

North Yorkshire Council

Care and Support Hubs Steering Group

7 May 2026

Development of a Scarborough Care and Support Hub

Report of the Corporate Director – Health & Adult Services

1.0 PURPOSE OF REPORT

- 1.1 As part of the delegated decision-making process on the development of Care and Support Hubs, to consult with the nominated Executive Members on the detailed work undertaken to develop the proposal for a purpose-built Care & Support Hub in Scarborough.
- 1.2 To seek approval from the Corporate Director of Resources, in consultation with the Corporate Director – Health and Adult Services, the Executive Member – Finance & Resources, and the Executive Member – Health & Adult Services, for a budget of £16.9m to procure the development of a new Council-run Care & Support Hub in place of the existing Elderly Person's Homes; Silver Birches in Filey and Larpool Lane in Whitby.
- 1.3 To seek approval from Corporate Director of Resources in consultation with the Executive Member – Finance & Resources, Deputy Leader and Executive Member – Managing our Environment, to proceed with Beyond Compliance opportunities on the new Scarborough Care & Support Hub site.

2.0 SUMMARY

- 2.1 A strategic business case was previously approved in January 2025 to address escalating pressures within the Health and Adult Services budget, driven by increasing demand for high-cost specialist residential dementia care and intermediate care in the independent sector. The approved proposal set out an invest-to-save market management intervention to replace the Council's in-house Elderly Person's Homes with up to five new-build Care & Support Hubs (CSH) across the county, delivering specialist dementia and rehabilitation-focused intermediate care. The Executive decision was informed by an options appraisal, market analysis and indicative modelling of capital and revenue impacts, including phased delivery and site feasibility work.
- 2.2 Approval was given for the recommended option to develop new Council-run CSH to replace the existing Elderly Person's Homes, with delegated authority to the Corporate Director of Resources, in consultation with the Corporate Director – Health and Adult Services, the Executive Member – Finance & Resources, and the Executive Member –

Health & Adult Services, to consider and approve individual strategic business cases on a locality basis.

- 2.3 The previous Executive report set out that the replacement programme was to be delivered in phases, with phase one prioritising the delivery of new CSHs in the Harrogate and Scarborough localities. This report will detail site-specific capital costs for a Scarborough CSH based on the confirmed site in Middle Deepdale in Eastfield, Scarborough and associated feasibility studies and surveys. Revenue costs, financial benefits and return on investment calculations are tailored to meet the exact proposals set out within this Hub. Key risks and legal considerations are set out alongside mitigations.
- 2.4 A detailed business case has now been drawn up for the development of a new 60-bed CSH in Scarborough. The business case proposes moving forward with a purpose-built Scarborough CSH in Middle Deepdale in Eastfield, Scarborough, to provide specialist residential dementia care and intermediate care, as a key market management intervention responding to rising demand and budget constraints in Health and Adult Services. The Scarborough CSH would replace the Council's in-house older people's residential care services at Silver Birches in Filey and Larpool Lane in Whitby, which provide approximately 41 general residential care beds at any one time. Current council-owned Elderly Persons' Homes (EPHs) face viability and property condition challenges, limiting their ability to meet increasing specialist care needs. The development of Extra Care Housing (ECH) schemes complements this by supporting people with lower-level needs at home, while the CSH will focus on higher acuity care needs. Market intervention is necessary due to increased demand for specialist dementia and intermediate care services and the poor condition of existing EPH properties
- 2.5 The paper sets out the key drivers of budget constraints in increasing demand for specialist residential care, in particular specialist dementia care and intermediate care, and the associated care market position and costs. It also addresses the risks and issues faced as a result of the age and condition of the current EPH estate in the Scarborough locality, and the inability of this provision to respond to and meet need for specialist residential care services.
- 2.6 The proposal would see the Council's in-house Care Provider Service in Scarborough being able to meet the specialist care needs of 60 people at a cost per week which is significantly lower than that charged by the independent care sector. The service offer would deliver:
 - A. 35 specialist residential dementia care beds in a purpose-built setting able to dynamically meet the needs of people with advanced dementia and other specialist needs with a significantly reduced requirement for one-to-one support and therefore reduce the reliance on 'high cost' specialist provision in the independent care market.
 - B. a robust pathway into 25 intermediate care beds for people discharged from hospital on Pathway 2 (short term residential placement) ensuring sufficient capacity to meet demand in appropriately designed physical environment with specialist reablement and rehabilitation focussed care and wraparound therapy support.

