

## Members' Library Service Request Form

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Document Title	Enabling Works and Link Road at Former Cockenzie Power Station Site Contract Award

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Additional information:

Authorised By	Ray Montgomery
Designation	Head of Development
Date	16/10/24

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**REPORT TO:** Members' Library Service

**MEETING DATE:** November 2024

**BY:** Head of Development

**SUBJECT:** Enabling Works and Link Road at Former Cockenzie Power Station Site Contract Award

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## **1 PURPOSE**

- 1.1 To note the decision to approve the Stage 2 Submission and the subsequent award of the construction contract with Hub South East Scotland Ltd and Balfour Beatty to undertake both the UK Government funded (90%) enabling works at the Cockenzie Power Station Site and the East Lothian Council (ELC) funded link road.

## **2 RECOMMENDATIONS**

- 2.1 Members are asked to note the decision of the Head of Development, in consultation with the Executive Director for Council Resources, to approve Hub South East Scotland Ltd's Stage 2 Proposal for the design and construction of the enabling works and link road at the Former Cockenzie Power Station Site. The stage 2 submission included confirmed costs of £19,430,221 and proposed the mobilisation of construction works in late August 2024, with completion of works in December 2025.

## **3 BACKGROUND**

### Link Road Background

- 3.1 In 2018, East Lothian Council purchased the 92ha former Cockenzie Power Station site from Scottish Power to redevelop the site for economic development and infrastructure uses.
- 3.2 In 2021, planning permission was granted to Seagreen 1A for the construction of an onshore substation on part of the site that included the former Scottish Gas Holder location. This is sited immediately to the west of the remaining Scottish Power substation building and includes road

access to the former coal store from Edinburgh Road. This access service road is private and gated and connected Edinburgh Road to the main coal store access off the B6371. It also provided access to Scottish Power for the smaller Prestonpans substation, located on the service road and to which Scottish Power have a servitude right.

- 3.3 This meant that once the proposed Seagreen substation was under construction, a solution would be required to provide an alternative access to the Prestonpans substation and coal store site from Edinburgh Road. The provision of a new public link road would provide access to the Prestonpans substation, reduce traffic congestion at the Memorial junction in Cockenzie, and provide future access to development on the previous coal yard site.
- 3.4 In August 2022, ELC received planning permission for a new link road with the route in part following the existing service road and with new junctions on Edinburgh Road and the B6371. The new road would be open to all traffic and would be complemented by a lane, largely set back from the main roadway, to encourage safe walking and cycling.
- 3.5 In 2024, a planning application was submitted to the Scottish Government's Energy Consents Unit for a circa 300MW battery storage facility on land to the north of the coal store that would be accessed from the new link road. This application remains to be determined.
- 3.6 In 2022, while not fully designed, the link road was projected to cost £3M to £4M, but this did not factor in detailed utilities surveys. It was not intended at that time to bring forward the construction of the link road until the Seagreen substation and/or battery storage facility were complete.

#### Enabling Works Background

- 3.7 Following the June 2022 Council meeting, ELC submitted a £12.520M bid to Round 2 of the UK Government's Levelling Up Fund in order to fund enabling works to the former coal store and power station area parts of the site that would allow these areas (circa 28ha) to be developed in the future. These works included:
  - removal of the earthwork bunds surrounding the former coal store;
  - using part of the material to infill the circa 4m deep void in the power station site to create a level, developable area;
  - demolition of concrete structures on the coal store; and
  - regrading the coal store into development platforms.
- 3.8 If successful, 90% of the cost of the works would be funded by UK Government (£11.268M) with the remaining 10% by ELC (£1.252M). In March 2022, it was confirmed that ELC's bid was successful. Over the next year, designs of the proposed works were drawn up with a planning application submitted in March 2024 and permission granted in July 24.

