



City of Westminster

Cabinet Member Report

Meeting or Decision Maker:	Cabinet Member for Finance and Smart City
Date:	12 April 2022
Classification:	General Release
Title:	Lease of land to London Power Networks PLC for an electricity substation at Tachbrook Mews, Queen Mother Sports Centre
Wards Affected:	Vincent Square
City for All/Policy Context:	This decision supports the City for All objectives, as it supports the Corporate Property decarbonisation programme and the Council's 2030 net zero target. The sub-station will provide the power upgrade necessary to facilitate the installation of energy saving air source heat pumps at the Queen Mother Sports Centre.
Key Decision:	No
Financial Summary:	The lease to London Power Networks is subject to an upfront premium of £1 so no income will be generated from the letting (this is normal for substation leases). The WCC cost of constructing the substation building and the trench for the associated power cabling is being funded by the grant obtained through the Public Sector Decarbonisation Scheme.
Report of:	Claire Barrett – Director of Property and Strategic Asset Management

1. Executive Summary

- 1.1 This Cabinet Member Report relates to a proposal to lease a plot of WCC land of circa 15m² adjacent to the Queen Mother Sports Centre to London Power Networks for the construction of an electricity substation. The substation will provide the additional power capacity required to support the new heat pumps that are being installed on an adjacent site under the WCC Carbon Management Programme (Re:fit).

2. Recommendation

- 2.1 Officers recommend that the grant of the lease to London Power Networks PLC is approved on the following key terms:

Tenant – London Power Networks PLC
Lease Term – 99 years (outside the Act)
Upfront premium - £1
Rent – Nil

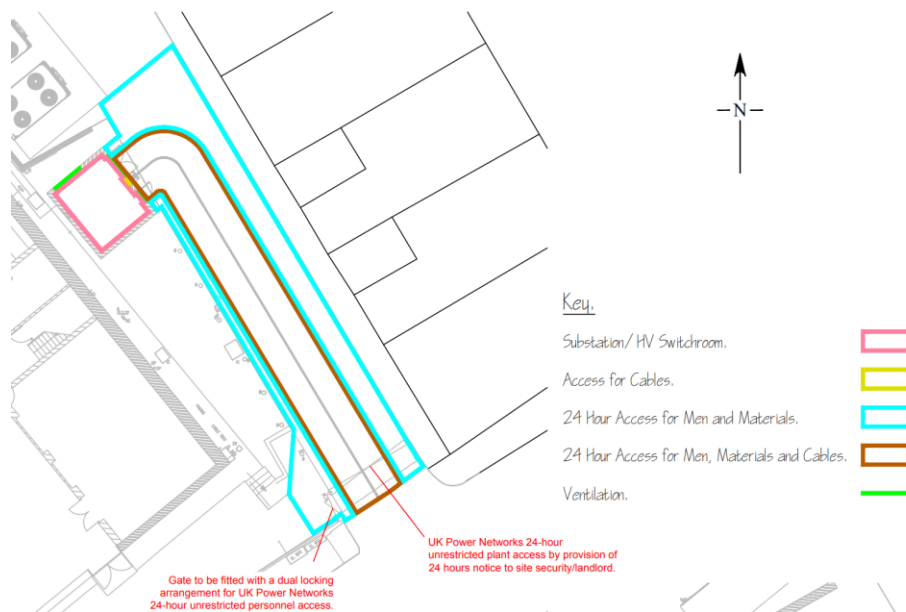
Lift and shift/break clause – The lease will permit WCC to relocate or decommission the sub-station at any time during the term of the lease, subject to covering the tenant's reasonable costs for the move of the electrical equipment.

3. Reason for the decision

- 3.1 Under the WCC Constitution Cabinet Member approval is required to enter into a lease of more than 25 years (the proposed lease term in this case is 99 years).

4. Background

- 4.1 Corporate Property are undertaking a Carbon Management Programme to decarbonise the WCC operational property estate using £13m of funding secured through the Public Sector Decarbonisation Scheme. Queen Mother Sports Centre is one of the buildings that has been included in the programme and a suite of energy conservation measures is currently being implemented. Both pipework insulation and LED lighting works have already been completed, with solar PV and air source heat pump projects to be completed by the end of June 2022. The installation of the heat pumps necessitates an upgrade to the current power capacity of the site. Part of the works therefore includes the installation of a new electricity substation in the Tachbrook Mews service area by London Power Networks.



4.2 The plan above shows the proposed location of the substation at the north end of Tachbrook Mews. To facilitate the agreement between WCC and London Power Networks PLC, WCC are required to enter into a standard form of substation lease with the network provider. This is a 99 year lease at nil rent with various protections for WCC in the event that they wish to relocate the substation at a future date or decommission it completely for redevelopment or other purposes.

4.3 A Red Book Valuation has been obtained which confirms that the valuation for site is £1000.00 due to the size of the space and location. Such land is currently not used for any operational function of the Council and any proposed use of the land is limited and is therefore identified as surplus land.

5. Financial Implications

5.1 The lease to London Power Networks is subject to an upfront premium of £1 so no income will be generated from the letting (this is normal for substation leases). This therefore has no financial impact on the Council.

6. Legal Implications

6.1 Local authorities are given powers under the Local Government Act 1972 to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements. The only constraint is that a disposal must be for the best consideration reasonably obtainable (except in the case of short tenancies), unless the Secretary of State consents to the disposal (section 123, LGA 1972). A general consent provided by the Secretary of State however states that land can be disposed of at an undervalue where the difference between the undervalue and the unrestricted value is not more than £2 million pounds.

6.2 From paragraph 4.3 of the report we note the land is surplus land and is not required for any operational use. The granting of the lease at an undervalue is within the

£2million pound difference and therefore meets the general consent of disposing at an undervalue. The granting of a long lease is necessary for the provision of power supply to the site and is an essential part of the Carbon Management Programme. There is no other suitable use for this part of the site that would prevent the proposed option to be the most favourable.

- 6.3 Under the Landlord and Tenant Act 1954 the Tenant is obliged to offer a new lease on similar terms except in certain circumstances, This lease is to be excluded from the Landlord and Tenant Act 1954 which means that the Council will not be obliged at the expiry of the term to offer a new lease.

7. Carbon Impact

- 7.1 The lease of the substation site is necessary to provide the power capacity to operate the new heat pumps that will deliver the projected emissions savings identified under the Carbon Management Programme.

8. Consultation

- 8.1 A briefing note explaining the reasons to grant the lease was circulated to Ward Councillors on 4 April 2022.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:
Rupert Grass, rgrass@westminster.gov.uk

APPENDICES

None

BACKGROUND PAPERS

None

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member** for Finance and Smart City

Declaration of Interest

I have no interest to declare in respect of this report

Signed: _____ Date: 12 April 2022

NAME: Councillor Paul Swaddle

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled Lease of land to London Power Networks PLC for an electricity substation at Tachbrook Mews, Queen Mother Sports Centre and reject any alternative options which are referred to but not recommended.

Signed: _____

Cabinet Member for Finance and Smart City

Date: _____

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.