

6th February 2018

Policy, Projects and Resources Committee

Lease of Land Next to Wash Road Electrical Transformer Station

Report of: *Chris Leslie – Commercial Manager*

Wards Affected: *Ingatstone, Fryerning & Mountnessing*

This report is: *Public*
Appendix C – Private

1. Executive Summary

- 1.1 This report seeks delegated authority to grant a lease of land next to the electrical transformer station along Wash Road. There is opportunity to lease the site (subject to planning) for a battery storage facility that will be linked to the national grid, assisting with storage of renewable energy and addressing power outages.

2. Recommendation

- 2.1 That delegated authority be granted to the Head of Paid Service consulting with the Chair of Policy, Projects and Resources Committee, and the Monitoring Officer to negotiate the terms and grant a lease or licence of land by the electrical transformer station along Wash Road.**

3. Introduction and Background

- 3.1 In line with the objectives of the asset development programme, the Council's property advisors (Savills) having been assisting in identifying revenue generating opportunities.
- 3.2 Following release of capacity by the national grid, an opportunity for a battery storage facility to be built near the existing electrical transformer station along Wash Road became available. Due to the quick nature of the national grid process, Savills had only a week to find potential developers.
- 3.3 Five developers were approached, of which one confirmed their interest to the national grid within the timeframe. That developer is described by

Savills as one of the most prominent renewable energy companies in the UK and arguably leading the battery storage market.

- 3.4 The developer would likely seek to enter into a lease in February/March 2018 and the Council will need appropriate delegation to respond to the opportunity in a commercial manner. Both Savills and the developer have borne the risks of progressing this opportunity (both in time and financial commitment to the national grid) so far to allow an opportunity for appropriate delegation to be obtained.

4. Issue, Options and Analysis of Options

- 4.1 The opportunity is to grant a lease of approximately 2.5 acres of land by the electricity transformer station along Wash Road. The proposed site is outlined at Appendix A.
- 4.2 The lease would be subject to planning permission with the intended use being a 50 megawatt battery storage facility linked to the national grid. This facility would comprise approximately 10 shipping container sized buildings in which the batteries would be stored. An illustration of the buildings is provided in Appendix B. A screen of vegetation could surround the site.
- 4.3 It is likely that a lease of 15-20 years would be requested with an annual rental paid to the Council. Negotiations will be on the basis of obtaining the best possible price having regard to market value.
- 4.4 On 15 December 2017 a site on the opposite side of Wash Road was granted planning permission (planning reference 17/01477/FUL) for a similar battery storage facility. Both that site and the proposed Council site are in the green belt. The developer would bear the costs associated with the planning process.
- 4.5 The developer are investigating the feasibility of the site in order to ascertain their financial offer and there is no guarantee that one will be forthcoming (although the likelihood is high). However, for the developer to invest their time into site feasibility they need confidence that the Council is committed to the venture. Additionally, they would need to act quickly to capitalise on the opportunity, which is why Committee approval at this stage is essential.

5. Reasons for Recommendation

- 5.1 Committee approval is required to grant a commercial lease of over £25,000.

6. Consultation

- 6.1 The Council's property advisors have been out to the market to find a potential developer to capitalise on the opportunity.
- 6.2 Internally the proposal has been discussed with Environmental/Parks Services, Planning and the Assets Team.

7. References to Corporate Plan

- 7.1 This fits with the Council's Transformation vision in regard to the Asset Management Strategy. Additionally, revenue generation is one of the objectives of the Asset Development Programme.

8. Implications

Financial Implications

Name & Title: Phoebe Barnes, Principle Revenue Accountant
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- 8.1 The lease would generate an annual revenue for the General Fund.

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer
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- 8.2 Under section 123 of the Local Government Act 1972 the Council is required to obtain the best consideration reasonably obtainable where a lease is over 7 years unless, in the case of a lease given at an undervalue, the particular disposal is covered by consent by the Secretary of State, or the exemptions provided under the Local Government Act 1972: General Disposal Consent (England) 2003 apply. Legal Services is available to advise as the discussions go forward.

9. Appendices to this report

- Appendix A – Map of potential site
- Appendix B – Example of a battery storage facility
- Appendix C – Financial information (Private)

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