to individually broken down stages of each element. For the void infill and bund removal, these have longer delivery timescales and so therefore payment for those elements will be broken stages, whereas the John Muir Way and bridge removal can be completed in two months and so payments for these elements will only be in maximum of two instalments, backloaded. Payments cannot be equalised through the contract period and a significant element of the contract costs will be held back so that full and final payment will not be made until successful verification of the works at project completion.

Regular meetings will also be held to review contractor performance using the Council's Contract scorecard framework. This allows performance to be review against a variety of indicators relating to Quality, Delivery and Costs. On delivery, the scorecard framework identifies sub categories of:
1 Health and Safety, Data Protection, Disclosure;
1 Communications and information flow;
2 Relationships and key staff management
3 Attitude and flexibility
4 Responsiveness and handling of issues
5 Management information;
6 Performance against cost and timescales; and
7 Approach to change management.

Following officer assessment and analysis these are then scored as 1 Major Concerns, 2 Minor Concerns, 3 Meeting Expectations or 4 Exceeding Expectations. Appropriate actions are then identified and agreed to improve performance, where necessary.

Set out how you plan to deliver the bid

RESPONSE TO THIS QUESTION IS PARTIALLY IN TABLE FORMAT AND HAS BEEN SUBMITTED AS ANNEX 10.

Section 5 of Annex 1 (Delivery Plan) identifies five key stages of how the bid will be delivered. The majority of the sub steps of these stages require the specialist skills of the multi-disciplinary consultant (MDC) and contractor and therefore they are responsible for most steps in the project programme.

The five key activities are:
*consultant procurement, environmental surveys and EIA, which extend from

August 2022 to June 2023 and include EIA screening, scoping and baseline environmental surveys. Work will be completed by the ELC project team and the MDC once appointed.
* design and planning consent for bund removal and void infill including required grouting and drainage, which extend from October 22 to September 23 and include public consultation and submission and approval of a Major planning application. Works will be completed by the MDC and ELC's planning department.
* design and planning consent for the sea wall raising, improvements to the John Muir Way long-distance path (JMW) and bridge works, which extend, concurrently with the above, from October 22 to August 23 and include public engagement over potential re-routing options for the JMW, engagement with Scottish Environment Protection Agency over flood risk and a Local Planning application. Works will involve the MDC and ELC's project team, core paths team and planning department.
*procurement of contractor to undertake works which extend from December 22 to September 23 to allow for market-testing and full two-stage procurement. Those involved with be ELC's project team and procurement team.
*construction which extends from September 23 to April 25 and works will be undertaken in a series of packages by the lead contractor, each package with a planned timeline and identified deliverable. These works will be supervised by the MDC, who will report regularly on progress to the ELC project team and the project board.

The responsibilities of the Project Manager and Support Project Manager are:
• Lead on EIA screening submission
• Review and management of project risk register for project
• Manages the risk escalation process including reporting key risks to the project board
• Lead Council contact for managing appointed consultant
• Report to project board on change control and exceptions
• Work with procurement officers to produce procurement documentation and assess tenders
• Report to project board on procurements and make recommendations on appointments
• Lead on community consultation on project evolution
• Engage with Council commutations in public messaging of project delivery
• Report to project board at stage ends
• With finance officers, monitor project expenditure and report exceptions to project board

The responsibilities of the Project Board are:
• Strategic oversight of the programme and link into wider Cockenzie redevelopment
• Engagement with elected members
• Monitor project progress at strategic level and ensure project managers are meeting programme and provide further resource if required
• Approve and provide frank feedback on project risk register
• Sign off on consultant and contractor procurement
• Agree any change requests
• Approve stage progressions
• Provide financial oversight of fund and Council expenditure in line with project budget.

As supervision of works and management of contract will be undertaken by the consultant, they will verify progress against contract costs and timescales and confirm whether these have been met against agreed payment stages. Overall expenditure on the project and the use of LUF funds will be monitored monthly by Council accountants (as expenditure on all capital projects is) and total capital expenditure is reported quarterly to Council. Expenditure of LUF funds will be audited annually by external auditors Audit Scotland as part of the Council's annual accounting process.

No works are proposed on parts of the site which the Council does not own. Council ownership title has been submitted as Annex 11.

