

North Yorkshire Council

Executive

17 March 2026

Property acquisition to support the Council's asset rationalisation programme

Report of the Corporate Director Resources

This report contains a confidential Appendix A which contains information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended) as it contains information relating to the financial and business affairs of the Council and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information

1.0 PURPOSE OF REPORT

- 1.1 To obtain approval for the acquisition of Resolution House, Scarborough, as part of wider plans to rationalise and optimise the Council's property portfolio.

2.0 SUMMARY

- 2.1 In October 2025 the Executive approved NYC's first Corporate Property Strategy, covering the period 2025 -2035 (CPS). The CPS sets out the aspiration to rationalise, invest in, and modernise the Council's property portfolio to support agile working, reduce our carbon footprint, deliver financial returns and unlock opportunities for regeneration and partnership working.
- 2.2 The Council owns and maintains the following assets across the Scarborough and Malton area, many of which are underutilised, outdated and inefficient:
- Scarborough Town Hall
 - Castle House, Scarborough
 - Ryedale House, Malton
 - The former Comet building, Scarborough
 - Pavilion House, Scarborough
 - Stanley Harrison House, Malton
- 2.3 Resolution House is situated on the A64 on the outskirts of Scarborough and is currently in third-party ownership. The building offers modern, fit-for-purpose office accommodation, and the Council was recently approached by its owners to explore whether there was an interest in acquiring the site. This approach has created a timely opportunity to review the Council's assets across the Scarborough and Malton area and consider future opportunities for the rationalisation and optimisation of the estate.
- 2.4 This report presents the initial findings of the asset review and recommends that the acquisition of Resolution House be progressed. The Outline Business Case (OBC) to support the acquisition provides clear evidence of the financial benefits and potential opportunities associated with the proposal, including addressing critical asset-condition

issues and enabling regeneration opportunities through the repurposing of the Council's estate.

- 2.5 The proposals will likely have implications for the future utilisation of the Scarborough Town Hall site. Scarborough town centre already contains several high-profile, long-term underutilised sites, including a number of Council-owned assets, and there is a risk that the Town Hall could become another if action is not taken. To avoid this, it is recognised that work needs to progress at pace to accelerate redevelopment proposals across the town.
- 2.6 The opportunities identified in the OBC, and detailed within this report, remain at an early, exploratory stage. Further detailed planning, consultation and analysis - including engagement with staff and partners - will be required to fully understand the operational implications of any decisions and to ensure these are carefully considered and appropriately addressed before any proposals progress.

3.0 BACKGROUND

- 3.1 The Council currently operates three sites across Malton and Scarborough that provide back-office accommodation for NYC staff as well as front-facing, customer access points (Scarborough Town Hall, Castle House and Ryedale House). In addition, three further buildings (The old Comet building, Pavilion House and Stanley Harrison House) have remained largely vacant since vesting day, pending a review of NYC's future back-office and customer facing accommodation requirements. Further information on each site is provided below, along with background on Resolution House.

3.1.1 Scarborough Town Hall

Scarborough Town Hall is a Grade II listed building and an important heritage asset for the town. Located within the Scarborough Conservation Area, it occupies a prominent town centre position overlooking the South Bay and sits adjacent to the former Futurist Theatre site, which is also held in the Council's freehold ownership.

The Town Hall site provides 9,218 m² of accommodation, including back-office space, meeting rooms, and the main customer service centre for the Scarborough area, which handles around 300 face-to-face enquiries each week.

The occupied Town Hall space currently accommodates 210 desks for NYC staff, alongside additional leased space. Desk utilisation is low, ranging from 14% on Fridays to 42% mid-week.

The overall condition of the Town Hall is assessed as poor, with net running costs - excluding backlog maintenance – totalling £474k per annum.

A 1960's constructed office block accounts for over 80% of the total accommodation area on the Town Hall site but has now reached the end of its useful life. This part of the site was vacated in 2025 due to statutory compliance concerns and has since remained vacant. In addition, the historic, grade II listed Town Hall building requires major investment and presents substantial constraints, limiting its suitability and effectiveness as office accommodation.

Occupation levels are adversely affected by the building's poor condition and inherent constraints of its age and Grade II listed status, with staff identifying a range of ongoing issues with the workspace.

A high-level assessment estimates that refurbishing the entire Town Hall site to a reasonable standard would require investment in the order of £15 million to £19million.

