

19 January 2026

## **Item 7, Relocation of North York Moors National Park Authority to Riccal Drive – final business case**

### **1 Purpose of the report**

- 1.1 To present the business case to Members assessing the options to address the National Park Authority's (NPA) long-term needs in terms of office accommodation.
- 1.2 To recommend that Members approve relocation of the NPA's headquarters to new, purpose-built premises at Riccal Drive, Helmsley and to recommend the sale of the Old Vicarage.
- 1.3 To seek approval to appoint a contractor for the development.

### **2 Background**

2.1 Officers first sought Members' approval to undertake a review of the Authority's property portfolio (the Review) in March 2021. The report to the Authority meeting of 22 March 2021 identified a range of drivers, including the deteriorating condition of the NPA's property portfolio, irreparable problems to our southern depot, and our work on decarbonisation. It was identified that significant investment would be required to provide safe and professional facilities for staff, and therefore a full property review should be undertaken to identify the best options for the Authority.

2.2 The Review identified a list of areas that should form the scope of work, specifically<sup>1</sup>:

- Providing accommodation that is fit for 21st century working methods. This being expected to include an office environment with fewer desks and increased meeting space, linking in with concurrent work on future working arrangements.
- Provide Ranger bases that are fit for purpose and include internal and external storage as well as long-term security of tenure.
- Continue to improve facilities for all visitors at our Visitor Centres.
- All work undertaken as a result of the review must contribute positively to the Authority's carbon reduction agenda.

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<sup>1</sup> Taken from NPA Private item 18: scope and terms of a review of the Authority's property portfolio, 22 March 2021

2.3 To support the Review process, a Property Working Group (PWG), was formed comprising a number of Members to provide advice and support to Officers. The PWG has not been a decision-making body but has proved a useful forum to support and advise Officers on the Review. PWG meetings have been reported at full Authority meetings. The terms of reference for the PWG are shown at appendix 1.

2.4 Over the course of the four years since the Review was initiated, a number of decisions have been taken by Members, summarised below. A full list of meetings can be found in appendix 2

- December 2021: Decision to sell 13 Bondgate (Beaconsfield). Property Working Group established.
- June 2022: Decision to purchase land in Helmsley for new HQ.
- September 2023: Beaconsfield sale completed and purchase of land completed. Decision to source professional support to advise Authority on design and development of HQ and Depot.
- December 2023: Decision to appoint Bowman Riley as architects.
- June 2024: Decision to submit planning application to North Yorkshire Council (NYC) to develop Riccal Drive to construct a new HQ/Ranger depot with ancillary parking and facilities.
- September 2024: Recommendation to progress to tender stage for HQ and depot.
- March 2025: To detach the garage from the office building and to repurpose the Old Print Works (OPW).
- June 2025: Commencement of work to the OPW as a permanent replacement of the Southern Rangers depot. Allocation of Defra capital funding to meet costs.

2.5 Reports to NPA on 27 September and 13 December 2021 set out an initial list of options under consideration. The pros and cons of each of these options were considered within these reports and are summarised at appendix 3. The initial list of options considered included:

- To refurbish and stay on the current sites.
- Relocate to other areas.
- Lease vacant Council or other office space.
- Develop other assets owned by the NPA such as Sutton Bank to become office accommodation.

- Build new premises in Helmsley.

2.6 These options were debated with Members. Development of Sutton Bank and/or Danby Lodge as joint office buildings/visitor attractions were ruled out due to space limitations, unsuitability as a depot and potential planning considerations. Whilst there was a recognition that relocation to places such as Northallerton, Scarborough, Malton or Guisborough might offer a greater variety of office premises (including vacant Council premises), it would cause considerable disruption to staff. The Authority's long-standing social and economic contribution and commitment to the town of Helmsley and desire to avoid contractual changes to place of work also weighed in consideration.

2.7 Align Property Partners were engaged initially to support Officers in assessing a narrower range of options and to consider possible sites and locations. A search for alternative premises in Helmsley and elsewhere along the A170 corridor towards Pickering concluded then that no available existing buildings met the Authority's needs, leaving the main viable options being the development of existing office premises or relocation to new premises in Helmsley, either owned or leased. Having considered the long-term cost-benefit ratio of leasing premises, Members concluded that developing on a freehold basis presented clear, long-term financial benefits to the NPA. The NPA meeting in June 2022 Members approved the purchase of land in Helmsley for the purpose of building a new HQ.

2.8 In September 2023, following valuation appraisals and market advice, the Authority completed the purchase of three adjoining plots of land on the eastern side of Helmsley. The land forms part of the original town extension in the Local Plan designated for employment use.

2.9 Following the appointment of architects, Members considered a number of different iterations of the design and configuration of the proposed office. In May 2024, they visited several offices to see first-hand a variety of different styles of office fitouts and configurations. This helped to consolidate Members' views before approving the submission of the Authority's planning application in June 2024. The application was submitted to North Yorkshire Council in September 2024.

