

Written response to concerns highlighted within the Call-In

1.0 BACKGROUND

- 1.1 Scarborough Town Hall has 4 constituent buildings on the site:
- The listed Town Hall building,
 - a 1950's/1960's extension,
 - York House (the old Brewery), and
 - the Customer Services building.
- 1.2 The 1950's / 60's extension - which accounts for 80% of the floor area of accommodation on the site - has reached the end of its useful life and had to be urgently vacated in late 2025 due to statutory compliance issues. It has since remained empty. The historic Town Hall building also requires major investment and presents substantial constraints, which limit its suitability and effectiveness as office accommodation.
- 1.3 The current standard of office accommodation across the Town Hall site is substandard and assessed as inadequate, with the related challenges continuing to grow in urgency as time goes on.
- 1.4 Approximately 500 council employees are contractually based at the Town Hall. Following the vacation of the 1950's/60's extension, 210 desk spaces remain on the site. Utilisation of those desks is low – ranging from 14% on Fridays to 42% at its mid-week peak – reflecting the condition and limitations of the accommodation.
- 1.5 It is estimated that investment of between £15 million and £19 million would be required to refurbish the accommodation and bring it up to an acceptable standard. These estimates were produced in February 2026 and are based on the gross internal area of the buildings and recognised BCIS cost rates for full refurbishment. The figures do not include a contingency provision, and experience indicates that actual costs frequently exceed early estimates, particularly for listed buildings.
- 1.6 Whilst not as immediate a concern as the Town Hall, the office accommodation at Ryedale House in Malton – which is the contractual office base for a further 200 council employees - is also assessed to be in poor condition. If no, or minimal, investment is made in the building, it will soon deteriorate to the same problematic state as the Town Hall.
- 1.7 The net annual running costs for the assets within the scope of the Executive report are £990k (as set out in Table 1 of the Executive report). If the proposals proceed, these costs are projected to reduce to £590k per annum (Table 3), delivering a minimum anticipated revenue saving of £400k each year; in addition to the cost savings in addressing backlog maintenance liabilities. The current annual day to day repair costs for the Town Hall and Ryedale House are not included within the stated £990k, meaning the actual revenue savings will, in practice, be significantly higher.
- 1.8 The purchase of Resolution House offers a cost-effective response to the issues identified above, together with additional wider benefits. As set out in the Executive report, the Outline Business Case (OBC) supporting the acquisition demonstrates strong financial justification and highlights several wider opportunities, including:

- **Improving customer access** through the creation of new, modern and fully accessible customer service points within Scarborough and Malton town centres. Following comments made at the Executive meeting, it was also agreed that the feasibility of providing a third customer access point at Resolution House would be explored.
- The replacement of outdated office accommodation at Scarborough Town Hall and Ryedale House with **modern, flexible and fit-for-purpose office accommodation** that supports modern ways of working, increases productivity and improves employee wellbeing.
- **Resolving immediate compliance, accessibility and building safety issues** present at Scarborough Town Hall, and **avoiding the need for likely investment of more than £20million** in backlog maintenance liabilities at Scarborough Town Hall and Ryedale House.
- **Reducing annual running costs** of the estate by an estimated minimum of **£400k per annum and enhancing long-term financial sustainability** through reduced, ongoing maintenance liabilities.
- **Lowering carbon emissions** and improving environmental performance through reductions in floorspace and consolidation into **fewer, more energy efficient buildings**. Resolution House has an EPC rating of A, indicating excellent environmental performance.
- **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. The Executive report identified in-principle investment of up to £750k, part of which is to create capacity and financial support to advance redevelopment proposals for these sites.
- Creating potential opportunities to **generate capital receipts** from the disposal of surplus assets.

1.9 The proposed purchase price for Resolution House (as detailed in the confidential appendix) is substantially below the guide price for the building, and has been negotiated on the understanding that the Council proceeds promptly with the acquisition. This opportunity is therefore time-limited.

1.10 Doing nothing is not a viable option given the current condition of the Town Hall accommodation and the deteriorating state of Ryedale House. If a decision is taken not to invest in Resolution House, immediate funding would be required to undertake refurbishment works at both the Town Hall and Ryedale House – at a likely cost of more than £20million - or alternative provision would need to be found.

- 1.11 The details of the call-in are set out in Section 3 of the covering report. Responses to each of the points raised are addressed in turn, and are presented in Section 2 of this appendix.