- 2.7 The service would have a flexible operating model to adapt to changing local needs, including support for working-age adults with early onset dementia. The model emphasises higher staffing ratios, specialized workforce training, and an environment designed to reduce restrictive 1:1 care by enabling independence and better outcomes. Advanced assistive technology and digital care records will support efficient, person-centred care. Collaboration with NHS therapists, community nursing, and mental health teams will provide integrated multidisciplinary support. Engagement with staff and unions will ensure smooth transition and adoption of new roles
- 2.8 The proposal is an ambitious re-design of the Council's care provision which requires significant capital investment of £16.9m based on the RIBA Stage 3 estimate, which reflects design refinements and site surveys, with contingencies to mitigate market volatility and construction risks. It is an 'invest to save' proposal that reduces reliance on costly independent sector placements; estimated to reduce future costs of up to £2.6m per annum in the HAS budget. A best-case payback period for the proposal has been calculated of 8.3 years with a 13.1% post implementation return on investment, reflecting updated costs, financing rates and current market situation. Additional indirect savings are expected through efficiencies in brokerage and increased income from client contributions and NHS funding. If approved, the development would be delivered by August 2028.
- 2.7 The new purpose-built Scarborough CSH will be located on a greenfield site owned by NYC off Pelton Wheel Lane in Eastfield, Scarborough, strategically chosen for accessibility and suitability. The design has evolved through detailed stakeholder engagement, incorporating dementia-friendly principles, flexible spaces, and modern facilities to support specialist care and rehabilitation. The building will be three stories with dedicated wings for dementia care, short-stay, and intermediate care, including communal and therapy spaces, accessible outdoor areas, and robust fire safety measures including sprinklers. Sustainability features include a fully electric building with air source heat pumps, solar power, and high insulation standards. The project timeline targets planning submission in April 2026, tender in August 2026, and construction start in June 2027.
- 2.8 In summary, the report sets out the case for a Scarborough CSH as a strategic response to demographic pressures and market challenges by proposing a modern, specialist facility that improves care quality, reduces costs, and provides a sustainable model for future adult social care services in the region.
- 2.9 The remainder of the CSH programme will remain agile, allowing for ongoing market analysis to understand any changes in demand as well as any changes in care market position, including capacity and cost. A phased and agile programme will also enable continuous learning and reflection throughout.

3.0 BACKGROUND

3.1 Population Health

North Yorkshire has an ageing population:

- people aged 65 and over made up 25.7% of the population in 2023, compared with 18.7% for England and 19.7% for the Yorkshire & Humber region. This is projected to increase to 33.0% by 2043, an additional 54,142 people.
- people aged 85 years and over made up 3.4% of the population, compared with 2.5% for both England and the region. By 2043, this is projected to rise to 6.1%, an additional 18,079 people.

- 3.1.1 Local dementia profiles published by the Alzheimer’s Society in December 2021 estimated there were 9,272 people over 65 living with dementia in North Yorkshire. By 2030, this was projected to increase to 15,002 people, 9,617 (64%) of whom would have severe dementia and, therefore, be more likely to require long-term social care services.
- 3.1.2 The Institute of Public Care (IPC) at Oxford Brookes University also projects a significant increase in the number of people aged over 65 with dementia in North Yorkshire. Estimates from POPPI, their older people’s projection tool, indicates an increase to 14,089 people by 2030, which equates to an increase of over 2,300 people, or 19% in the next seven years.
- 3.1.3 At age 65, the IPC projections indicate less than 2% of the population will have dementia. However, by the age of 85, this has increased to 15% for men and 20% for women.
- 3.1.4 In 2023/24, the average age on admission to permanent residential care for someone age 65+ in North Yorkshire was 84.4 years of age, with 55.5% (584) of admissions being for someone aged 85 or over.
- 3.1.5 Scarborough has a significantly older and more rapidly ageing population than England overall, and one that is closely aligned with the wider North Yorkshire profile. POPPI population and prevalence modelling indicates that Scarborough will see significant growth in its older population over the next decade, with the number of residents aged 85+ projected to increase by around one-third by 2030. By 2032, nearly one-third (31%) of Scarborough’s residents are expected to be aged 65 or over, up from 26% in 2022, and the proportion aged 85+ is already higher than the England average (3.6% compared to 2.5% in 2024). This demographic profile highlights sustained and growing demand for age-related services locally. As dementia prevalence rises steeply with age, this demographic shift is expected to drive sustained growth in the number of people living with dementia locally through to 2035, with the fastest increase among those with more complex and severe needs. This mirrors county-level projections, where dementia prevalence is forecast to increase by around 60% by 2030, reinforcing the case for expanded specialist provision in Scarborough.
- 3.1.6 Using LSE-derived modelling, Alzheimer’s Research UK (2024)¹ estimates that dementia prevalence in Scarborough constituencies is higher than the national average. In Scarborough and Whitby, around **1,833 people** are living with dementia

¹ Alzheimer’s Research UK (2024) *Dementia Prevalence by UL Constituency 2024*. Available at: [Dementia Prevalence by UK Constituency 2024](#) [Accessed on 01/04/26]

(1.89% of the population), compared with an England average of **1,370 people (1.36%)** per constituency.

3.1.7 This presents a significant financial risk to the Council which, without market intervention will see costs rising exponentially.

3.2 Intermediate Care

Improving the current Intermediate Care system in North Yorkshire is a corporate priority for the Council and a programme has been established under the direction of the North Yorkshire Health Collaborative (NYHC) to develop and deliver an improved service. Through this, North Yorkshire Council is working with our 3 NHS Integrated Care Boards, 7 NHS Foundations Trusts and voluntary and care sector providers to develop a new model of intermediate care in North Yorkshire. Intermediate Care Bed Provision is a project within the Intermediate Care Programme. Strengthening intermediate care is also a national priority as part of Neighbourhood Health and the NHS 10-year plan.

