**STOKE ON TRENT & STAFFORDSHIRE**

**LOCAL ENTERPRISE PARTNERSHIP**

**COMPANY EXECUTIVE BOARD MEETING**

**19 December 2019**

**Item 10: Report on the Stoke-on-Trent Rail Station Power Upgrade**

**Background**

In response to an Open Call launched by the LEP in the summer of 2018 to allocate an amount of unallocated Growth Deal 3 monies, Virgin Trains made a submission for £!00,000 to assist in delivering a power upgrade at Stoke-on-Trent rail station. The LEP appraised and subsequently approved the project and contract documents were in the process of being prepared.

At the same time Virgin Trains lost out to First Group in terms of the recent West Coast rail franchise re-tender, including the management and operation of Stoke-on-Trent Station. Clearly, as a new operator of the station facility First Group have reviewed the business case, prepared and submitted by Virgin Trains, and whist they remain fully committed to the delivery of the power upgrade in partnership with the LEP they have drawn attention to the likely outputs that can be delivered via this relatively small financial award.

**Issue**

The business case submission highlighted that the rail station is currently “at capacity” in terms of its electricity supply. Virgin had clear ambitions to provide more facilities within the station by bringing some of the vacant spaces back into use this focussed upon ground floor accommodations which could be renovated for additional retail/ service space for users of the station. This in turn was anticipated to deliver both the new commercial floorspace of 250sqm and private sector investment of circa £750,000 along with 12 new jobs. The outputs proposed by the project that would result following the LEP’s £100,000 investment were set out in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Output Type** | **Output Measure** | **Output Target** | **Target Date** |
| Financial | Private sector investment resulting from the project investment | £3.22m | March 2021 |
| Floor space | New commercial floor space created once the power supply issue has been rectified |  2000 sq.m. | September 2019 |
| Jobs | Based upon the floorspace being created and the types of uses proposed | 12 - 20 | March 2020 |

However, at the same time Virgin were exploring the potential re use of the Station’s first floor, currently vacant, and were talking to a student housing operator regarding the future use of this space. It was intended, through the business case that the student housing accommodation could be a future phase as although the floorspace could be “made ready” for a commercial use, its use for student accommodation was only in discussion and it was not proposed that in addition to the outputs named above that 40 units of student accommodation would also result from the £100,000 LEP investment. This information was incorporated in a further table aimed at capturing the wider outcomes.

|  |  |  |  |
| --- | --- | --- | --- |
| Investment | Status | Floorspace created | Job opportunities |
| Retail Units | In discussion | 250sqm | 12 Jobs |
| Ist Floor refurbishment and occupation | In discussion | 2,000sqm | 25 – 30 student accommodation units |

Unfortunately, through the appraisal process the student accommodation had been identified as an output and then incorporated within the legal agreement between the LEP and Virgin Trains.

First Group have clearly reviewed this legal agreement and in addition to taking both structural and listed building which has confirmed that the student accommodation cannot be deliver as part of this proposal and an alternative use for the first floor will have to be progressed.

First Direct have confirmed “*We want the station buildings to be used for commercial use, generating employment and economic growth. We believe the first floor also has potential for educational purposes. However the ultimate use will have to be determined by applications from commercial and enterprise users when the space is put to the market*”. In addition, the LEP funding is now viewed as valuable investment in supporting the City Council’s Transforming Cities Fund proposals aiming this significant capital investment to be secured It is therefore proposed that the application progresses with the commercial floorspace and jobs outputs as identified.

The Stoke-on-Trent Station Power Upgrade project will stimulate and enable significant new investment to be made within the facility. The creation of new commercial floorspace within the station, the investment that this will result in, along with the new jobs that will result still offer very good value for the £100,000 of Growth Deal funding awarded to the project.

**Recommendation:** That Board Members note the content of the report and agree to continue to support the scheme based upon the proposed jobs and commercial floorspace outputs offered.

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