3.1.2 **Castle House, Scarborough**

Castle House is located within Scarborough town centre and was historically one of the County Council's main office hubs for the Scarborough area. The building covers a total area of 2,078msq and provides meeting and office space, along with a complex need day service and face to face meeting spaces for children's services.

The condition of Castle House is assessed as good, and the net running costs equate to £121k per annum.

The building currently accommodates 106 desks and is well utilised, with an average desk occupation of 75%.

3.1.3 **Ryedale House, Malton**

Ryedale House covers a total area of 3,252 m2 and provides back-office meeting and office space, along with the Council's main customer service centre for the Malton area. The customer service centre also provides a single front-door access point for customers to reach the DWP and Community Police and handles around 100 face-to-face enquiries each week.

The condition of Ryedale House is assessed as poor, and the net running costs – excluding allowances for backlog maintenance - equate to £290k per annum. An assessment of backlog maintenance has not recently been undertaken due to long-term aspirations to repurpose the site, however refurbishment costs would run into several millions of pounds.

Ryedale House currently accommodates 168 desks for NYC officer use, as well as leased space to the DWP and North Yorkshire Police. Desk utilisation is low, with an average occupation of 35%.

The Ryedale House site has previously been promoted via the Ryedale Local Plan Strategy and is currently allocated for residential development within the existing Local Plan, with an indicative capacity for 60 dwellings. The former Ashfield Elderly Person's Home site, which adjoins the Ryedale House site and is also in the Council's ownership, has been submitted as a 'call for sites' development opportunity for consideration in the new NYC Local Plan and could offer further development potential.

3.1.4 **Former Comet Building and Pavilion House, Scarborough**

The former Comet building and Pavilion House are located in Scarborough town centre, close to the railway station. Both properties are held in NYC's freehold ownership, having originally been acquired by Scarborough Borough Council to support regeneration ambitions linked to the Scarborough Station Gateway project.

These ambitions included proposals to create shared public sector office accommodation within Pavilion House, in order to enable the redevelopment of the Scarborough Town Hall site. However, the delivery of these proposals was dependent on securing external Levelling Up Fund grant, and the bid was unsuccessful.

Since acquisition, substantial areas have remained vacant across both sites, pending the review of NYC's future back-office and customer-facing accommodation requirements.

The condition of both buildings is assessed as poor, and high-level estimates indicate that refurbishing Pavilion House for office use would require investment in the range of between £7million to £12million.

3.1.5 Stanley Harrison House, Malton

Stanley Harrison House is located in Malton town centre, adjacent to the railway station. The building is in NYC's freehold ownership and was originally acquired by Ryedale District Council as a potential alternative headquarters, to enable the redevelopment of Ryedale House.

The accommodation covers a total area of 709 m2 and provides vacant meeting and office space to the ground and first floor of a relatively recent extension, with space in the original building leased out to voluntary and community sector organisations.

The condition of Stanley Harrison House is assessed as satisfactory and the current net running costs in its largely vacant state equate to £7k per annum.

3.1.6 Resolution House, Eastfield / Seamer, Scarborough

Resolution House was constructed in 2002 as the new headquarters for Scarborough Building Society, and is situated on the southern outskirts of Scarborough. The site covers approximately 4.25 acres, includes over 150 car parking spaces and is accessible via rail, the A64 and local bus routes. It is currently owned by Anglo American, having been acquired as the company's main Scarborough headquarters.

Resolution House was refurbished in 2017 and is fitted out to a high specification, offering modern office accommodation and a variety of open plan and individual office suites. It is estimated that the building will accommodate between 200 – 400 desk spaces, depending on configuration, and the property is rated A for energy efficiency, indicating excellent environmental performance.

In 2024, Anglo American announced its intention to close Resolution House as part of a wider consolidation of its operations at the nearby Woodsmith Mine. The company has since decided to dispose of the asset, inclusive of all fixtures and fittings, and has approached the Council to explore whether there was interest in acquiring the site.

Anglo American began marketing Resolution House for disposal earlier this year, with a guide price of £4.5million. Given the approach by the company – and the one-off, time limited nature of this opportunity - officers commenced a review of asset holdings within the local area to determine whether the acquisition might present a cost-effective solution for addressing the Council's future accommodation needs.

3.2 Review of asset holdings within the Resolution House locality

Table 1 below summarises key data for the back-office asset holdings within the Resolution House locality. Ryedale House has been included within the scope of the review due to the strong transport links between Resolution House, York and Malton as well as the availability of Stanley Harrison House.