3.3 Transformation of in-house care services

3.3.1 Transformation of the services offer delivered by the Council's Care Provider Services (CPS) forms a part of the wider HAS Transformation Plan to deliver the ambitions set out in the Council and HAS Plans and the Council's Medium Term Financial Strategy, and to support market management intervention. The vision of the CPS transformation programme is:

- To transform the Council's in-house Care Provider Services provision to focus on delivering high cost, specialist and time critical care that responds to locality need.
- To increase value for money, off-set costs and achieve savings for the Council through reformed in-house care services.
- To maintain and establish the reputation of in-house care services as provider of high quality care and accommodation.
- To ensure services are commercially viable, adequately resourced and have the capabilities to support resilience in local care markets.

3.3.2 To deliver on this vision, it is envisaged that Care Provider Services would deliver a core services offer which would include:

- intermediate care
- specialist residential care for older people, particularly people living with dementia
- specialist care for working age adults, particularly those with a learning disability and/or autism

4.0 CASE FOR CHANGE / RATIONALE

4.1 There are three key drivers for change, these being:

1. Market intervention as a result of increased demand for specialist dementia services

2. Market intervention as a result of increased demand for intermediate care services which don't increase reliance upon long term residential care.
3. Existing property condition of EPHs limiting the ability to meet the above demand

4.2 Demand & Market Analysis for Specialist Residential Dementia Care

- 4.2.1 One of the main drivers of the pressures on HAS budgets is the requirement to purchase increasing levels of high-cost specialist residential dementia care in the independent care sector. The cost of such provision is often further increased by the requirement to fund additional 1:1 hours to meet a person's needs, which is not only costly but can represent a highly restrictive model of care.
- 4.2.2 In Scarborough, residential dementia placements as a proportion of all residential care placements have increased by 10% in the last two years. In addition to growth in demand, Scarborough is also experiencing an upward shift in the acuity of care needs of people requiring residential care. Dementia prevalence is already higher than the rest of North Yorkshire (1.89% vs. 1.36%), where prevalence is expected to increase by 62% by 2030.
- 4.2.3 This growth and change in demand for older people's residential care is not currently addressed within our current care market. Specialist residential care for older people is scarce and expensive in the independent sector. The Council is increasingly reliant on a small group of 'high cost' providers for 'specialist' residential dementia care.
- 4.2.4 Weekly base rates of these specialist providers in Scarborough have increased by 7.5% over the last two years, and the number of placements across the county has increased by 13% in the same period. This equates to 168 placements countywide. 29% of these placements are people from Scarborough, and 27% are within provision in Scarborough. As demand for specialist provision continues to significantly outstrip supply, we can assume further moderate cost increases through demand pull inflation. People from Scarborough people are fairly frequently required to move to Harrogate at significantly higher cost due to insufficient specialist dementia care capacity in Scarborough, demonstrating the volatility of costs and the impact of insufficient capacity.

4.3 Demand & Market Analysis for Specialist Bed-Based Intermediate Care

- 4.3.1 Demand for adult social care services is directly impacted by hospital activity. Hospital discharges to adult social care have remained consistently high in Scarborough over the last year; averaging three per day.
- 4.3.2 The number of people leaving hospital who required bed-based intermediate care in Scarborough has seen significant increase over the last two years. This makes up 38% of discharges. This equates to 475 people.
- 4.3.3 Analysis of services received by a person following a period of intermediate care at the Council's in-house provision in Scarborough shows that up to 60% of people are able to return home with or without a package of reablement or home-based support. This is in comparison to only 25% of people able to return home when their short-term care

home service is provided by a care home in the independent sector. The remainder of people go on to require costly long-term residential care.

- 4.3.4 The 2023 Better Care Fund review identified that additional intermediate care capacity was required to meet demand and improve services across the county. Buildings constraints with the existing EPHs limit the full range of intermediate and specialist care that can be provided by the Council and requires us to commission additional intermediate care beds in the independent sector to support higher levels of need, which comes at a significantly higher cost. Intermediate Care Bed Provision is a project within the NYHC Intermediate Care Programme.

4.4 EPH Property Condition / Health & Safety

- 4.4.1 The Council's current provision in Scarborough – Silver Birches in Filey and Larpool Lane in Whitby – were built in the 1970s and requires significant investment to support the continued safe delivery of social care services from the sites.
- 4.4.2 There are significant annual maintenance costs at the sites, with a total servicing and responsive maintenance spend over the last four years of £1.1m. This includes fire safety works of £300k instructed to achieve compliance over the next 3 – 5 years. It also includes critical capital works required to meet building legislation standards and current service requirements of £103k.
- 4.4.3 Average annual maintenance spend across the two sites over this period was £287k per annum. It is anticipated that this will continue to escalate with a significant failure of some part of the buildings or infrastructure increasingly likely over time which would potentially necessitate unplanned conclusions to the use of the buildings.
- 4.4.4 The latest Condition Reports for the sites undertaken in January 2023 indicated that further maintenance work to the total value of £3m would be required over the next five years to maintain safe standards. Beyond five years, an additional £0.5m would be required for further fire safety compliance works.
- 4.4.5 In addition to the above, additional costs should be noted if changes were to be made to address issues in the design and layout of the buildings as well as the facilities, fixtures and fittings which do not meet requirements for people living with dementia or those that require bariatric support to manage obesity. To address the design, layout and facilities would require reconfiguration and refurbishment of the settings.
- 4.4.6 Over the last two years, difficult decisions have had to be taken to close two of our EPHs; Neville House in Gargrave which closed in Winter 2023 and Ashfield Malton in November 2024 with services being re-configured and provision consolidated at 5 Whitby Road in Pickering. The prevailing reasons for ceasing to deliver services from these settings were related to property condition and associated health and safety and compliance concerns impacting viability and sustainability of services.

