



Carlisle City Council

Report to Council

Report details

Meeting Date:	11 October 2022
Portfolio:	Economic, Enterprise and Housing
Key Decision:	Yes
Policy and Budget Framework	No
Public / Private	Public
Title:	Carlisle Town Deal
Report of:	Corporate Director of Economic Development
Report Number:	ED24/22

Purpose / Summary:

Six of the seven projects in the Carlisle Town Deal programme have been approved by the Department for Levelling Up, Housing and Communities. This means that the projects can now proceed to the delivery stage.

The purpose of this report is to seek approval from the Council for the projects to be added to the Capital Programme and Revenue Budget to enable delivery to commence and allow grant funding agreements to be drawn up for the projects to be delivered by external third parties.

Recommendations:

The Council is asked to:

1. Approve a budget of £15,888,000 be added to the Council's Capital Programme, according the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of this report
2. Approve a budget of £797,000 be added to the Council's Revenue Budget, according the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of this report
3. Approve a budget of £3,015,000 be added to the Council's Capital Programme, according the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-

26 as set out in Table 2 of this report subject to final approval of the business case the DLUHC.

Tracking

Executive:	25 July 2022
Scrutiny:	
Council:	13 September 2022

1. BACKGROUND

1.1 In March 2021 Carlisle received a Heads of Terms agreement of £19.7 million from the government for its Town Deal, following submission of the Town Investment Plan in October 2020. In May 2021 the Town Deal Board agreed a £19.7 million programme based on seven projects, which was confirmed by in July 2021. An overview of each project and the allocated Town Deal funding is detailed in Table 1 below:

Project name	Delivery Organisation	Project outline	Town Deal Funding
Start with the Park	Carlisle City Council	The project will deliver the 'Greenway' a connective, multi-modal green travel route connecting the key settlements of SCGV with Carlisle City Centre and providing a high-quality leisure and recreation facilities.	£2,000,000
Southern Gateway	Cumbria County Council	The project will deliver investments in active and sustainable travel and public realm to better connect key developments in the Southern Gateway area of the city centre (including the Railway Station and the Citadels) and to connect St. Cuthbert's Garden Village with the City Centre.	£6,600,000
Tullie House Welcome & Entrance	Tullie House Trust	Part of a wider programme of investment at Tullie House Museum, the project will connect the Museum to the surrounding streetscape, increasing its visibility by providing a clear and contemporary point of arrival for visitors.	£918,000
Lighting Up Carlisle	Carlisle City Council	The project will deliver investment in digital lighting equipment to activate key heritage buildings in the city centre support an expanded and transformed events programme.	£620,000
Digital and Community Learning Hub	Cumbria County Council	The project will deliver a refurbished City Centre Library to create an accessible digital skills and community learning hub, and installation of digital equipment and training materials in 13 community venues.	£2,350,000
Carlisle Business Exchange Centre	(University of Cumbria)	Part of a wider development scheme to bring a new University campus on the grade I listed Citadels site, this project will create a purpose built hyper fast digitally enabled business interaction and accommodation space, linked to the University of Cumbria's flagship campus development.	£4,000,000
Carlisle Market Hall	Carlisle City Council	The project will deliver improvements to the infrastructure and internal structure of the Market Hall to improve the experience for	£3,015,000

		shoppers and visitors and exploring options to create a food court and events space.	
Programme Management	Carlisle City Council	Programme management to support the delivery of the Town Deal in terms of project assurance, contracting, monitoring and evaluation.	£197,000
			£19,700,000

Table 1: Town deal projects and funding envelope

1.2 The Heads of Terms document set out a period of twelve months for the development and submission of the business cases to Government. Following Executive approval on 21 March 2022 [ED05/22], six of the seven project business cases were submitted to the Department for Levelling Up, Housing and Communities (DLUHC) for approval on 24 March 2022. These projects were

- Start with the Park
- Carlisle Southern Gateway
- Tullie House Welcome and Entrance
- Lighting up Carlisle
- Digital and Community Learning Hub
- Carlisle Business Exchange Centre

1.3 The Council has agreed a further extension of time with the DLUHC for the seventh and final project, Carlisle Market Hall, until 31 December 2022 to enable additional project development work to be undertaken and the business case completed. The project will be added to the capital programme once approval of the business case has been granted by the DLUHC.