Table 1 – Key site data – existing NYC assets

Site	Area (msq)	Net Annual Expenditure £'000	Condition	Desk spaces	FTE *	Average desk utilisation	Meeting Rooms
Town Hall	9,218	474	Poor	210	462	42%	9
Castle House	2,078	121	Good	106	399	75%	9
Pavilion House	6,400	64	Poor	0			

Former Comet building		34	Poor	0			
Ryedale House	3,252	290	Poor	168	202	35%	12
Stanley Harrison	709	7	Satisfactory				
Total	21,657	990		484	1,063	47%	30

* the FTE figure provided shows the number of employees with a work base at the location. This may not represent a true reflection of the number of employees utilising the building due to hybrid working and opportunities to use other workplaces across the NYC portfolio.

4.0 ISSUES AND OPTIONS

- 4.1 **Table 1** shows that, across the assets included within the scope of the review, the NYC estate comprises 21,657 m2 and incurs annual running costs of approximately £1million (excluding staffing and backlog maintenance costs).
- 4.2 Analysis shows that desk utilisation across the sites ranges from below 20% on Fridays to around 45% mid-week, with the exception of Castle House, where occupancy rises to 85%. Several buildings operate at less than half capacity, and on average only 47% of desks are utilised - meaning that on a typical day more than 250 desks remain vacant.
- 4.3 Circa 70% of the assets are assessed as being in poor condition. High level refurbishment estimates indicate that addressing backlog maintenance and creating fit-for-purpose office accommodation would require investment of between £15million and £19million for Scarborough Town Hall, between £7million and £12million for Pavilion House, and several million pounds for Ryedale House.
- 4.4 Given the significant capital investment required to bring NYC's existing assets up to standard and the pressing need to address Scarborough Town Hall accommodation issues, acquiring Resolution House presented a clearly advantageous option that justified further investigation. On this basis, officers commenced negotiations with Anglo American on a potential purchase price - taking into account the limited market demand for an asset of this nature in its location - while also preparing an OBC to support the acquisition.
- 4.5 **Outline Business Case to support the acquisition**
- 4.5.1 Draft Heads of Terms to support the acquisition of Resolution House and the OBC are provided in **Private and Confidential Appendix A**. The proposed acquisition price included in the Heads of Terms reflects the high quality, but limited market demand, for the asset and has been negotiated on the understanding that the Council will proceed promptly with the acquisition. An aspirational target completion date of 31 March 2026 has therefore been agreed by both parties.
- 4.5.2 The OBC supporting the acquisition has been developed on the basis that the proposal will influence, and create opportunities across, the other sites included within the wider review. The potential opportunities for each of the sites are summarised in **Table 2** below.
- 4.5.3 It should be noted that the proposals set out in **Table 2** have not been formally agreed and remain at an early, exploratory stage. Further detailed planning, consultation and analysis - including engagement with staff, Unison and partners - will be required to fully understand the operational implications of any decisions and to ensure these are carefully considered and appropriately addressed before any proposals progress.
- 4.5.4 Section 4.6 of this report outlines the potential outcomes that may be delivered if the assumptions within the OBC are confirmed to be feasible. Given the positive opportunities

identified, the time-limited nature of this opportunity, and the negotiated target completion date, it is recommended that the acquisition of Resolution House be progressed. The proposals around the wider sites will be further refined, scoped and carefully developed following the acquisition.

Table 2 – potential opportunities for wider sites

Site	Potential opportunities included in OBC	
Scarborough Town Hall	Vacate and redeploy / dispose	<ul style="list-style-type: none"> Relocate existing back-office provision to Castle House and Resolution House Relocate existing customer hub to Castle House Creates a Scarborough town centre regeneration opportunity
Castle House	Retain	<ul style="list-style-type: none"> Retain current back-office provision to maintain town centre staff presence Repurpose to provide a Scarborough town centre customer facing hub
Pavilion House	Redeploy / dispose	<ul style="list-style-type: none"> Creates a Scarborough town centre regeneration opportunity
Former Comet building	Redeploy / dispose	<ul style="list-style-type: none"> Creates a Scarborough town centre regeneration opportunity
Ryedale House	Vacate and redeploy / dispose	<ul style="list-style-type: none"> Relocate existing back-office provision to Stanley Harrison House and Resolution House Relocate customer hub to Malton library or Stanley Harrison House Creates a housing development opportunity.
Stanley Harrison House	Retain	<ul style="list-style-type: none"> Repurpose to provide NYC and / or other public sector partner accommodation Potential location for Malton based customer facing hub
Resolution House	Acquire	<ul style="list-style-type: none"> Provide high quality, back-office provision covering the Malton and Scarborough locality – replacing existing provision at Scarborough Town Hall and Ryedale House.