5.0 RECOMMENDATION - REPLACEMENT SCARBOROUGH CARE & SUPPORT HUB

- 5.1 An options appraisal has been undertaken to consider how the Council addresses these issues, and the recommended option was to replace our current EPH provision, which consists of seven EPHs, with new build provision of up to five new Care & Support Hubs, to be operated through our in-house Care Provider Services. This proposal is to bring forward the first phase of this replacement programme which includes the replacement of Silver Birches in Filey and Larpool Lane in Whitby with a new purpose-built CSH in Scarborough.
- 5.2 From a property perspective this option would provide a reduced, optimised, modern and efficient asset footprint. The indicative capital requirement for this option is £16.9m. This is subject to procurement however, is calculated using current industry costs which have been inflation-proofed and is also inclusive of fees, contingencies and capital financing costs.
- 5.3 In light of the Council's Net Zero ambitions, Net Zero and 'Beyond Compliance' opportunities have been explored for the site. This is described further detail in section 9.2 below. The recommendation is to progress 'Beyond Compliance' measures on the site at a cost of £202k. The payback period is 6.7 years with a ROI estimated at 16%
- 5.4 The proposal to provide a purpose-built CSH in Scarborough continues to deliver substantial savings to the revenue budget. In-house costs would be £5.1m with a more efficient staffing model able to offer better value for money and economies of scale than an in-house low level residential model. Independent costs of this model together with savings related to evidence-based assumptions on achieving improved outcomes for people receiving specialist intermediate care would account for £1.8m resulting in an annual cost of £6.9m.
- 5.5 This will achieve a reduction in projected gross expenditure of up to £2.6m per annum in the HAS budget, dependent on market conditions. At the time of the initial business case presented to Executive Jan 25 the reduction in projected gross expenditure was £3.1m.
- 5.6 The new-build replacement option demonstrates the most cost-effective model for future provision of specialist residential care. This model is in line with the strategic vision for the transformation of Care Provider Services and demonstrates an ability to off-set current escalating costs in the independent sector.
- 5.7 The projected financial benefits of the proposed option to deliver replacement Care & Support Hubs, are illustrated further in section 9 of this report.

5.8 Service Offer

- 5.8.1 The new build provision would take the form of a series of five strategically located locality-based Care and Support Hubs that will deliver 60 units of specialist care services based on locality demand. These will focus on specialist residential dementia care and specialist intermediate care services providing intensive rehabilitation and assessment.

5.8.2 Phase one of the replacement programme brings forward proposals for new Care and Support Hubs in Harrogate and Scarborough. The location of further sites across the county will remain under review to ensure that development responds to and targets the localities where market intervention is most required, taking account of demand, market capacity and cost of care. In doing this, we commit to ensuring that services will be accessible for people across the county.

5.8.3 The nature of the physical design and operating model within the new provision will allow for the Care & Support Hubs to operate flexibly to respond and adapt to changing demand on a locality footprint, future-proofing the services and investment. Whilst the services will primarily support older people, they will be equipped with an appropriately skilled workforce and the required CQC registration to support working age adults where necessary. In particular, the services will be equipped to support people with early onset dementia, for whom there is an identified gap in provision.

5.9 Site Options & Property Design

5.9.1 The site identified for the new CSH is located off Pelton Wheel Lane, Eastfield, Scarborough. It is a greenfield site owned by NYC and set on the outer edge of a new housing development which has been completed quite recently.

5.9.2 This site was identified through a comprehensive site appraisal exercise involving Property Services, Estates, Planning and HAS. The exercise took into account the essential and desirable site requirements for delivery of a safe and effective service including indicative size requirements. It also considered factors that would impact site acquisition and preparation costs such as site ownership, demolition requirements, other interested parties and any apparent abnormalities. Preference was given to sites in NYC ownership. Existing EPH sites were considered as part of the exercise.

5.9.3 Access to the site is from the eastern edge of the site utilising the recently constructed estate road (Pelton Wheel Lane) which also forms the boundary to the east of the site. The site covers an area of approximately 0.74 Ha and has a pronounced fall running north to south, creating a change in level of approximately 9.0m between the north and south boundaries. The recently constructed two-storey residential housing face a westerly direction across Pelton Wheel Lane and towards the CSH site. These houses will be the most immediate neighbour. Due to the elevation of the land in relation to perimeter access roads beyond the site boundaries there are no other properties in close proximity and likely to be impacted by the presence of the new CSH building.

5.9.4 The site lies within Flood Zone 1; no site-specific flood risk assessment is required to support a planning application for this proposal.

5.9.5 The replacement option enables us to design the physical care setting using national guidance and best practice design guidance to ensure that the environment meets the needs of and facilitates support for people with advanced dementia and other complex needs and enables delivery of therapy and reablement-focussed care and support.

