

**From:** Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

Rebecca Spore, Director of Infrastructure

**To:** Policy and Resources Cabinet Committee – 9 March 2023

**Subject:** Granting of Long Lease to UK Power Networks for operation and use of Sub Station at St Edmunds Church of England Primary School, West Kingsdown.

**Decision:** Non-Key Decision

**Classification:** Unrestricted

**Future Pathway of Paper:** Cabinet Member Decision

**Electoral Division:** Sevenoaks Rural North East

**Summary:** This report seeks approval to grant a Lease for over 20 years to UK Power Networks for occupation and use of a new Electricity Sub Station located within the grounds of St Edmunds Church of England Primary School, West Kingsdown.

**Recommendation(s):**

The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations to the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services on the proposed decision to:

1. authorise the granting of a new lease, for a term in excess of 20 years, in order for a new electricity substation to be built within the school grounds. This will serve new operational accommodation and development within the school grounds; and
2. authorise the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to take necessary actions, included but not limited to entering into relevant contracts or other legal agreements, as required to implement this.

## **1. Introduction**

- 1.1 Kent County Council (KCC) is currently converting and upgrading the heating system from oil to a more efficient air source heat pump system following the receipt of external funding. The air source heat pumps cannot be powered by the existing electricity supply to the school. In order that an adequate electricity supply can be provided for the new pumps, it is necessary for a new electricity substation to be provided on site by UK Power Networks. The proposed new substation will serve the school only and no other properties.

- 1.2 UK Power Networks have been appointed to install and connect the proposed sub station, which will remain their property. To enable the sub station to be provided, UK Power Networks require the KCC to grant to them a lease of a term of 99 years, to provide them with security of tenure for their desired legal estate in the land, having regard to the costs incurred in providing and maintaining the sub station. UK Power Networks also require such a long lease to be granted to them for nominal consideration i.e. a rent of £1 (one pound) per annum.
- 1.3 UK Power Networks' lease requirements accord with previous leases granted to them by KCC for sub stations within school sites, which serve developments within the school only.
- 1.4 In order that UK Power Networks can proceed with the provision, connection, use and maintenance of a new sub station it first requires KCC to commit to the granting of a 99 year Lease.

## **2. Proposed Terms**

2.1 The proposed terms are as follows:

- a lease term of 99 years, together with rights of access and associated cable rights,
- a rent of £1 per annum, if demanded, without review, throughout the term of the lease,
- UK Power Networks to enclose the substation so it cannot be accessed by users of the adjoining school,
- the substation to serve the school only,
- UK Power Networks to be responsible for all repairs and maintenance of the new substation,
- UK Power Networks to be responsible for maintaining insurance cover in respect of the new sub station.
- upon expiry or sooner determination of the new lease, UK Power Networks
  - to remove the substation, cap off all service connections
  - thereto and reinstate all surfaces disturbed to KCC's reasonable satisfaction.

2.2 Any other terms as may be agreed between KCC and UK Power Networks and recommended for authorisation to the Director of Infrastructure.

## **3. Financial Implications**

3.1 Each party to bear its own costs upon completion of the Lease.

3.2 A rent of £1 (one pound) per annum, if demanded, is proposed within the 99 year lease, in line with usual practice.

3.3 The project was part of KCC's bid to the government's Public Sector Decarbonisation Scheme, which was announced as part of the Chancellor's 'Plan for Jobs 2020' and launched in September 2020. Phase 1 of the scheme provides grants to public sector bodies to fund heat decarbonisation and energy efficiency measures. KCC were successful on several schemes and KCC have received £250k towards the cost

of upgrading to air source heat pumps at St Edmunds Church of England Primary School.

#### **4. Legal implications**

- 4.1 KCC is the current owner of the land upon which the substation is to be located, together with all necessary rights of access and associated cable rights.
- 4.2 External legal advisors will be appointed as appropriate, in consultation with General Counsel.

#### **5. Equalities implications**

An Equality Impact Assessment (EqIA) was completed in February 2023 and it is not felt that this decision presents any impact on any of the nine areas specified by KCC Consultations.

#### **6. Consultation**

- 6.1 The local Member has been notified.

#### **7. Governance**

- 7.1 A Cabinet Member decision is required due to the length of the lease exceeding 20 years.
- 7.2 The proposed decision will delegate authority to the Director of Infrastructure to take necessary actions, included but not limited to entering into relevant contracts or other legal agreements, as required to implement this decision.

#### **8. Conclusion**

- 8.1 In order for the new air source heat pumps to be commissioned and become operational, a new electricity substation is required to be provided on site by UK Power Networks and therefore requires KCC to grant them a lease of a term of 99 years.

#### **9. Recommendation(s)**

##### **Recommendation(s):**

The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations to the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services on the proposed decision to:

- 1. authorise the granting of a new lease, for a term in excess of 20 years, in order for a new electricity substation to be built within the school grounds. This will serve new operational accommodation and development within the school grounds; and
- 2. authorise the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to take necessary actions, included but not limited to entering into relevant contracts or other legal agreements, as required to implement this.

## 10. Background Documents

- Appendix A – Proposed Record of Decision
- Appendix B – Published EQIA

## 11. Contact details

<b>Report Author(s):</b>	<b>Relevant Director(s):</b>
<p>Andrew White Principal Estates Manager Infrastructure Telephone: 03000 41 68 25 E-mail: <a href="mailto:Andrew.White@kent.gov.uk">Andrew.White@kent.gov.uk</a></p> <p>James Sanderson Head of Property Operations Infrastructure Telephone: 03000 41 76 06 E-mail: <a href="mailto:James.sanderson2@kent.gov.uk">James.sanderson2@kent.gov.uk</a></p>	<p>Rebecca Spore Director of Infrastructure Infrastructure Telephone: 03000 416716 E-mail: <a href="mailto:Rebecca.spore@kent.gov.uk">Rebecca.spore@kent.gov.uk</a></p>