

# Carlisle City Council Report to Executive

## Report details

Meeting Date:	20 February 2023
Portfolio:	Leaders
Key Decision:	Yes
Policy and Budget Framework	No
Public / Private	Public
Title:	Project Tullie
Report of:	Corporate Director of Economic Development
Report Number:	ED.05/23

## Purpose / Summary:

This purpose of the report is to outline the proposals for Project Tullie that have been developed by the Tullie House Trust. The Project will be delivered through drawing down on a funding package that includes Future High Streets Funding, Town Deal, Arts Council and National Heritage Lottery funding.

As the detailed design proposals have been developed for the Project, the existing substation, which stands within the complex, had been identified as posing a significant impediment to the delivery of the preferred scheme, which would deliver the most benefits.

Therefore, this report also seeks approval from the Executive, for recommendation to Council, to provide £500,000 of funding, with the objective of supporting the relocation of the substation up to this amount, which would be held in a ring-fenced capital reserve, within the 2022/23 Capital Programme, and which can be released following consideration and approval of a viable and affordable business case by the Executive of Carlisle City Council and/or Cumberland Council.

## Recommendations:

The Executive is asked to:

1. Note the proposals for Project Tullie outlined in Section 2 this report
2. Note the location of the existing substation and the impediment it creates to the formation of the proposed new entrance and orientation point

3. Approve, for recommendation to Council, a budget of £500,000 to be made available to support the Project, which would be held in a ring-fenced capital reserve, within the 2022/23 Capital Programme, which can be released following consideration and approval of a viable and affordable business case by the Executive of Carlisle City Council and/or Cumberland Council, as set out in paragraph 2.5.

### **Tracking**

Executive:	20 February 2023
Scrutiny:	
Council:	28 February 2023

## **1. Background**

- 1.1 Project Tullie (“the Project”) is the long-term plan developed by the Tullie House Trust (“THT”) for re-purposing and refurbishing the museum and art gallery to appeal to new audiences. THT see the delivery of the project as crucial to creating a more sustainable financial position and fulfilling their strategic priorities and associated objectives.
- 1.2 The Project is comprised of several phases that will be delivered through drawing down on a funding package that includes Future High Streets Funding, Town Deal, Arts Council and National Heritage Lottery funding.
- 1.3 On 25 April 2022, the City Council Executive approved [ED.09/22; EX.65/22] to a) grant THT an extension of its existing leases for the Tullie House Museum and the Millennium Gallery and b) the transfer of the freehold interest of 6-24 Castle Street at nil value and c) a £800,000 capital contribution to the future refurbishment of the properties as part of the Project. This enabled THT to satisfy funders’ requirements and the project to be considered viable to proceed.
- 1.4 As the detailed design proposals for the Project have been developed, an existing substation, which stands within the Tullie House complex, had been identified as posing a significant impediment to the delivery of the preferred scheme. The relocation of the substation would significantly benefit the Project and allow the maximum outputs, outcomes and benefits to be derived.

## **2. Proposals**

- 2.1 The scheme developed by the THT focuses on improving the entrance and circulation within the museum, including the provision of an entrance and orientation point, repurposing existing gallery / atrium space, and renovating the properties on Castle Street to create contemporary, multi-functional facility.
- 2.2 The preferred scheme, illustrated in Figure 1 below, would deliver key improvements to visitor infrastructure including catering, access, exhibitions, and new visitor experiences. A key element involves the creation of a new entrance from an existing opening in the wall that runs alongside the footway from the Castle Street entrance.
- 2.3 To deliver the preferred scheme and create the new entrance requires the relocation of the existing electricity substation, as indicated on the plan, which is located in the space between the rear of the Castle Street properties and the 1990’s extension to the museum.
- 2.4 The THT have been in dialogue with Electricity North West (ENW) regarding the costs, timeframe and complexity of moving the substation to an alternative location

within the curtilage of the museum. ENW has confirmed that a suitable alternative location can be found and have provided a cost plan that indicates that the cost of the relocation will be c. £500,000.

- 2.5 The proposed earmarked capital reserve will total £500,000 and be used to support the relocation of the substation. It would be considered as the City Council's contribution, and match funding, to the National Lottery Heritage Fund bid that is being progressed by the THT. The management of the reserve (capital scheme) rests with the Corporate Director of Economic Development (or equivalent Chief Officer at the Cumberland Council) and can only be released by the Executive following the consideration and approval of a viable and affordable business case by the Executive of Carlisle City Council and/or Cumberland Council.