5.9.6 The programme commenced with a high-level strategic brief, supported by an indicative Schedule of Accommodation, standardised assumptions on massing and site

response, and high-level cost estimates based on industry benchmarks and metre rates applied consistently across all sites. This provided a robust basis for initial feasibility, comparability and affordability.

- 5.9.7 As the programme progressed through RIBA Stages 1–3 during 2025, the design was refined using detailed, site-specific information from commissioned surveys and technical investigations. This appropriately informed design responses and cost assumptions, including the identification of additional civil works requirements. The design was then iteratively refined through an assurance-led process to ensure the buildings are fit for purpose for the level of acuity required, capable of competing in the care market without adopting a luxury specification. This included structured engagement and challenge with internal stakeholders and external specialists, including Dementia Forward and the Dementia Services Development Centre at the University of Stirling.
- 5.9.8 The spatial design has been developed in line with recognised dementia best practice to ensure safe, efficient and person-centred care delivery. Clear, intuitive layouts, short travel distances and strong sightlines reduce risk, support orientation and maximise independence. Spaces have been appropriately sized to safely accommodate mobility aids, hoists and assisted walking, directly supporting rehabilitation outcomes and long-term mobility. Flexible therapy, activity and outdoor spaces enable phased recovery, meaningful occupation and wellbeing. Overall, the building has been designed to be adaptable over time, providing resilience to changing care needs and supporting intermediate care, step-up rehabilitation and longer-term dementia care within a single setting.
- 5.9.9 Adjustments to building height and form in response to site constraints, operational requirements and future expansion potential were also required. Collectively, these changes demonstrate controlled and proportionate capital and spatial development, providing assurance that the emerging designs are robust, sustainable and represent value for money. This has resulted in growth in the Gross Internal Area to 3,981m²
- 5.9.10 Net-to-Gross Internal Area of the building has been analysed. This ratio indicates how efficiently the CSH is designed and the efficiency of the accommodation. It clearly identifies areas that are revenue generating for service provision against support accommodation. For care homes a good Net-to-Gross ratio is anything above 70%. The Net-to-Gross for the proposed Care & Support Hub is 72% (Gross 3,981 m²: Net 2,871m²).

5.10 Implementation

- 5.10.1 The next stage of delivery is the progression of the approved concept design to RIBA Stage 4 (Technical Design), providing a fully coordinated and detailed package of information to support procurement and construction. While the service brief and overall design intent are now confirmed, this stage will focus on the controlled development of detailed construction information, ensuring full technical coordination, compliance and cost certainty. The Stage 4 outputs will include fully developed technical design and construction packages for the building and site works, detailed

interior design and specifications, completed landscape and civil engineering designs, and comprehensive room data sheets. This approach provides assurance that the scheme is technically robust, deliverable and fit for purpose prior to tender and contract award.

- 5.10.2 To reduce overall timescales for delivering the project the current programme indicates commencing RIBA Stage 4 technical design in parallel with the planning submission. The risks of this have been assessed. A pre-planning public consultation has been undertaken as well as early market engagement with potential contractors to ascertain opinions on the tender and construction periods proposed. The proposed form of contract and Stage 5 construction period have been informed by the market.

Milestone	Target Date
Stage 4 (Technical Design) Instructed	April 2026
Planning Application Submitted	Mid-May 2026
Planning Approval	July / August 2026
Building Regulations Submission	August 2026
Stage 4 Complete	September 2026
Tender Published – Stage 1	August 2026
Tender Published – Stage 2	October 2026
Tender Return	January 2027
Tender Report Issued	January 2027
Contract Award	April 2027
Construction Start	June 2027
Practical Completion / Handover	August 2028

6.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 The proposal supports the Council in delivering its statutory duties under the Care Act (2014). There are specific priorities within the Council’s plans that create opportunities for the development of our in-house care services, in particular to support and deliver on our ambitions to further embed Home First, develop a new model of intermediate care with wraparound therapy to maximise the opportunities for people to live as independently as possible for as long as possible, and to support people to live well with dementia.
- 6.2 The proposal aligns with the ambitions of the Council Plan 2025 – 2029 and Health and Adult Services 2030 Plan – Our plan to help people live longer, healthier, independent lives.
- 6.3 The proposal also considers opportunities to support the Council’s target to be operationally Net Zero by 2030 or as close to this date as possible. The building is designed to meet all regulations – this is the Baseline solution. Further enhancements have been proposed to minimise the carbon footprint which includes enhanced

insulation, enhanced glazing U-values, solar PV's and battery storage – this is the Beyond Compliance proposal. The 'Beyond Compliance' design will halve the existing carbon footprint of the EPH and offer an EPC rating of A4.

7.0 ALTERNATIVE OPTIONS CONSIDERED

7.1 An options appraisal was undertaken as part of the original business case to consider how the Council addresses the identified issues. The alternative options considered were as follows:

1. **Do nothing - Continue to undertake responsive maintenance only & deliver existing EPH provision**
2. **Do something - Undertake essential remedial works to achieve minimal compliance & continue to deliver existing EPH provision**
3. **Close & Re-provide in Independent Sector**
4. **Reconfigure and refurbish existing EPH provision**
5. **Replacement new build provision – Recommended Option**

7.2 Options 1 – 4 were discounted due to failure to address the inability of current services and properties to meet the changing and emerging demand for more specialist residential care and intermediate care and associated costs of such provision in the independent sector.

