

Borderlands Partnership Board Meeting

Wednesday 7th October 2026
Smith Hotel, Gretna Green, DG16 5EA

Chair: Cllr Glen Sanderson
Briefing Session 13:15-13:25
Partnership Board Meeting 13:30 – 14:00

AGENDA

Item	Agenda Item	Presenter	Paper
1.	Welcome & Apologies	Chair	
2.	Declaration of Interest	Chair	
3.	Project Change Control and Business Case Approval a) Carlisle Citadels	Rick O'Farrell	✓
4.	AOB		

Next meeting: 9th December at 10:00 (Online)

Borderlands Partnership Board

07th October 2026

Item 3 – The Citadels FBC

1 Purpose of Report

The purpose of this report is to provide the context and recommendations on the approval of the Citadels Full Business Case (FBC).

Recommendations

The Partnership Board is asked to:

Approve the updated Citadels FBC, subject to the special conditions set out under Section 13.

Approve the additional funding from the Borderlands Deal of £12.117m (taking total awarded funding to £62.117m) subject to confirmation of the award of the contract by the University of Cumbria at the current price and confirmation received that the remaining £1.401m funding is confirmed.

2 Project Details

Project Ref:	009
Project Name:	The University of Cumbria - Citadels
Applicant:	The University of Cumbria
Accountable Body:	Northumberland County Council
Start Date:	25 October 2021
End Date:	28 February 2047
Project Costs:	£84.233m
Borderlands Funding:	£62.117m

3 Project Description

3.1 The Carlisle Citadels project was initially approved on the 15th of September 2021 as the largest single project within the Deal. £50m of Deal investment was awarded as part of £77.5m total project costs to deliver a new 11,500sqm university. This included match funding from the Carlisle Town Deal, University of Cumbria and no-cost land-transfers from the Councils.

3.2 Since the initial funding approval, the Borderlands Partnership Board endorsed an option in May 2024 to continue the project with a reduced scale and with an increased Borderlands contribution of £58m subject to completion of the design-work and new business case. The funding to support this was re-allocated from the Digital Programme in Cumberland and a reduction to the Hadrian's Wall Programme activity in Cumberland. The funding from the University was also revised to £15.5 million comprising existing reserves and additional borrowing.

3.3 Following the previous endorsements the Citadels project has continued to be developed and re-designed, resulting in the new Full Business Case requesting total Borderlands funding of £62.117m towards a project with a total value of £84.233m. This represents a further increase in the requested Borderlands funding requiring further re-allocation from other areas of activity without named projects.

3.4 Due the scale of the increased funding and changes to the project scope, scale and deliverables a new full business case was required to support the change control request. Board approval of this business case will supersede all previous approvals and change requests for this project and establish a new baseline.

4 Project cost increases and proposed additional funding

4.1 The University of Cumbria has continued to undertake development activity, site preparation and enabling works including demolition and land assembly and contracting. They have continued to develop the final costed designs and contractual award to present for consideration of the scheme by the Partnership Board.

4.3. To meet the latest funding gap Cumberland Council and the University of Cumbria have been requested to seek alternative and additional funding sources. The University of Cumbria has identified opportunities to delay and reprofile spend on fixtures and fittings moving this outside of the scope of the current funding package reducing costs by £960,000 (including VAT savings). The funding package assumes a proposed £1.401m investment from the Cumbria Combined Authority. Any such investment will be subject to the Combined Authority's established governance arrangements, including business case assessment, due diligence, and formal approval.

4.4 Additional Borderlands funding is proposed from activity which does not currently have a named project attached to this, specifically from the Energy and Digital programmes in Cumbria. This is currently planned to fund activities in Cumberland (£0.681m) and Westmorland and Furness (£3.436m) but has not been allocated to specific projects. Although this represents a significant lost opportunity it does not impact on currently committed projects, it will however put increased pressure on meeting target Deal outputs through other projects. The lost impact from the estimated energy activity would reflect approximately 11 jobs and £5.9m in GVA increase. Estimates for the planned digital activity at a reduced rate would mean that the GVA increase target of £700m and jobs increase of 5,000 can still be achieved although with limited headroom for further changes.