## Hub Appointment

- 3.9 Due to the requirement to fully expend the levelling up grant by end March 2025, it became clear in late 2023 that there was a need to dovetail both the planning and procurement processes. Engaging with a lead contractor at the same time as the design and planning processes were underway would also allow the time taken to resolve post planning consent matters to be significantly shortened. Therefore, it was determined that the project should be delivered in partnership with Hub South East Scotland as traditional post planning procurement would mean that the project could not be delivered on time, with works not likely to start until 2025.
- 3.10 Initial discussions with Hub South East began in late 2023 with a Strategic Partnering Services proposal (Stage 1) agreed March 2024. It became clear that there could be significant cost efficiencies (including preliminaries and mobilisation), and a lesser overall disturbance over an extended period, if both the link road and levelling up funded enabling works were undertaken concurrently under the same contract. Therefore, subject to future budget agreement, discussions with Hub and their preferred contractor included costing the construction of the new link road.
- 3.11 Market testing indicated that the proposed enabling works could be delivered within the £12.519M budget. However, despite parts of the works that were envisaged at the bid stage in 2022 (£3M+ on grouting cooling tunnels) no longer being required, inflation construction cost increases (energy prices, Ukraine war, covid, labour shortages) meant that costs of the overall works had increased significantly. Other additional unforeseen costs include:
- An elongated work programme due to bat presence;
  - Low level asbestos remediation; and
  - Stabilisation of the bund material in the station infill site to achieve a bearing capacity for development.
- 3.12 Initial market testing of the link road designs, indicated that the £4M allocated in the February 2024 capital budget for the link road works would be insufficient. Due to commercial restrictions, a private report was taken to Council on 25 June 2024 to increase the budget for the link road.
- 3.13 Where possible, value engineering to the designs was undertaken for both the enabling works and the link road to reduce costs. The enabling works will be undertaken in two phases. The upfill of the power station void with the bund material is phase one. Phase two is the demolition of the concrete structures on the coal store and the subsequent regrading of the site. Due to the need to complete bat surveys and provide an alternative habitat, these works cannot start until Spring 2025.
- 3.14 The Hub Stage 2 Submission provides a detailed assessment of the proposals including a Pricing Report of project costs, with the work packages being exposed to market tendering to ensure that costs are robust and competitive.

3.15 The relevant key milestones for the project are as follows:

Stage 2 Submission	3 July 2024
Stage 2 Approval Date	2 August 2024
Execution of Contract with Hub South East	2 August 2024
Main Works Mobilisation Start	29 August 2024
Enabling Works Phase 1 Complete	end April 2025
Link Road Complete	end August 2025
Enabling Works Phase 2 Complete	December 2025

3.16 Following the change of UK Government in August 2024, officials from the department of Communities, Housing and Local Government confirmed that there were facilities within the former levelling up programme to allow for draw down and expenditure of levelling up funds for these works up to end March 2026.

#### **4 POLICY IMPLICATIONS**

4.1 None.

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

5.1 The delivery of the link road and enabling works have been assessed elsewhere during the design and planning processes.

#### **6 RESOURCE IMPLICATIONS**

6.1 Financial –

The Hub Stage 2 submission provides a Value for Money Assessment included as part of the Pricing Report.

An element of design costs for the link road was incurred in the 2022/23 and 2023/24 financial years. These are not set out below because they were not included in the February 2024 capital budget or the report to 25 June Council. As the designs for the enabling works were incurred simultaneously with the Hub Stage 1 process and fit in with the overall Levelling Up budget of £12.519M, they are included below.

	<b>Enabling Works</b>	<b>Link Road</b>
Design costs	£456,071	
Planning fees	£131,616	
Allowance for Sea Wall & John Muir Way designs	£626,514	

Stage 1, Stage 2 costs and contract value	£11,302,122	£6,743,383
Utility diversion allowance		£600,000
Land drain diversion funded Seagreen		-£429,486
<b>Totals</b>	<b>£12,516,323</b>	<b>£6,913,897</b>

Note that since the Stage 2 proposal was agreed and construction contract signed, Seagreen have confirmed that they do not wish ELC to undertake a land drain diversion on their behalf. Therefore, the net construction cost of the link road will reduce from the £7.3M approved in the 25 June Council Report. The exact value of the reduction is to be confirmed as an alternative reduced cost drainage solution is currently under consideration.

6.2 Personnel – N/A.

6.3 Other – N/A.

## **7 BACKGROUND PAPERS**

7.1 Report to 25 June 2024 Council on Cockenzie Link Road Budget (private)

7.2 Planning Officer's Report - 24/00324/PM Cockenzie Enabling Works

7.3 Planning Officer's Report - 22/00440/P Cockenzie Link Road

7.4 Report to 27 June 2023 Council on Former Cockenzie Power Station Site: Update

7.5 August 2022 Members Library Report in Cockenzie Levelling Up Bid

7.6 Report to 28 June 2022 Council on Cockenzie Levelling Up Bid

7.7 Report to 28 June 2022 Council on Cockenzie Former Power Station Site: Progress Update and Actions

<b>AUTHOR'S NAME</b>	Ray Montgomery
<b>DESIGNATION</b>	Head of Development
<b>CONTACT INFO</b>	Graeme Marsden – gmarsden@eastlothian.gov.uk
<b>DATE</b>	15 October 2024