2.10 Further scrutiny and testing of the design continued, with particular focus on the daily operations and interaction with the building by field staff and volunteers. Out of hours access for the volunteers as well as the potential conflicting needs between workshops and offices, particularly in respect of noise, helped inform a revised design.

2.11 Officers reviewed original guidance about the structural integrity of the Old Print Works and had the building reassessed by a structural engineer. With the concrete pad and steel frame deemed to be in good order, Officers presented a

redesigned proposal to the PWG in May 2025, detaching the depot from the office and moving the workshops and depot to the site of the OPW. In June 2025, Members agreed to develop the former print works into the new southern depot and in due course, to sell Sawmill Lane and relinquish the lease on the compound.

2.12 We have now reached a point where a decision on the most significant element of the Review, namely providing an office that is fit for 21st century working methods can be taken. This report sets out a business case assessing the options and containing an Officer recommendation to relocate from our current headquarters, the Old Vicarage, Bondgate, Helmsley, to new purpose-built premises adjacent to Riccal Drive, Helmsley.

2.13 In writing this business case, Officers have referred to key aspects of the Five Case Model<sup>2</sup> which is a framework recommended by HM Treasury for developing business cases to ensure that major projects such as this, are well-justified, financially viable, commercially sound and realistically achievable. In view of the significant sums of public money that will be spent on any proposal to either substantially update or change our headquarters, Officers consider this an appropriate guide for the business case.

2.14 The key aspects of the five-case model are:

- The strategic case – this establishes the rationale for change, outlining why the project is necessary and how it aligns with the organisation's broader objectives and strategies.
- The economic case - this assesses the overall value-for-money of the proposed options, considering social, economic, and environmental benefits and costs.
- The commercial case - this demonstrates that a viable procurement strategy can be implemented to deliver the project at best value.
- The financial case - this addresses the financial viability and affordability of the recommended proposal, detailing funding requirements, capital/revenue costs, whole-life costs, and how funding gaps will be resolved.
- The management case - this confirms the project can be successfully delivered, outlining how the Authority will manage and oversee the implementation of the project.

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<sup>2</sup> See [www.gov.uk/government/publications/business-case-guidance-for-projects-and-programmes](http://www.gov.uk/government/publications/business-case-guidance-for-projects-and-programmes)

### 3 The strategic case

3.1 This section explores the rationale for investing in our property assets and sets out the strategic case for change.

3.2 Over many years, the NPA has undertaken very limited capital investment in its own property, preferring to prioritise resources on front-line service delivery. This has contributed to some dilapidation in the condition of the Old Vicarage as an office building, leading to the standard of the building deteriorating and becoming ill-suited for staff as a professional working environment.

3.3 As part of the Review, specialist contractors, Heritage House Surveys LLP, were commissioned in July 2021 to undertake a structural survey of the Old Vicarage: see appendix 4. The report identified a range of challenges the building is facing after years of ad hoc repairs. The most significant of these is damp and other damage which is caused by:

- Inappropriate concrete pointing.
- Water ingress under the leadwork and around the windows.
- Damage from the heavy guttering and down water pipes.
- Significant water ingress at ground floor from water running off the tarmac.

Internally, in an attempt to improve the office environment, fireplaces have been sealed to reduce drafts and the roof spaces insulated, both of which have further exacerbated the lack of ventilation and the building's ability to air dry naturally.

The report notes that the Old Vicarage has, "...reached a point where if substantial intervention is not made, it will begin to deteriorate rapidly". In the last couple of years, water ingress through the roof in several areas has worsened, indicating that the structure of the wooden beams and the joints around the capstones may be deteriorating as predicted. The windows were identified as needing refurbishment as there are lots of air gaps.

The Authority's intention to reduce heating costs and carbon emissions are acknowledged in the context of the condition of the building. The Heritage surveyor reports, "As part of any responsible energy retrofit, we have to ensure that the walls are dry".

3.4 It is therefore widely accepted that substantial works are required to ensure that the Old Vicarage does not deteriorate further and dilapidation to the building is addressed. The works needed to ensure that the building is watertight and is well ventilated require significant capital investment that cannot be deferred indefinitely. To do so would simply make the project larger and therefore more expensive, reduce the building's capital value and in the meantime have a

negative impact on the working environment. The nature, extent and cost of works is heightened somewhat by the building's Listed status.

3.5 Based on the advice in the Heritage House building survey, Officers noted in a report to NPA on 27 September 2021 that a minimum, but still very significant, level of investment is needed to maintain the HQ site in an acceptable state of repair and take some steps to reducing the carbon emissions. The minimum work that must be undertaken is considered to include:

- Investigation and repair/ replacement of the roof to prevent water ingress, associated lead work and guttering.
- Repointing the walls and chimneys with lime mortar.
- Repair/ refurbishment and/or replacement of windows to improve thermal efficiency.
- A new heating system.

3.6 The minimum essential works were estimated in September 2021, and details can be found in appendix 7a. The works included roof works, window upgrades, external renovations, and heat pump installation but excluded the committee room replacement. It is unlikely, however, that this work can be ignored for the next 20+ years and may prove to be a false economy.