4.5.5 **Table 3** below sets out the key data for the Council's future estate, if the options set out in Table 2 are identified as being feasible following a more detailed review.

Table 3 – Key site data – potential future estate

Site	Area (msq)	Net Expenditure £'000	Condition	Desk spaces	Meeting Rooms
Castle House	2,078	121	Good	106	9
Stanley Harrison House	709	25	Good	Tbd – will be dependent on customer hub options	
Resolution House	4,651	444	Good	185*	25
Total	7,438	590		300+	34

* based on current floorplan. Opportunity to accommodate additional desks dependent on configuration.

4.6 Outcomes Identified in the Outline Business Case

4.6.1 The OBC identifies the acquisition of Resolution House, and the substantial opportunities it presents, as the most effective option for the Council.

4.6.2 Although further detailed operational planning is required, the wider proposals arising from the acquisition present opportunities to deliver notable positive outcomes and financial benefits, supporting the delivery of the Corporate Property Strategy and Council Plan ambitions by:

- **Improving customer access** through the creation of new, modern and fully accessible customer service points within Scarborough and Malton town centres.
- Providing **modern, flexible and fit-for-purpose office accommodation** that supports modern ways of working, increases productivity and improves employee wellbeing.
- **Resolving significant compliance, accessibility and building-safety issues** present within the existing estate and **avoiding the need for millions of pounds of investment** in backlog maintenance liabilities.
- **Reducing annual running costs** of the estate by an estimated minimum of **£400k per annum and enhancing long-term financial sustainability** through reduced maintenance liabilities.
- **Lowering carbon emissions** and improving environmental performance through consolidation into **fewer, more efficient buildings**.
- **More efficient use of the operational estate**, with a **50% reduction in floor area** and improved utilisation of retained buildings.
- **Supporting regeneration and housing delivery objectives** by creating opportunities for the disposal, redevelopment or repurposing of four key development sites.
- Creating potential opportunities to **generate capital receipts** from the disposal of surplus assets.

4.6.3 The financial implications associated with the proposal are set out in section 9.

5.0 REGENERATION AND ECONOMIC OPPORTUNITIES

5.1 **Table 2** outlines that the acquisition of Resolution House may unlock significant regeneration opportunities through the repurposing of the Ryedale House, Scarborough Town Hall, Pavilion House and the former Comet building sites.

5.2 Releasing the Scarborough Town Hall site in particular has the potential to generate substantial economic benefit. The site sits adjacent to the former Futurist site, and site assembly in South Bay will create an extensive development opportunity which links the town centre with the shore. The site is a prime location and will have unrivalled views making it very attractive for a quality commercial leisure development. Indeed, there has been historic interest in this area from major national and regional operators.

- 5.3 However, it is essential that this development complements the wider regeneration of Scarborough and it is recommended that a masterplan is developed to ensure that the South Bay development and other strategic town centre sites work together to reposition Scarborough town centre, addressing vacancy rates, the quality of the leisure and family offer and providing much needed community facilities.
- 5.4 This approach will help mitigate the move of some public services to the edge of town, which may have an impact on town centre footfall. The fact that customer facing services will remain close to the town centre in Castle House should also provide some comfort for retailers.
- 5.5 The potential sale of Ryedale House and relocation of customer and some back-office services to a more central, town centre site should have a positive economic impact on Malton by increasing town centre footfall. The redevelopment of the site for housing will also assist in the delivery of housing delivery targets.
- 5.6 It is acknowledged that Scarborough town centre contains a number of high-profile, underutilised sites, many of which have remained vacant for extended periods, including those within the Council's ownership that fall within the scope of this report. There is a risk that the Town Hall site could similarly become underutilised for a prolonged period, which would be unacceptable and must be avoided.
- 5.7 To prevent further long-term underutilisation, there is a clear need to progress masterplanning and redevelopment proposals at pace and to begin identifying potential development partner(s). It is therefore recommended that a provisional budget be made available to fund the costs associated with advancing these proposals, enabling redevelopment to be brought forward as quickly as possible. It is anticipated that the number of sites available for redevelopment within Scarborough, along with the inclusion of the Town Hall site, will provide sufficient scale to make the opportunity an attractive proposition for prospective development partners.