2. PROPOSALS

2.1 On 6 June 2022, the DLUHC confirmed that the six business cases had passed through their review process and were now approved. The allocation for Year 1 of the project funding has been released to the Council to allow the implementation of the Town Deal projects to proceed. The DLUHC have advised that each following year's funding will be delivered based on progress.

2.2 This decision formally triggers the Council's Town Deal programme management / accountable body function – in terms of releasing the allocated funding to allow project delivery and managing the active programme.

2.3 The funding profile for the Town Deal programme is outlined in Table 2 below:

Projects Approved		22/23 (£)	23/24 (£)	24/25 (£)	25/26 (£)	Total (£)
Carlisle Business Exchange Centre	Revenue	0	0	0	0	0
	Capital	56,568	493,830	1,498,242	1,951,360	4,000,000
	Total	56,568	493,830	1,498,242	1,951,360	4,000,000
Digital and Community Learning Hub	Revenue	0	400,000	200,000	0	600,000
	Capital	1,000,000	750,000	0	0	1,750,000
	Total	1,000,000	1,150,000	200,000	0	2,350,000
Lighting-Up Carlisle	Revenue	0	0	0	0	0
	Capital	180,000	270,000	105,000	65,000	620,000
	Total	180,000	270,000	105,000	65,000	620,000
Southern Gateway	Revenue	0	0	0	0	0
	Capital	259,721	281,608	3,864,673	2,193,998	6,600,000
	Total	259,721	281,608	3,864,673	2,193,998	6,600,000
Start with the Park (SCGV)	Revenue	0	0	0	0	0
	Capital	500,000	500,000	500,000	500,000	2,000,000
	Total	500,000	500,000	500,000	500,000	2,000,000
Project Tullie	Revenue	0	0	0	0	0
	Capital	265,246	564,007	88,747	0	918,000
	Total	265,246	564,007	88,747	0	918,000
Programme Management	Revenue	49,250	49,250	49,250	49,250	197,000
	Capital	0	0	0	0	0
	Total	49,250	49,250	49,250	49,250	197,000
Capital and Revenue Budgets for the 6 approved projects	REV total	49,250	449,250	249,250	49,250	797,000
	CAP total	2,261,535	2,859,445	6,056,662	4,710,358	15,888,000
	Total	2,310,785	3,308,695	6,305,912	4,759,608	16,685,000
Projects To Be Approved		22/23 (£)	23/24 (£)	24/25 (£)	25/26 (£)	Total (£)
Carlisle Market Hall	Revenue	0	0	0	0	0
	Capital	515,000	1,500,000	1,000,000	0	3,015,000
	Total	515,000	1,500,000	1,000,000	0	3,015,000
Capital and Revenue Budgets	REV total	49,250	449,250	249,250	49,250	797,000

for the Town Deal programme (all 7 projects)	CAP total	2,776,535	4,359,445	7,056,662	4,710,358	18,903,000
	Total	2,825,785	4,808,695	7,305,912	4,759,608	19,700,000

Table 2: Town Deal funding profile (as of 30/06/2022)

- 2.4 The next stage in the process is for the six approved projects and their associated budgets to be added to the Council's capital programme. This will allow the allocated funding to be released and consequently, enable contracting and grant funding agreements to be drawn up for the projects to be delivered by external third parties.
- 2.5 Grant Funding Agreements are required for the following projects:
- Carlisle Southern Gateway – Cumbria County Council will manage and deliver the project as outlined in the approved business case for this project
 - Project Tullie – the Tullie House Trust will manage and deliver the project as outlined in the approved business case for this project
 - Digital and Community Learning Hub – Cumbria County Council will manage and deliver the project as outlined in the approved business case for this project
 - Carlisle Business Exchange Centre – the University of Cumbria will manage and deliver the project as outlined in the approved business case for this project
- 2.6 The Council will be required to sign a Memorandum of Understanding, which sets out the terms, principles and practices that will apply to the working relationship between the DLUHC and the Council regarding the administration and delivery of the Town Deal programme and the approved projects.
- 2.7 A condition of receiving Towns Fund funding will be providing regular feedback on progress, to allow for monitoring and evaluation of projects. At least every six months the Council will be required to provide government with a comprehensive set of data relating to each Town Deal project, including both total and forecast spend and output metrics. These returns will need to be signed off by the Council's Section 151 Officer.