Demonstrate that some bid activity can be delivered in 2022-23

The project programme identifies that the following capital development works can take place in 22/23. Appointed consultant will undertake :
• EIA baseline studies and reporting; and
• Detailed surveys and design of proposed works, prior to submission for planning permission in 2023/24.

Forecast capital expenditure in 22/23 is £281,214 (as set out in the submitted Costings and Planning Workbook).

[redacted]

Risk Management: Set out your detailed risk assessment

A detailed risk register for this project has been prepared and has been submitted as Annex 7.

The project risk register will be reviewed on a monthly basis with input from the Council's Risk Officer and more frequently for individual risks at specific stages, if required. This will be then reported to the Project Board, who will review and advise on the adequacy of the assessment and the proposed risk control measures. The register identifies when the risk control measures will be complete and/or when the risk is forecast to be fully mitigated.

Key risks identified and the corresponding mitigation measures are as follows:
• There is a risk that project cost increase above forecast financial costs. The Council has already factored in a 30% contingency into the costs and cost have been uprated to a 2022 base. To mitigate costs risk further, the Council is will undertake an open market procurement to achieve best value and enter into a NEC3 Option A engineering contract with the aim to fix costs.
• Delays in the planning application process could delay procurement and eventual construction. However, planning colleagues have already been engaged in the programme, which has factored in sufficient time for the application process. Risk can be further mitigated as void infill and bund removal will be submitted as a separate application from sea wall/flood risk works and John Muir Way works, preventing delays in latter impacting on timescales of the former.
• Environmental/technical risks relate to flood risk floor levels, suitability of bund material and drainage. However, based on existing survey and technical information, none of these risks are likely to material and mitigation and further avoidance measures have been identified.
• Relevant delivery risks are that the tender process does not yield satisfactory bids to undertake the works and that the contractor does not deliver on time as per the work programme, leading to programme slippage. The Council has experience of working with contractors in major earthwork projects and proposes to undertake further market testing this year. The 18 month construction period can be shortened through intensified use of plant and vehicle movements to accelerate bund removal and void infill. The Council will undertake due diligence on contractors and ensure that quality and experience in delivery is a sufficiently-weighted factor in procurement assessment.
• To avoid the delivery of Inchcape and Seagreen substations impacting on the programme, the Council will be arrange regular project co-ordination meetings with their teams to allow for alignment of construction programmes.

The overall level of risk to delivery of the bid is assessed as being low, factoring in existing and planned risk control measures, with no initially assessed risk scoring higher than a six (out of twenty) once the planned risk mitigation measures have been factored in. The majority of risks have been scored at four or lower.

Provide details of your core project team and provide evidence of their track record and experience of delivering schemes of this nature

Officers from East Lothian Council will manage the project including the appointed consultant studies and design works. These will be procured through the Council's Procurement Service. Project and contract management of the contractor who is undertaking the construction of the works as, well as supervision of the works, will be outsourced to the multi-disciplinary consultant and experience of this type of contractor management will be factored into their procurement.

Details and relevant experience of the project team and board are set out below and Annex 1. Having a supporting project manager ensures adequate staffing resource, to cover any absences and ensure an adequate knowledge of projects is provided across the Growth & Sustainability Team.

- Graeme Marsden - LUF Lead Project Manage - 14 years post graduate planning experience across both local and regional planning roles, and more recently in developer obligations roles. Led on agreeing multi-million financial contacts on behalf of the Council and has procured and managed consultants to undertake technical studies and provide legal advice.
- Andrew Stewart - LUF Support Project Manager - Chartered Town Planner with over 20 years public and private sector experience delivering regional and local economic and land use plans and major projects. A Project Manager in the Growth Delivery Team delivering UK Treasury Green Book business cases and major projects. Delivers transformational change through corporate, inter-agency and collaborative working, including the Edinburgh and South East Scotland City Region Deal.
- Michaela Sullivan Head of Development - Project Board Member & Senior Responsible Officer for LUF bid - Chartered Town Planner for over 30 years. Background of working in development and regeneration in the ports and house building industries. Her extensive experience of major regeneration projects and community consultation, coupled with her understanding of the planning and economic drivers of success, put her in an ideal position to lead the team that will deliver the regeneration of the Cockenzie site.
- Douglas Proudfoot - Executive Director for Place Project Board Member - A chartered accountant by profession, Douglas has represented East Lothian at director level since the outset of the Edinburgh and South East of Scotland City Region Deal working extensively with both Scottish and UK Government's to secure significant economic investment, including substantial project board experience. Chairs the forum of the Regional Prosperity Framework presiding over the Regeneration of the Forth where this project features significantly.
- Ray Montgomery - Project Manager Cockenzie Site - Project Board Member - Chartered civil engineer with overall 45 years' experience including procurement processes, major city centre building projects, pipeline construction and power station construction in the private sector and 28 years as an Assistant Director, and Head of Infrastructure in a Local Authority environment managing teams and contractors responsible for highway projects; road construction, road realignment, transportation and building works including new school provision, new public buildings and refurbishment. Has significant detailed technical knowledge and experience in the Cockenzie Site.