4.5 The final costs from the contractor are a fixed price are currently being held until the end of the month there is a risk that costs will rise again if this deadline is not met resulting in an unaffordable project which cannot progress.

5. Updated Project Proposal

5.1 In response to cost increases for the scheme, a reduced design is proposed; this sees a significant phasing to the approach. The historic Citadels buildings and most of the new build teaching space will be delayed until future phases. The University will also require the continued use of the Fusehill Campus. The Citadels campus will continue to provide a new frontage to English Street in the heart of Carlisle. The revised Phase 1 scheme retains the footprint of the existing Woolworths and Burtons building (the Hub, albeit as a new building now with retained façade), together with the new Gateway building, the redevelopment of the Grade II listed hospital wing, and landscaped forum space, and the retention of the English Street façade.

5.2 Whilst a significant reduction in terms of delivered space and additional impact the project continues to demonstrate reasonable value for money with a positive Benefit Cost Ratio of 2.6 and supports strategic objectives in redeveloping a high-profile site at the centre of Carlisle, driving footfall and retaining an anchor institution supporting skills provision. The site is highly visible and is linked to wider investments, including Carlisle Station Gateway through the Deal and non-Borderlands investments along Devonshire Street and English Street.

6. Funding Profile

6.2. The project has spent £12,106,577 on the project to date under the original grant funding agreement. This would need to be clawed back if approval was not made or the conditions were not met, this would need to include the land Final funding from University of Cumbria and Cumbria Combined Authority is to be confirmed. Any funding from the Cumbria Combined Authority will need to be considered through the appropriate process.

Funder	Pre 2026 £	2026/27 £	2027/28 £	2028/29 £	2029/30	TOTAL £
Borderlands Deal	10,392,015					62,117,000
University of Cumbria	1,714,564					15,500,000
Potential Cumbria Combined Authority	-					1,401,101 tbc
Town Deal						5,215,000
TOTAL	12,106,577	11,771,350	37,800,479	22,477,095	77,600	84,233,101

- 6.3. A full claim profile will be developed with the University of Cumbria and Northumberland County Council as part of the Grant Funding Agreement finalisation to reflect the contributions.

7. Project expenditure

Item	TOTAL £
Construction	55,067,976
Loose fixtures and fittings	3,200,000
Design and professional fees	7,044,147
Risk and contingency	2,703,281
Irrecoverable VAT	14,258,777
Annual VAT recovery	- 1,319,563
Land assembly	1,478,483
Management Costs	1,800,000
Total	84,233,101

8. Expected Deliverables

Outputs/Outcomes/Impacts	Target
New floorspace created and/or refurbished in the new University campus (note this does not include additional space in the new business centre, funded separately by the Town Deal)	5,578 sqm (NIA)
Land reclaimed, (re)developed or assembled	1 hectare
Match funding	£18.2 million of match funding
New FTE jobs created	82 extra FTE jobs by 2035/36 98 extra FTE jobs by 2045/46
New learning opportunities	2,866 learning opportunities created in first 10 years from opening
Town Deal funding leveraged	£5.2 million

9. Key Milestones

Milestone	Target end date
Cumberland Council Executive (approval of PWLB/ HoT for Land transfer	30 th September 2026
Agreement of Contract Sum/ Contract Particulars	28 July 2026
Submission of final revised project FBC to Borderlands PMO	30 September 2026
Approval of updated FBC, revised project and full funding package	07 October 2026

Signing of Grant Funding Agreement	23 October 2026
Signing of Full Contract	23 October 2026
Mobilisation (6 weeks)	07 December 2026
Start on site	07 December 2026
Construction ends	28 August 2028
Practical completion	Spring 2029

10. Key Risks & Mitigation

10.1 A full Risk Register has been provided and appended to the FBC. The table below outlines the high-level risks for the project and how these risks will be mitigated.