3. RISKS

- 3.1 The capacity to manage the programme of projects as Lead Authority and Accountable Body and ensure that sufficient resources are in place to support and deliver the key corporate economic development / regeneration priorities has been identified as a corporate risk. The establishment of the Programme Management Office (PMO) is the control and mitigative action to manage this risk.
- 3.2 Through the appraisal of the business cases and independent assurance reports, the risks associated with the management and delivery of the Town

Deal at the programme level have been considered by the PMO and the Council as Accountable Body. These risks can be mitigated through the imposition of conditions that could be included in any future Grant Funding Agreements.

- 3.3 The project level risks are set out in the business cases and the management and mitigation of these are the responsibility of the individual project sponsors / delivery bodies. The PMO will keep oversight of risk management through the ongoing monitoring and evaluation process.

4 CONCLUSIONS AND RECOMMENDATIONS

- 4.1 Six Town Deal business cases have been approved by the DLUHC and the funding released to the Council. The projects can now move into the implementation stage and commence delivery.
- 4.2 To enable this, the Council must formally engage its accountable body function in terms of releasing the allocated funding to allow project delivery and managing the active programme. The six approved projects must now be added to the Council's capital programme to allow funding to be released and enable grant funding agreements to be drawn up for the projects to be delivered by external third parties.
- 4.3 On this basis the Council is asked to:
1. Approve a budget of £15,888,000 be added to the Council's Capital Programme, according the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of this report.
 2. Approve a budget of £797,000 be added to the Council's Revenue Budget, according the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of this report.
 3. Approve a budget of £3,015,000 be added to the Council's Capital Programme, according the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of this report subject to final approval of the business case the DLUHC.

5 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1 The successful implementation of the Town Deal programme will support the delivery of the vision set out in the Carlisle Plan, which is to enable Carlisle to grow and prosper as the capital of the Borderlands region.

- 5.2 The projects to be delivered through the Town Deal programme will contribute directly to the priority of delivering inclusive and sustainable economic growth, by making Carlisle a more attractive place for investment.

Contact details:

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Appendices attached to report:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

Corporate Implications:

Legal	<p><u>Subsidy Control Regime</u></p> <p>The Council will need to be sure that any onward transmission of the funding would be compliant with the subsidy control rules set out in the Trade and Co-operation Agreement between the United Kingdom and the European Union, the Subsidy Control Act 2022, as when the legislation comes into force and any supporting guidance.</p> <p>The assessment should be carried out as part of each project before the funds are released.</p> <p><u>Governance</u></p> <p>A Section 24 Direction was issued by the Secretary of State. It applies to contracts, including grants entered into on or after 30 June 2022. It requires the County Council and the District Councils to get consent from Cumberland Council before it enters into contracts (including grants) which relate to Cumberland and from Westmorland and Furness Council before it enters in contracts which relate to the Westmorland and Furness area.</p> <p>Cumberland Shadow Authority issued a general consent to allow the Councils (including Carlisle City Council) for matters meeting the criteria set out in the general consent and the officer responsible for the delivery of the grants should apply the general consent order</p>
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	and determine whether further specific consent of the Shadow Authority of Cumberland Council is required.
Property Services	A number of the projects have property implications that will be considered as the projects develop and, where necessary, referred back to Members for approval.
Finance	<p>The report outlines the key projects being progressed as part of the Towns Deal funding bid to government.</p> <p>The report requests that the confirmed allocation of Town Deal Funding of (£15.888million) be added to the Council's capital programme so that project delivery can be progressed. The report requests that £797,000 of the funding is added to the Council's revenue budget. A further £3,015,000 is requested to be added to the capital programme once the final project (Market Hall) is approved by DLUHC.</p> <p>The Council have had grant determinations and payments totalling £3,317,250 for 2022/23 in relation to the Town Deal Funding.</p> <p>The S.151 Office is required to sign off, at least every six months, a comprehensive set of data relating to each Town Deal project, including both total and forecast spend and output metrics.</p> <p>As the Council is acting as Accountable Body for the Town Deal, it will need to ensure that it has suitable arrangements in place with third parties who will deliver some of the projects, e.g. Cumbria County Council, Tullie House etc, so that it can be certain that grant conditions will be followed and adhered to. There will likely be a requirement for funding agreements with these third-party bodies for this.</p> <p>The Council will need to consider any VAT implications associated with the delivery of the schemes as the significant expenditure that will be flowing through its accounts will increase the amount of VAT reclaimed.</p>
Equality	None
Information Governance	None