6.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 The proposals set out in this report support the delivery of the Corporate Property Strategy ambitions and contributes to the Council ambitions to support thriving places, by utilising the Council's asset holdings to regenerate our towns.

7.0 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Investment in the Council's existing asset base has also been considered as an option.

8.0 FINANCIAL IMPLICATIONS

- 8.1 The delivery of the potential opportunities identified in the OBC will require one-off investment, including:
- Resolution House acquisition costs (as detailed in **P&C Appendix A**), together with associated liabilities such as Stamp Duty Land Tax (SDLT)
 - A provisional sum of up to £750k to support the establishment of new front-facing customer service points within Scarborough and Malton town centres, and to fund costs associated with the advancement of redevelopment proposals for vacated sites.
- 8.2 It is recommended that the above investment be funded from the Strategic Capacity Reserve, with the release of the £750k provisional sums being dependent on further detailed development and refinement of the proposals outlined within this report.

8.3 The OBC identifies the following financial benefits if the potential opportunities identified in the proposals are realised:

- Minimum ongoing savings in property running costs of £400k per annum
- Savings of more than £20million in backlog maintenance liabilities across Ryedale House and Scarborough Town Hall
- Potential opportunities for capital receipts from the repurposing / disposal of Pavilion House, former Comet building, Ryedale House and Scarborough Town Hall.

8.4 The total investment proposed in this report would achieve a payback period of less than 10 years based solely on the ongoing savings in property running costs. The investment would be more than fully funded if capital receipt opportunities and backlog maintenance savings are considered.

9.0 LEGAL IMPLICATIONS

9.1 The proposed purchase of Resolution House constitutes a capital land acquisition and must be progressed in accordance with the Council's Constitution and Financial Procedure Rules. Under the Property Procedure Rules the Executive must approve any acquisition over £1million in value.

9.2 The Council has the statutory authority to proceed with the purchase under the Local Government Act 1972 which provides the power for the local authorities to acquire property necessary for the discharge of their functions. In exercising these powers, the council must be satisfied that the acquisition represents best value, supported by valuation advice and full legal due diligence, including title, planning and statutory compliance matters.

10.0 EQUALITIES IMPLICATIONS

10.1 An EIA screening has been completed and is attached at Appendix B.

11.0 CLIMATE CHANGE IMPLICATIONS (MANDATORY)

11.1 A climate change impact assessment has been completed and is attached at Appendix C.

12.0 HUMAN RESOURCES IMPLICATIONS

12.1 The HR implications arise following the acquisition of Resolution House and not from the decision to acquire. Therefore no direct HR Implications of the acquisition.

12.2 Once the decision is made detailed planning and analysis will be required, including engagement with trade unions, staff and service managers, to fully understand the operational implications of the decisions.

12.3 The proposals will likely affect the future work bases of some staff. Staff consultation and engagement, including detailed discussions with Unison, will take place.

13.0 CONCLUSIONS

That the Council acquires Resolution House to enable opportunities to support the rationalisation and optimisation of the Council's estate.

14.0 REASONS FOR RECOMMENDATIONS

14.1 To support delivery of the Corporate Property Strategy ambitions, and the potential outcomes and financial benefits set out in section 4.6 of the report.

17.0 RECOMMENDATIONS

It is recommended that:

- i) Approval be given to acquire Resolution House, based on the Heads of Terms provided in Private & Confidential **Appendix A**.
- ii) In-principle approval be granted for investment of up to £750k to support the establishment of new front-facing customer service points in Scarborough and Malton town centres, and to fund costs associated with the advancement of redevelopment proposals for vacated sites. Release of this investment will be dependent on further detailed development and refinement of the proposals outlined within this report.
- iii) The decision on the release of the in-principle investment be delegated to the Corporate Director of Resources in consultation with the Executive Member for Resources.

APPENDICES:

Appendix A : Draft Heads of Terms (Private & Confidential)

Appendix B : Equalities Impact Assessment Screening

Appendix C : Climate Change Screening

BACKGROUND DOCUMENTS:

- Corporate Property Strategy 2025 - 2035

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Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.