Key Risks	Mitigation
Risk of insufficient funds for the project scope	Risk had crystallised against previous design iterations. ▪ Potential VE and scope reduction options identified ▪ Project route to affordability being progressed - FFE review ▪ Discussions on funding gap with partners. ▪ PWLB & Town Deal - CC decisions 30 Sept.
Delay to University Occupation -delaying output and benefits	Risk to Sept 2028 opening crystallised. • Programme under review following move to façade retention. • Phased occupation planning
Progress of agreeing detailed terms for the drawing down of the Public Works Loan Board is protracted due to due diligence process and is delayed beyond critical date	• regular meetings UoC/CC • further valuations undertaken • further work on encumbrance implications of security required. • discussions with s151 officer in progress.
There is a risk that UoC do not achieve expected cash generation levels	Budget setting and monitoring controls utilised effectively at management and Board level during the project with modelling of downside scenarios and rapid response to adverse variances. Active projects to ensure delivery of income growth and cost reductions. Progress sale of Brampton Road campus

11. Project Assessment & Recommendation

11.1 Overall, the **Strategic Case** is comprehensive and well evidenced against the Borderlands Deal and national policy context. The project has a clear and consistently evidenced strategic justification that has been carried through, and retested, from the original 2019 OBC to the current Full Business Case. It clearly aligns directly with the

Borderlands Inclusive Growth Deal's overarching targets (an extra 5,500 job opportunities, 4 million extra tourists and a £1.1 billion GVA uplift across Borderlands) through its contribution to skills/productivity, inclusive growth, place and investment objectives, and the FBC explicitly revisits the SOBC spending objectives and confirms that the four underlying project drivers remain valid.

11.2 Overall, the approach to options development appears to have been a well-structured and robust and the options analysis for the purposes of the **Economic Case** is comprehensive and proportionate for a project of this scale and complexity. The preferred option has been assessed against a clear set of strategic objectives and critical success factors which include SMART objectives / measures. This options assessment framework is considered appropriate and robust for the nature of the project and the Economic Case as presented

11.3 The Economic Case shows that the total monetised value of the assessed productivity and LVU benefits at Borderlands level is identified as £123m. At a national level this represents a Benefit Cost Ratio (BCR) of 2.6 based on the proposal set out in this business case excluding future phases.

11.4 The FBC has presented extensive sensitivity analysis around variations to key assumptions underpinning the estimates of monetised benefits and variations to project costs. The key sensitivity tests include variations to net student number growth, increases in outturn construction costs, reduction in the assumed 'graduate premium' and reduction in the persistence of graduate productivity benefits. The analysis demonstrates that changes to the central case assumptions on these variables would need to be substantial before the BCR would switch to below 2.0. The current BCR represents only activity under this element and no future phases.

11.5 The appraisal identifies further evidence requires to support the final fixture and fittings values and management costs. A condition is proposed to ensure oversight and management of these although these will need to remain within the allocated budget or additional funding found by the University of Cumbria, the university has stated that the necessary fittings are achievable within the budget. The appraisal also identifies a reasonable contingency is in place to minimise the impact of the funding changes it is proposed to condition this to ensure it is useful appropriately and any underspend made available to other Borderlands activity if required.

11.6 Any approval by the Borderlands Partnership Board is subject to a series of conditions most notably, award of the construction contract on the current approved price basis, satisfaction of the Northumberland Section 151 officer as to the affordability and terms and conditions of the £12m loan, to be provided by Cumberland Council and approval of the outstanding balance of funding. As such this approval remains at a heightened level of risk. Should these conditions not be met the approval will not be progressed to Grant Funding Agreement and clawback undertaken to recoup assets including activities which would revert to being revenue expenditure.