7.3 The proposed option to replace the current EPHs with new build provision delivers the optimum revenue saving and financial benefit to the Council. This was identified as up to £14.8m per annum for the whole replacement programme. For Scarborough, this has been calculated at £2.6m per annum.

8.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

8.1 Engagement with key stakeholders, service users and carers has been critical to the development and refinement of both the service model and architectural design. This work is being carried out in line with the principles and standards set out in the Health and Adult Services Involvement Charter and Framework, which emphasises the importance of listening to and working with people and communities to design effective, high-quality services. The approach to engagement has been, and will continue to be, flexible and

inclusive, using a range of methods to ensure involvement is accessible and meaningful as the proposals are taken forward.

8.2 Key stakeholders will include, but may not be limited to:

- Integrated Care Boards
- Occupational Therapy Leads; Local Authority and NHS
- Community Nursing Teams
- Local Authority Social Care Teams
- Community Mental Health Teams including Older People's Mental Health Teams
- Primary Care Networks / GPs
- Dementia Forward
- Representatives of people who use services

8.3 Alongside the Care & Support Hub proposals, the Council is progressing a coordinated programme of market management, re-procurement and provider development to build capacity and capability across the care market. This includes a four-year re-procurement of bed-based intermediate care services, jointly funded with the Humber & North Yorkshire ICB, to move away from short-term block and spot purchasing towards a longer-term, rehabilitation-focused contract offering improved value for money, to cover the proposed duration of the Care & Support Hub programme. In parallel, planning is underway for replacement arrangements for the Approved Provider List post-2027, including development of a new tiered care home framework informed by an independent cost-of-care exercise. Collectively, these activities are intended to strengthen supply, improve quality, and reduce reliance on high-cost specialist provision, with outputs and benefits monitored and used to inform future phases and individual business cases within the Care & Support Hub programme. Alongside this wider work is underway with providers to upskill the workforce and improve settings' ability to meet higher levels of need.

9.0 FINANCIAL IMPLICATIONS

9.1 Capital Investment Requirements

9.1.1 Based on the above-described detailed architectural design work, Align has calculated indicative costs for new build provision of £16.9m based on current industry standards.

9.1.2 Costs are based on commencing Stage 5 construction in Q2/3 2027 and as such allowances for inflation and a contingency have been included.

9.1.3 The upfront capital funding requirements include:

- Design and construction costs including builders works, civil and structural engineering, mechanical and electrical works
- Professional fees including additional services required such as Planning Consultant, Landscape Architect and Fire Engineer
- External site preparation and enabling works

- Provisional Sums for unknown costs and risks.
- Surveys and Statutory Authority requirements
- Internal furniture, fixtures and equipment
- Contingencies
- Capital recharge fees

9.1.4 Capital costs have been developed using current industry benchmarks and inflation-proofed. Inclusion of site-specific contingencies of c£2.5m provides appropriate headroom for delivery risk. While there remains a recognised risk that capital and revenue costs may be affected by external factors, including global market conditions, a rigorous programme management and cost-challenge process is in place to mitigate these risks. Unit build costs remain within original assumptions, and any savings arising from market improvement or accelerated closure of existing homes continue to accrue to the Council, supporting overall affordability and value for money despite potential movement during procurement.

9.1.5 Considering the outstanding essential works required on the current sites of £3.5m the investment in a new modern, fit for purpose facility represents an increase in capital investment of £13.4m. These costs exclude any potential additional net zero works, or additional capital receipts that may be generated through the disposal of the current sites.

9.1.6 The capital build will be procured through a three-stage procurement process designed to balance quality, deliverability and value for money. The first stage focuses on pre-qualification and selection of bidders with the appropriate technical capability, experience and financial standing. The second stage involves the submission and evaluation of detailed proposals and costs, including design, methodology, programme and risk management, to confirm the preferred bidder on the basis of quality, cost and deliverability. The final stage comprises structured price negotiation with the preferred bidder, informed by market testing and cost benchmarking, to agree a final contract sum that reflects the developed design, manages risk appropriately and provides assurance of affordability and value for money prior to contract award.

9.2 Net Zero/Decarbonisation Response

9.2.1 It is expected that modern building materials and adherence to new building regulations and standards will result in a positive impact of the new development on greenhouse emissions, waste, and water use in the long term, thus reducing running costs. However, an additional allowance of up to £8.2m (for all five potential CSH sites) for further potential Net Zero opportunities to be explored on a site-by-site basis was calculated in the original proposal. This was to enable investigation of opportunities to exceed building regulations to mitigate the future building's impact on the environment and surrounding areas.

9.2.2 The proposed Care & Support Hub has been designed using a fabric-first approach to meet Building Regulations and minimise carbon impact from the outset. The building fabric and form respond to site orientation and climate considerations through enhanced insulation, triple glazing with improved thermal performance, and integrated

solar-control measures to reduce overheating risk. The structural and material strategy prioritises the use of UK-sourced, recycled and lower-carbon materials where practicable, including recycled aggregates, cement-replacement products and steel with high recycled content, to reduce embodied carbon while maintaining programme certainty. Collectively, these baseline measures provide assurance that carbon reduction has been embedded proportionately into the design, balancing sustainability, deliverability and value for money without introducing undue cost or programme risk.