2.0 RESPONSES TO POINTS RAISED IN THE CALL-IN

- 2.1 *The grounds for this call-in are that the Executive decision appears to have been taken without key information being available to members regarding the full financial and operational implications of the proposal.*

The Executive report indicates that the acquisition of Resolution House forms part of a wider rationalisation of the council's estate and may ultimately lead to the vacating of other council buildings, including Scarborough Town Hall and Ryedale House. However, the report also acknowledges that aspects of the proposal remain at an early exploratory stage.

RESPONSE:

- 2.1.1 The financial implications of the proposal are set out in Section 8 of the Executive report, and can be summarised as follows:

- One-off investment will be required to fund the Resolution House acquisition costs (as detailed in the P&C Appendix).
- Provisional, one-off investment of up to £750k is requested to support the establishment of new front-facing customer points within Malton and Scarborough town centres, and to fund costs associated with the advancement of redevelopment proposals for vacated sites.
- The proposals will deliver ongoing savings in property running costs of a minimum of £400k per annum.
- The proposals will save more than £20million in backlog maintenance liabilities across Ryedale House and Scarborough Town Hall.
- The proposals will create opportunities for capital receipts from the repurposing of vacated sites.
- The total one-off investment proposed in the report would achieve a payback period of less than ten years, based solely on the savings in annual property running costs, and significantly less if capital receipt opportunities from vacant sites are taken into account.

- 2.1.2 Although certain operational matters will need to be developed in collaboration with staff and partners, the core proposals that drive the business case will remain unchanged. Operational aspects will be managed within the parameters outlined in the report, namely:

- Staff and customer will be relocated from the Scarborough Town Hall site.
- Staff and customer will be relocated from the Ryedale House site.
- New customer access points will be created in town centre sites in Malton and Scarborough.

- Castle House in Scarborough, and Stanley Harrison House in Malton will be retained, alongside the acquisition of Resolution House, to support the relocation of staff from the Town Hall and Ryedale House.
- The Scarborough Town Hall site, Ryedale House site, former Comet building and Pavilion House will be re-purposed.

2.2 *The report does not provide clear or detailed costings for adaptation or refurbishment of Resolution House.*

RESPONSE

2.2.1 Resolution House provides high specification, modern, fit for purpose office accommodation, with the purchase price including all fixtures and fittings (excluding IT equipment). Staff will be expected to use the building in its current configuration. The design and layout of the building will enable the organisation to fully embrace modern working practices – promoting flexibility, collaboration and a more effective use of shared space.

2.2.2 To that effect, there will be no requirement to refurbish or adapt the building beyond minor spend such as signage. A desktop assessment shows that the cost associated with the installation of the IT network is likely to be c£50k. Any such costs would be funded from the £750k budget included in the Executive report, or from existing revenue budgets.

2.3 *The report does not provide clear or detailed costings for the relocation of services and staff currently located in Scarborough Town Hall and Ryedale House*

RESPONSE

2.3.1 Physical relocation costs of services and staff will be minimal.

2.3.2 Managers will be encouraged to have team discussions and share staffing plans as they emerge. Employees whose workplace is changed compulsorily, and who then are expected to travel further to their new work base, will be eligible for reimbursement of reasonable agreed excess travelling expenses. This would be agreed with the line manager in advance and will be time limited.

2.4 *The report does not provide clear or detailed costings for any adaptation works required at alternative sites, including Castle House and Stanley Harrison House or detailed costings for the operational and customer access implications of relocating public-facing services*

RESPONSE

2.4.1 As part of earlier asset rationalisation work, the customer access point at the former Hambleton District Council headquarters in Northallerton was moved to the Treadmills site. The ground floor of a vacant building at Treadmills was refurbished to form the new customer hub, at a cost of £75k.

2.4.2 The hub now provides a welcoming, accessible environment with enhanced facilities, improved safety features, and more efficient service delivery. It enables integrated working across key services, including Housing Options, Benefits, Revenues, and Income Maximisation. New features include video-calling capability, self-service terminals, and dedicated interview rooms.