12. Special Conditions

No.	Condition	Source	Type
1	Monthly claims may be requested for main contract payments only once all procurement evidence from the contract has been submitted to the Borderlands PMO. Claims for all other project expenditure will be paid quarterly in line with standard Borderlands claims process A retention of £1m will be paid out following completion of a satisfactory project closure visit	Accountable Body	Prior to payment milestone
2	Where the Accountable Body has approved a contingency budget, prior notification in writing and agreement from the Accountable Body is required where the amount proposed to be used is over £100,000 or 30% of the approved contingency budget whichever is the lowest.	AB	Prior to payment milestone
3	The Recipient must provide financial statements to 31 July 2026 prior to contracting any grant offer	AB	Initial prior to issue of grant funding agreement.
4	The Recipient must provide audited financial statements for each financial year ending 31 July during delivery of the Project.	AB	Accounts for each year up to and including July 2028 Due in January until January 2029
5	The Recipient must provide updated organisation cashflow forecasts and profit and loss accounts to the PMO and Accountable Body. These will be reviewed and compared to forecasts. Where adverse variances and risks arise, additional reporting may be required to reassure the Accountable Body that the project can continue to proceed. Failure to provide the information may lead to no more grant payments being made.	AB	March & September each year until January 2029
6	The Recipient must continue to provide additional management support for the project through the retention of an experienced dedicated internal project management resource and the retention of external specialist project management support. Any changes to personnel must be approved by the Accountable Body. Copies of the job descriptions, evidence	AB	Initially met March 2022 – ongoing.

No.	Condition	Source	Type
	of going out to recruit or other supporting evidence should be provided to the PMO and Accountable Body in this instance.		
7	The Recipient shall complete an Equality Impact Assessment linked to the final design of the scheme and provide a copy to the PMO.	PMO	Prior to first claim
8	The Recipient shall complete relevant environmental assessments in relation to the final scheme (including Environmental Statement) and provide copies to the PMO. Need a copy of the Environmental Statement	PMO	Final assessment 2026
9	The Recipient shall prepare an agreed communications strategy and provide a copy to the to the PMO in advance of works beginning and review/update on an annual basis.	PMO	October 2026 and annually hereafter
10	With the co-operation of Cumberland Council, the Recipient will complete the required land transfers to ensure use of land for the economic lifetime for the proposed use.	Accountable Body	September 2026
11	Submit a monitoring framework with named quantified output and outcome targets. This should include the reporting frequency, data assurance/validation process and a dedicated post-completion benefits realisation review. The reporting should include student intake and destination of graduates	PMO	Before first claim
12	The University of Cumbria and Cumberland Council will use all reasonable means to identify and seek funding to ensure the maintenance and repurposing of the Citadels buildings in line with their heritage and cultural value and to deliver future phases on work on the project	PMO/AB	Ongoing until project completion
13	The £5.8 million of management and loose fixtures costs, will need to be ring fenced and carefully managed by Borderlands with the applicant or further due diligence required to justify these sums.	PMO/AB	GFA
14	The University to continue to seek funding where available this will be used to reduce the	PMO/AB	Ongoing until project completion

No.	Condition	Source	Type
	demand on Borderlands funding in the first instance.		
15	The University agree to report on the value of land sales from the University estate and recycle the value of such receipts into the University estate in Carlisle and the Citadels site	PMO/AB	Ongoing until project completion
16	The University of Cumbria continues, with a minimum meeting monthly frequency, a strategic project steering group to oversee delivery including, but not limited to, representatives from the University of Cumbria, Cumberland Council, Borderlands PMO and Ministry of Housing, Communities and Local Government (or their relevant successor bodies) for the lifetime of the practical delivery phase of the project.	PMO/AB	Ongoing until project completion

12.1 Additional conditions may be added by the Accountable Body during the finalisation of the due diligence checks most notably around the terms and affordability of the loan arrangements, subsidy control and funding package and profile.

Report completed by:

Name	Designation	Contact Details
James Davies	Borderlands PMO Manager	info@borderlandsgrowth.com
Sarah Bruce	Senior Project and Programme Officer	

Endorsed by:

Designation	Date
Economic Development Chief Officer Group	02.10.2026

Appendices:

- The Citadels FBC