9.2.3 The recommended 'baseline' approach for achieving a compliant energy strategy for the Scarborough CSH is as follows:

- a) Adopt a high-performance building fabric, with insulation and airtightness levels aligned with best practice
- b) Utilise an Air Source Heat Pump system to provide both space heating (via underfloor heating) and domestic hot water
- c) Install high-efficiency LED lighting throughout, incorporating intelligent lighting controls
- d) Implement a Building Management System (BMS) to optimise performance and control energy use
- e) Include measures to improve the efficient use of electricity supplied from the grid
- f) Provide limited comfort cooling and mechanical ventilation to selected communal areas only
- g) Adopt a passive, low-energy ventilation strategy for resident bedrooms using natural ventilation

9.2.4 This strategy meets current Building Regulations (Part L) requirements with a comfortable margin, while avoiding the need for complex or higher-risk technologies. It also provides a practical, robust and cost-effective solution that is well suited to a care environment. This baseline strategy achieves an EPC rating of A8. Furthermore, the proposed baseline design demonstrates significantly improved performance when compared with other North Yorkshire Council care homes.

9.2.5 Net Zero opportunities have been considered however this is only achievable with wind energy on the site. This is not feasible so has not been recommended.

9.2.6 'Beyond Compliance' solutions can be achieved on the site. The 'beyond compliance' recommendations are as follows:

- a) Fabric First approach as noted above
- b) 114kWp Solar PV installed
- c) Battery Storage

9.2.7 The outcome of this work is a recommendation to progress with 'Beyond Compliance' solutions on the basis additional costs of £202k (including fees) will be repaid over 6.7 years. This strategy achieves an EPC rating of A4 and reduces carbon tonnage by 168 Tonnes CO₂ per annum.

9.3 Operating Costs & HAS Revenue Implications

9.3.1 A cost recovery model for the potential new provision has been developed which identifies the main drivers behind the running costs of the new Care & Support Hubs, as follows:

- Staffing costs included reflect a proposed new staffing model developed to deliver specialist provision and are reflective of a recent job evaluation exercise on proposed roles.
- Utilities costs are based on published independent data which calculates the average cost per resident per week for a similar sized 'efficient' facility, inflated by CPI.
- Other variable costs such as catering, equipment purchases, materials, waste collection and cleaning are based on a unit cost in line with 2023/24 expenditure within the Councils current EPH sites with an allowance made for inflation.

9.3.2 Calculations result in a total estimated annual cost of £5.1m for the provision of 60 beds within the new facility. The proposed bed cost utilised in the modelling of the projected financial benefits is £1,636 per bed per week. Although the overall financial benefit projections assume 100% occupancy, this weekly cost is prudently based on costs arising through an assumption of 95% bed occupancy. This compares with an expected average market rate cost of £2,126 per week for specialist residential dementia care and £1,934 for intermediate care.

9.3.3 The proposal delivers the optimum saving to the revenue budget with overall total annual revenue costs reduced from £9.5m to £6.9m, owing to the ability to deliver specialist residential dementia care and intermediate care that reduces reliance on high cost independent sector provision. Of the £6.9m, in-house costs would be £5.1m with a more efficient staffing model able to offer better value for money and economies of scale than an in-house low level residential model. Independent costs of this model together with savings related to evidence-based assumptions on achieving improved outcomes for people receiving specialist intermediate care would account for the remaining £1.8m.

9.3.4 This will achieve a reduction in projected gross expenditure of up to £2.6m (i.e £9.5m - £6.9m) per annum in the HAS budget. At the time of the initial business case presented to Executive Jan 25 the reduction in projected gross expenditure was £3.1m. And the reduction is due entirely to an improving market position in Scarborough.

9.3.5 The new-build replacement option continues to demonstrate the most cost-effective model for future provision of specialist residential care. This model is in line with the strategic vision for the transformation of Care Provider Services and demonstrates an ability to off-set current escalating costs in the independent sector.

10.0 LEGAL IMPLICATIONS

10.1 Legal Services have been engaged throughout the development of the Care and Support Hub programme and will continue to provide advice as the proposals progress

through design, procurement and delivery stages. The proposals engage a number of legal considerations which are being actively managed through established programme governance arrangements.

- 10.2 Legal advice is being provided in relation to property and construction matters, including land ownership, planning considerations, procurement and contracting strategy, and delivery risk. Site-specific legal issues, including access, third-party interests and any planning conditions or obligations, will be addressed as part of the detailed design and planning process.
- 10.3 Employment and workforce implications arising from the transformation of in-house care services, including consultation requirements and any potential workforce change considerations, will be managed in conjunction with HR and Trade Union representatives, with legal advice provided as required.
- 10.4 Legal Services will be represented within the Programme and Project Boards and Groups, ensuring timely legal input is embedded at each stage of design development, procurement and delivery, and that all legal risks and obligations are appropriately identified, managed and mitigated throughout the programme lifecycle.

11.0 EQUALITIES IMPLICATIONS

- 11.1 Consideration has been given to the potential for any equality impacts arising from the proposed development of new Care and Support Hubs. The Equality Impact Assessment is attached at Appendix A.