The wider Council has a significant recent track record in managing the delivery of large construction and infrastructure schemes. These include:

- Fellow project managers in the Growth & Sustainability Team are leading on the development of the £40M City Deal project to deliver a food & drink innovation HUB at Queen Margaret University. To ensure this, the Council is leading on managing the appointed contractor to deliver a £12M new junction on the A1 at Queen Margret University. Council officers have also contributed significantly to Queen Margaret University's tendering of the full design team for the Hub and will later be involved in the procurement of a contractor, following grant of planning permission.
- In supporting the delivery of the ambitious housing requirement of the Local Development Plan, the Council is supporting this through investment of £136M in four new primary schools, a new secondary school, four large secondary school extensions and eleven primary school extensions over the next five years. This is in addition to two new primary schools and a secondary school extension completed in the last three years. Most recently within this, the Council opened the £11M new Letham Primary school in February 2021 despite the impact of the covid-19 epidemic.

Set out what governance procedures will be put in place to manage the grant and project

Full Council (Annex 8) has approved the submission of the bid and if the bid is successful, a further report will be taken to Council in autumn 2022, seeking approval of the next steps of the project including future budgetary allowance. The Council has sufficient current approved budget under the Accelerating Growth programme for all 22/23 expenditure on the Levelling Up project. It should be noted once the Council's five year capital budget for 23/24 and onwards financial years has been approved in February 2023, the Council will not need any further democratic approvals to proceed with the project, other than the separate planning permissions processes to take place in 2023. Delegated authority will have been given to the Cockenzie LUF Project Board for LUF and Council expenditure and managing of the project.

The senior staff members that make up the Project Board will have oversight of all decisions relating to the procurement of works and monitoring expenditure on a month-by-month basis, taking account of reports that will be provided to them by the appointed independent contract manager, who will be from a multi-disciplinary consultancy and experienced in the management of major construction contracts.

The use of the NEC construction contract will require the contractor to provide evidence of completion of staged work packages and payment will only be made as key milestones are demonstrably reached in the works identified in the contract.

All procurement awards to contractors undertaking design works, environmental assessment and construction works will be required to comply with relevant Council procedures. The Council's procurement framework covers key requirements covering conflicts of interest, fraud and anti-bribery provisions.

The Council's Finance Department will monitor and manage all payments associated with the expenditure of the grant and will liaise with the Government's Levelling Up Team as appropriate. All grant income, conditions for grants received and associated spend and claims are audited by our external auditors (currently Audit Scotland) as part of the annual audit process.

Details of project board and project management structures and responsibilities are set out in the table in the response to question 6.3.4. In summary, an independent contract manager will be appointed, supported by two project managers from the Council's Sustainbility and Growth team, overseen by a Project Board of senior Council officers.

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

The Council has an approved long term capital strategy which informs decisions regarding capital planning and budgeting. The Council's Chief Financial Officer (Sarah Fortune) has completed the pro-forma 8 confirming that the council has the necessary governance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.

If applicable, explain how you will cover the operational costs for the day-to-day management of the new asset / facility once it is complete to ensure project benefits are realised

Not applicable in this instance, as this is a relatively simple project to prepare a site already owned by the Council for future economic development – a pump=priming project to address a market failure arising from the legacy of the fossil fuel industry. The Council is already liable for revenues and costs associated with securing and maintaining the site as part of its current site ownership. The Council or any other partner is not gaining a new asset that it

has to maintain.