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 25 JULY 2022

EX.95/22 CARLISLE TOWN DEAL

(Key Decision - KD.16/22)

Portfolio: Economic, Enterprise and Housing

Relevant Scrutiny Panel: Place

Subject Matter:

The Economic, Enterprise and Housing Portfolio Holder provided an update on the progress of the six Town Deal Business cases that had previously been submitted for approval for the submission to the Department for Levelling Up, Housing and Communities (DLUHC).

The DLUHC had confirmed, on 6 June 2022, that all six projects had passed through their summary document review process, the projects would proceed to the delivery stage. This formally triggered the Council's Accountable Body function which required approval for the projects to be added to the capital programme to enable grant funding agreements to be drawn up.

The Environment and Transport Portfolio Holder congratulated the team on the excellent work and highlighted the importance of the environmental aspect in the Garden Village, Station development and Carlisle Southern Gateway projects.

The Economic, Enterprise and Housing Portfolio Holder moved, and the Leader seconded, the recommendations.

Summary of options rejected: None

DECISION

That the Executive:

- (1) Gave approval for the Council to be the accountable body for the Town Deal Programme;
- (2) Approved, for recommendation to Council, a budget of £15,888,000 be added to the Council's Capital Programme, according to the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of report ED.16/22;
- (3) Approved, for recommendation to Council, a budget of £797,000 be added to the Council's Revenue Budget, according to the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of report ED.16/22;
- (4) Approved, for recommendation to Council, a budget of £3,015,000 be added to the Council's Capital Programme, according to the financial profile for the years 2022-23, 2023-24, 2024-25 and 2025-26 as set out in Table 2 of report ED.16/22 subject to final approval of the business case by the DLUHC and gave approval to delegate authority to the Corporate Director of Finance and Resources and the Corporate Director of Economic Development;
- (5) Gave approval to enter into grant funding agreements with the following organisations to enable project delivery:

Carlisle Southern Gateway – Cumbria County Council would manage and deliver the project as outlined in the approved business case for this project

Project Tullie – the Tullie House Trust would manage and deliver the project as outlined in the approved business case for this project

Digital and Community Learning Hub – Cumbria County Council would manage and deliver the project as outlined in the approved business case for this project

Carlisle Business Exchange Centre – the University of Cumbria would manage and deliver the project as outlined in the approved business case for this project

The final terms of the grant funding agreements for the four projects to be agreed by the Corporate Director of Economic Development following consultation with the Corporate Director of Finance and Resources, Corporate Director of Governance and Regulatory Services, Portfolio Holder for Economic Development and the Leader of the Council and subject to the project being assured by the agreed governance structure;

(6) Delegated authority to the Corporate Director of Economic Development, following consultation with the Leader, the Chief Executive, the Corporate Director of Governance and Regulatory Services and the Corporate Director of Finance and Resources, to decisions relating to any Change Controls, reprofiling and redistribution of Town Deal funding;

(7) Delegated authority to the Deputy Chief Executive, following consultation with the Leader, the Corporate Director of Economic Development and the Corporate Director of Governance and Regulatory Services to enter into contract(s) with the preferred contractor(s) for the delivery of the Lighting Up Carlisle project;

(8) Delegated authority to the Corporate Director of Economic Development, following consultation with the Leader, and the Corporate Director of Governance and Regulatory Services to enter into contract(s) with the preferred contractor(s) for the delivery of the Start with the Park project.

Reasons for Decision

The successful implementation of the Town Deal programme would support the delivery of the vision set out in the Carlisle Plan, which is to enable Carlisle to grow and prosper as the capital of the Borderlands region.

The projects to be delivered through the Town Deal programme would contribute directly to the priority of delivering inclusive and sustainable economic growth, by making Carlisle a more attractive place for investment.