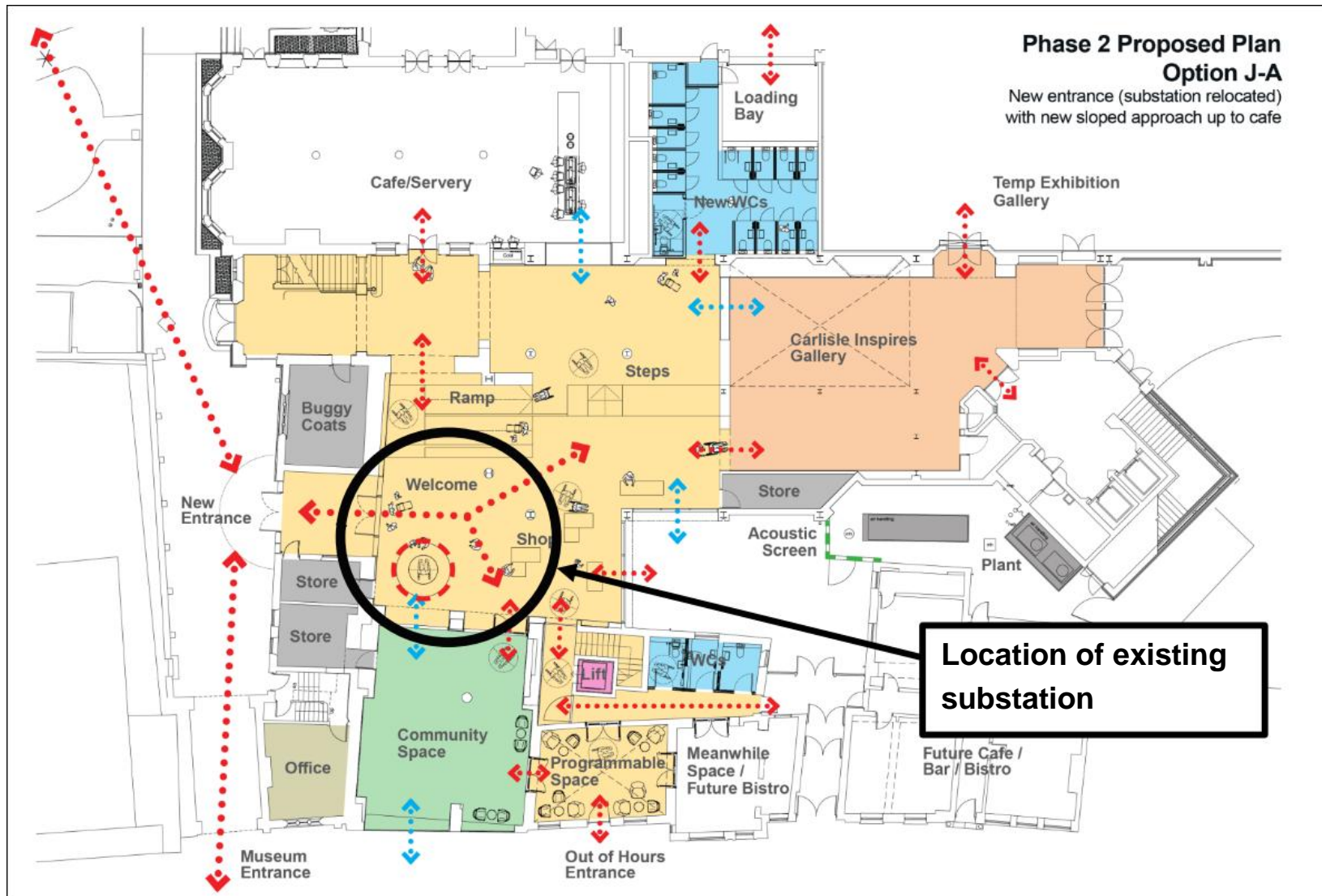


Fig 1: Preferred Project Tullie scheme

### 3. Risks

3.1 The following risks have been identified in relation to the Project.

Risk	Consequence	Mitigation
That the sub-station is cannot be relocated	The preferred option cannot be delivered, and a less preferable option is progressed that generates lower outputs, outcomes and benefits.	Electricity North West has confirmed that it is technically feasible to relocate the sub-station.  The necessary funding is secured to enable the relocation to proceed.
The necessary budget cannot be secured to support the relocation	Relocation may not happen. Budget for the relocation would need to be found from de-scoping of the project potentially resulting in lower outputs, outcomes and benefits	The necessary funding is secured to enable the relocation to proceed without de-scoping.
Cost of works exceeds the available budget.	The scheme is de-scoped by amending the specification. Risk that quality of scheme is reduced, and outputs are not met.	The cost plan will be updated throughout the design. A contingency of 10% for construction applied and further 7% design risk contingency has been applied.
That the preferred option does not deliver the expected outputs, outcomes and benefits	Project not perceived as a success by THT, users and partners.	Consultation with THT, users and partners has informed the current project concept.  Subsequent design stages would be subject to rigorous to ensure project was aligned with needs and aspirations of THT, users and partners,
Unknown hidden building defects and conditions	Delays to the delivery of the project and/or increased costs.	Updated surveys will be undertaken as part of the planned enabling works, including asbestos
Proposals fail to secure planning approval and listed building consent	Delays to the delivery of the project and/or increased costs.	Early and ongoing informal consultation and engagement with statutory consultees, the Planning Authority and the Conservation Officer

#### **4. Consultation**

4.1 The THT have presented the proposals to members in January 2023 and are now commencing with a programme of consultation to support the submission of a planning application for the preferred scheme.

#### **5. Conclusion and reasons for recommendations**

5.1 The Project is comprised of several phases of planned investment aimed at improving the quality of the visitor offer and experience and ultimately, the future financial sustainability of the museum. It will involve the repair and refurbishment of museum complex and Castle Street, which will drive the regeneration of Castle Street and improve the vitality and viability of the historic quarter of the city.

5.2 The preferred scheme focuses on improving the entrance and circulation within the museum, including the provision of a welcome entrance, repurposing existing gallery / atrium space and renovating the properties on Castle Street to create contemporary, multi-functional facility.

5.3 As the detailed design proposals for the scheme have been developed, an existing substation, which stands within the Tullie House complex, had been identified as posing a significant impediment the delivery of the preferred option. The relocation of the substation would enable the new entrance to be created. Electricity North West has confirmed that the relocation of the substation to an alternative location within the curtilage of the museum is feasible and that the cost of the relocation will be c. £500,000.