Surfacing works to the John Muir Way are not considered impact on revenue costs. The removal of the bridge and the partial re-routing of the John Muir Way around the former cooling water inlet of the power station will serve to reduce any long term liabilities, as well as improving accessibility, as the Council will no longer have to maintain the pedestrian bridge.

The end state of the site post-completion of the bid works will not lead to any additional costs above those to which the Council is already liable.

Upload further information (optional)

Set out proportionate plans for monitoring and evaluation

The Council is highly ambitious regarding monitoring and evaluation the effectiveness of its wider Accelerating Growth agenda. This includes the whole Cockenzie project, including the consenting of substations for the offshore renewable energy industry and Council delivery of associated infrastructure including a key link road across the site. This sits alongside the Council's draft plan to designate a wider Climate Evolution Zone including the Cockenzie site and surrounding area, delivery of the Innovation Hub at Queen Margaret University as part of the Edinburgh & South East Scotland City Deal and the potential expansion of Blindwells new settlement into a New Town of up to 10,000 homes. The Council, along with other delivery partners, including the UK and Scottish Governments are investigating significant sums into these projects and therefore require to monitor and evaluate their effectiveness against the forecast outputs, outcomes and long term impacts.

The aims of the monitoring and evaluation plan will be to monitor the short, medium and longer term outputs, outcomes and long term impacts as set out in the Theory of Change and this will be led by the project managers within the Growth & Delivery Team.

The works proposed (outputs) to be delivered through the LUF are not the end state of the Cockenzie site but provide a milestone in site preparation that will ultimately enable the medium and long term outcomes and impacts. At the end of March 2025, the LUF project will provide parts of the wider site that are remediated, prepared and are capable of being developed. It will be the impact of developing the remediated site into developable parcels and marketing of the site that will lead to subsequent planning applications for suitable economic and low/zero carbon energy uses that will provide the job opportunities (estimated at up to c,3,600) , which lead to local increases in employment and income and subsequent reductions in deprivation. These outcomes will not just be delivered through remediation of the land ready for development, but as part of the Council's wider promotion and economic strategy for the site that will attract the low/zero carbon and economic development users to invest in the site and create jobs.

Due to the longer term timescales of delivering development on the ground, the monitoring and evaluation strategy, as part of a post-project review will be able to determine that the site is remediated and ready for development. The major economic achievement and improvement of outcomes for the local community that is anticipated as a result of these actions will be demonstrable in the medium and longer term, post 2025 works completion. It can be assessed and evaluated once the problems and challenges of remediating the site to allow a viable development to proceed, identified in this bid, have been addressed through the development of the site. A fuller evaluation of the ultimate success of the project will be possible in the future. Without Levelling Up funding, however the market failure is acute and there is limited to no prospect of securing development on the site and improving outcomes from the local community, without support to bring the site to a state where it can be serviced and marketed for development.

The list below sets out the proposed indicators that will be monitored at each stage to assist in evaluation of the outcomes and impacts of the proposed

remediation and site preparation works as a result of Levelling Up funding.

Delivery of Works – Through delivery of LUF project
• Progress of works against project programme
• Monitoring of use and quantity of bund material to regarded coal store site
• Finance expenditure against programme and forecast levels

Short Term Outputs of project – LUF Project Completion
• Successful completion of proposed works
• Increase in square metres/hectares of remediated and developable area of site.

Short Term Outcomes – LUF Project Completion
• Construction jobs in Levelling Up funded site remediation and preparation works

Medium to Longer Term Outputs (3 to 10 years)
• Planning applications for uses on remediated parts of Cockenzie site
• Construction of energy and economic use floor space on remediated parts of site

Medium to Longer Term Outcomes (3 to 10 years)
• Construction jobs in on site applications
• Local travel surveys on travel to work
• Jobs/employment at on-site occupiers
• Value of business investment in site

Longer Term Impacts
• Updated site valuation
• Local employment statistics
• Change in Scottish Index of Multiple Deprivation Scores
• Change in local and East Lothian job density statistics

Senior Responsible Owner Declaration

Upload pro forma 7 - Senior Responsible Owner Declaration	Proforma 7 - SRO Declaration.pdf

Chief Finance Officer Declaration

Upload pro forma 8 - Chief Finance Officer Declaration	Proforma 8 - CFO Declaration.pdf

Publishing

URL of website where this bid will be published	www.eastlothian.gov.uk

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