- 2.4.3 It is reasonable to assume that the cost of adaptation works at Castle House and Stanley Harrison House will be broadly comparable to the costs incurred at Treadmills for the creation of customer hubs. Castle House will not require any additional adaptation, as it already operates as an office space and is in a good condition. Stanley Harrison House is also in reasonable condition and has previously been used as office accommodation, so adaptation costs are likewise not expected to be substantial.
- 2.5 *The report also acknowledges that relocating a significant proportion of staff and services away from Scarborough town centre may have implications for town centre footfall and economic activity. However, it is not clear from the report that a full assessment has been undertaken of the potential impact on the town centre economy, nor how the proposed changes to the Council's estate align with wider ambitions for town centre vitality and regeneration.*

RESPONSE

- 2.5.1 This point was addressed at the Executive meeting. Key extracts from the response are copied below for ease:

Occupation of the Town Hall

- 2.5.2 COVID19 and the increase in hybrid working, along with the poor building condition has had a significant impact on the occupation of the Town Hall.
- 2.5.3 In late 2025 the 1950s/60s block on the Town Hall site had to be vacated urgently due to statutory compliance issues. As a result, around 80% of the floorspace on the Town Hall now stands empty and of the 210 remaining desks utilisation is just 42% at its peak, mid-week (around 88 employees).

Economic Impact of Staff Moves and impact on Town Centre viability

- 2.5.4 As detailed above, far fewer staff use the building today, and the Town Hall site is now significantly under-utilised.
- 2.5.5 As part of our wider asset rationalisation programme, we recently closed and disposed of North Yorkshire House (NYH). 300 of our staff were based in NYH and were initially moved to the Town Hall, but were subsequently relocated to Castle House because of the accommodation issues.
- 2.5.6 The current proposal is that Customer services will remain in the town centre, at Castle House, alongside the existing office accommodation. With the closure of North Yorkshire House, Castle House now hosts more staff than before, increasing footfall into the town centre, and largely offsetting the proposed relocation of staff from the Town Hall to Resolution House.

Regeneration Opportunities

- 2.5.7 The Council has inherited a number of prominent, empty buildings within Scarborough Town Centre. We do not want the Town Hall to become another – so the report recommends a £750k investment, partly to progress redevelopment proposals on these sites so that plans can be brought forward as quickly as possible.
- 2.5.8 The council fully recognises the importance of supporting the vitality and viability of Scarborough town centre.

- 2.5.9 Redevelopment of the sites, listed in the report, will promote uses that will diversify the town centre offer, protect heritage assets and enhance footfall.
- 2.5.10 To ensure that the right type of uses are attracted to the town centre, the council intends to engage and work with partners to set out development opportunities for the sites, ensuring that they will contribute positively to regeneration outcomes. Any future proposals for listed buildings will be subject to appropriate planning and heritage considerations, with the Council actively seeking uses that align with town centre policies, protect heritage value and support economic activity.
- 2.6 *In addition, the report does not appear to set out clearly how evolving patterns of work and service delivery (including hybrid working, digital access to services, and the future role of face-to-face customer contact) have been factored into the Council's long-term accommodation strategy.*
- 2.6.1 Resolution House offers a highly configurable environment designed to support flexible, modern ways of working. The building would enable staff to work collaboratively and provide opportunities for co-location with partner organisations. Should space not be fully utilised, there is scope to offer shared workspace to external bodies, generating additional rental income and contributing to wider organisational savings and economic development outcomes. The high quality of the accommodation is expected to drive strong demand for the available space.
- 2.6.2 Staff across the existing bases that may form part of the relocation to Resolution House already work in a variety of ways, including delivering services from council premises, providing services in people's homes / the community, or a combination of these, as well as working wholly in the office or on a hybrid basis. As these working patterns have evolved in recent years, it has become clear that flexible office space is required to support teams coming together. This includes individual and group workspace, collaboration space and meeting rooms of various sizes.
- 2.6.3 The Council's Customer Experience Strategy 2025 – 2030, approved in November 2025, includes a commitment to delivering a customer experience that is 'Accessible to Everyone'. The Strategy sets out the requirement to provide multiple channels for customers to make contact, including offering face-to-face interactions alongside digital, self-service solutions. Customer access points in accessible town centre locations such as Malton and Scarborough will continue to play a key role in supporting this approach.
- 2.7 *Given that the acquisition would commit the Council to a significant capital decision and appears to rely on assumptions about wider estate changes that are not yet fully worked through, it is appropriate that the relevant Overview and Scrutiny Committee review whether sufficient information was available to support the Executive's decision at this stage.*

RESPONSE

- 2.7.1 It must be recognised that maintaining the status quo is not an option, and that the agreed purchase price for Resolution House is time-limited. Should the Council decide not to proceed with the acquisition, immediate and substantial investment would be required to refurbish both the Town Hall and Ryedale House, or an alternative, timely solution would need to be identified.

2.7.2 At a cost estimated at more than £20million, a decision to refurbish existing sites represents a significant alternative capital decision, which far outweighs the recommended investment in Resolution House.