5.4 The proposed earmarked capital reserve will total £500,000 and be used to support the relocation of the substation and would be considered as the City Council's contribution to the bid by THT to the National Lottery Heritage Fund.

5.5 Therefore, the Executive is asked to:

- Note the proposals for Project Tullie outlined in Section 2 this report
- Note the location of the existing substation and the impediment it creates to the formation of the proposed new entrance and orientation point
- Approve, for recommendation to Council, a budget of £500,000 to be made available to support the Project, which would be held in a ring-fenced capital reserve, within the 2022/23 Capital Programme, which can be released following consideration and approval of a viable and affordable business case by the Executive of Carlisle City Council and/or Cumberland Council, as set out in paragraph 2.5.

## **6. Contribution to the Carlisle Plan Priorities**

6.1 The successful implementation of the Project 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. The scheme will contribute directly to the priority of delivering inclusive and sustainable economic growth, by improving the cultural offer of Carlisle and making the city a more attractive place for investment.

### **Contact details:**

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### **Appendices attached to report:**

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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 - The provision of £500,000 should be reviewed against the subsidy control principles once the business case has been presented by Tullie House to ensure that the council, if it is minded to agree to make the contribution, complies with its duties under the Subsidy Control Act 2022.

This element of the project relies on a third party to deliver the movement and relocation of the infrastructure and the requirement of planning permission and possibly listed building consent. This requirement may constrain the time that THT have to deliver the outcomes in accordance with their agreement under the Future High Street Fund and Town Deal funding agreements. As the council is the accountable body under these funding streams the council is liable to any sanctions DLUHC may be entitled to take if the project is unable to deliver its agreed outputs/outcomes in the agreed timescale.

Property Services - Relocation of the substation has previously been discussed with Tullie House and they were advised early on that their initial budget of £80,000 would be insufficient to move the infrastructure to a new location. We would recommend that full due diligence is undertaken on any quotations from ENW to ensure that best consideration is obtained.

The location will need careful consideration to ensure its impact on Council assets is minimised and, should the site be on City Council owned land, consent will be required for the facility and any associated infrastructure.



Finance – The governance arrangements for the proposed £500,000 earmarked capital reserve are set out in the body of the report. The reserve can only be released by the Executive, following approval of a robust business case, that is both viable and affordable. The scheme can be funded from borrowing, which will need to be undertaken by Cumberland Council, at the appropriate time, although use of internal borrowing may be more appropriate. Provisions for borrowing costs are currently included within the Council's Treasury Management Budgets for 2023/24 which have been aggregated into Cumberland's Revenue Budget for 2023/24.

Equality - None

Information Governance - None