12.0 CLIMATE CHANGE IMPLICATIONS

- 12.1 Consideration has been given to the potential for any climate change impacts arising from the proposed development of new Care and Support Hubs. The Climate Change Impact Assessment Form is attached at Appendix C.
- 12.2 In light of the Council's Net Zero ambitions, Net Zero and 'Beyond Compliance' opportunities have been explored for the site. Net Zero cannot be achieved on the site and therefore, the recommendation is to progress 'Beyond Compliance' measures on the site at an additional estimated cost of £202k. Further details are set out at 9.2.

13.0 RISK MANAGEMENT IMPLICATIONS

- 13.1 A full risk assessment has been undertaken on the replacement of our current EPH provision with new purpose-built Care & Support Hubs, to be operated through our in-house Care Provider Services. This can be found at Appendix C.
- 13.2 The risk assessment identifies the risks to the capital development programme, in particular the risks associated with site identification and preparation, and also risk of cost inflation. Service delivery risks and mitigations are also identified including workforce recruitment and skills development, risk of delivery cost escalation, as well as the risks and impact if the Hubs are not used as intended to support people without specialist care needs.

- 13.3 The risk of potential variance and changes in market conditions is also acknowledged, and the savings impact of different scenarios has been assessed.

14.0 HUMAN RESOURCES IMPLICATIONS

- 14.1 Care Provider Services already has a workforce development plan in place to develop the knowledge, skills and competencies of the workforce to deliver specialist care, advanced dementia care and intermediate care. This includes a commissioned programme of specialist training to frontline care professionals and Registered Managers.
- 14.2 It is acknowledged that due to the proposed change in service model to that delivered within our current EPHs, and the associated change in responsibilities for our CPS workforce; in particular frontline care professionals, it will be important to engage and consult with and involve the workforce in the shaping of the new services throughout the programme. As services in our EPHs will be maintained throughout the capital delivery programme, it will allow the time to undertake and implement a robust communications and engagement plan to ensure that the workforce is fully briefed on the proposed changes, have access to information and support, and able to contribute in meaningful ways to the further development and implementation of the new service model. We will work closely with HR colleagues and Unison on this.
- 14.3 All current job descriptions have been reviewed, and in some cases new ones have been created, to facilitate the new Care and Support Hubs operating model.

15.0 DATA AND ICT IMPLICATIONS

- 15.1 A Data Protection Impact Assessment (DPIA) Screening Tool has been completed. This can be found at Appendix D. As the proposal does not involve the handling or processing of personal information or make any changes to systems and processes, a full DPIA is not required.
- 15.2 ICT requirements for the hubs will be built into the corporate network.

16.0 REASONS FOR RECOMMENDATIONS

- 16.1 A market management intervention is needed to address the escalating pressures on Health and Adult Services (HAS) budgets, one of the main drivers being the requirement to purchase increasing levels of high-cost specialist older people's residential care in the independent care sector, due to a growing demand for the provision of dementia services and intermediate care.
- 16.2 An options appraisal was undertaken, and the recommended option was to replace our current EPH provision, which consists of seven EPHs, with new build provision of five Care & Support Hubs, to be operated through our in-house Care Provider Services.
- 16.3 The proposal for a new CSH in Scarborough continues to deliver the optimum saving to the revenue budget of c£2.6m per annum in the HAS budget and the most cost-

effective model for future provision of specialist residential care. This model is in line with the strategic vision for the transformation of Care Provider Services and demonstrates an ability to off-set current escalating costs in the independent sector.

- 16.4 'Beyond Compliance' solutions on the site can achieve substantial improvements to the Council's performance in relation to energy efficiency, emissions, waste, and water use, and reductions in running costs. This can be achieved for significantly lower costs than originally projected of c£202k which can be repaid over 6.7 years. This strategy achieves an EPC rating of A4 and reduces carbon tonnage by 168 Tonnes CO² per annum.

17.0 RECOMMENDATIONS

i) That the Steering Group notes the detailed work undertaken to develop the proposal for a purpose-built Care & Support Hub in Scarborough to address the escalating pressures on HAS budgets driven by the requirement to purchase increasing levels of specialist older people's residential care in the independent care sector, alongside the risk and issues faced with the current EPH estate.

ii) That the Corporate Director of Resources, in consultation with the Corporate Director – Health and Adult Services, the Executive Member – Finance & Resources, and the Executive Member – Health & Adult Services, approves a capital budget of £16.9m to procure, subject to NYC procurement processes, the development of a new Council-run Care & Support Hub in place of the existing Elderly Person's Homes at Silver Birches in Filey and Larpool Lane in Whitby, from the overall capital budget of £59.2m agreed by Council in February 2025.

iii) That the Corporate Director of Resources in consultation with the Executive Member – Finance & Resources, Deputy Leader and Executive Member – Managing Environment approves the proposed Beyond Compliance solutions on the new Scarborough Care & Support Hub site, with a cost of £202k.

APPENDICES:

Appendix A - Equalities Impact Assessment Screening Tool

Appendix B – Climate Change Impact Assessment Screening Form

Appendix C – Risk Assessment

Appendix D – Data Protection Impact Assessment Screening

Abi Barron
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County Hall
Northallerton
27th April 2026

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