3.7 There are three gas boilers serving the Old Vicarage, two of which are over 30 years old and beyond their expected life spans. The costs of replacement with heat pumps were factored in albeit not the costs associated with pipework and radiators. It may be possible to replace the gas boilers with a new gas system, rather than with a heat pump. However, there are other works required such as removing an asbestos flue which would need to be surveyed and costed. It is unlikely that retaining a gas system would be without additional costs and would likely make a significant adjustment to the cost.

3.8 Moreover, the Authority has made public commitments to decarbonise its own operations by 2030. The retention of the gas-fire heating system represents a significant barrier to eliminating the Authority's scope 1 emissions. Officers therefore consider necessary the removal and replacement of the current gas boilers with a heat pump and accompanying pipework and radiators.

3.9 The essential list of works does not include internal works to the layout of the building. A barrier to the accessibility of the building to staff and the public, is the entrance. Whilst any ambitions to improve the accessibility of the Old Vicarage are limited, the minimum essential works do not include any adjustments to the entrance or to any improvements to accessibility in the toilet and kitchen facilities.

3.10 The minimum essential works excluded a fit out of the building and any redecoration costs. The works necessary for the drying and ventilation of the building would significantly damage the existing floor coverings and wall finishes. It is important to maintain a professional office standard and therefore redecoration should be considered in the essential works.

3.11 Finally, minimum, essential works not estimated by Align in 2021 but deemed necessary by Officers would include adaptations to the profiling of the car park and driveway to reduce or eliminate the runoff of water that contributes to ingress at ground level.

3.12 Prior to the pandemic in 2020, staff worked from home by exception. The pandemic led to a period of time where staff worked exclusively from home, circumstances which, combined with significant advances in video conferencing and online collaboration, have driven profound changes in working approaches. Hybrid, agile working practices are now an established norm across many organisations and business. The hybrid home: office working pattern that has been adopted by the NPA has resulted in an under-utilisation of the office spaces several days a week, but with limited reductions in overhead costs.

3.13 At the same time, the Authority has embarked on a strategy to grow by becoming more project based. To achieve this, even deeper levels of collaboration are required across multiple teams within the organisation. This combination of factors has challenged Officers to think about the role office accommodation plays in supporting staff to deliver Authority's strategy and Business Plan objectives.

3.14 The assumptions around working patterns and working environment have been tested through a series of staff workshops and consultations. The feedback from staff workshops were reported to Members in the NPA Report of June 2022. The key points were:

- i. Desire for a better standard of office, more suitable kitchen and WC facilities and an increase in car parking spaces.
- ii. Space to be able to sit with colleagues working on the same project so as to support collaborative working across multi-disciplined teams.
- iii. Everyone to work in the same building.
- iv. Lack of accessibility to the old buildings was a key concern and deemed to be a barrier to both staff and visitors.
- v. The carbon footprint of the listed building with its gas boilers and constraints on ability to adapt for significant change.

vi. Support for open plan, noting a fondness for the ‘old building’ and concerns around acoustics that might come with a new office environment which need to be considered carefully in any design plans.

3.15 Whilst office facilities have remained the same for a long time in the Old Vicarage, staff did move from 13 Bondgate upon its sale integrating into the existing footprint of Old Vicarage and Studio. This demonstrates that changes in working spaces have been successfully implemented before.

3.16 The Authority has committed to reducing its scope 1 and scope 2 emissions by 75% by 2027 and being net zero by 2030. The Old Vicarage possesses the last remaining fossil fuel boilers in the Authority’s estate and the replacement of this with a heat pump system is critical to eliminating our scope 1 emissions (i.e. direct emissions from activities the Authority controls such as heating).

3.17 Doing the minimum to address the structural challenges might maintain a safe and legal working environment for office-based staff (albeit with works disruption for a period of time) but not contribute to creating a working environment that meets the needs of Officers and Members for the future, taking account of the changes in working patterns and the Authority’s commitments in terms of climate change. Officers do not consider this a viable option to meet the Authority’s needs. Therefore, through the process of discussion and dialogue with Members, two remaining options are considered in terms of their ability to meet the Authority’s future property needs. The details of these options are more closely explored and evaluated in section 4, which focuses on the economic case.

The two options are:

- Option 1: Full refurbishment and renovation of the Old Vicarage combined with structural improvements to the building’s internal layout
- Option 2: Relocation to new, purpose-built office premises on Riccal Drive.

#### **4 The economic case**

4.1 The economic case assesses the two options, considering their potential to meet the outcomes of the Review set out in paragraph 2.2 above. Specifically, Officers have assessed the options against:

- The extent to which each option meets our aspiration for office accommodation that is fit for 21st century working methods.
- The environmental implications of each option, i.e. extent to which they contribute to the Authority’s carbon reduction agenda.

The economic case also hinges on the financial implications to the NPA of either option and which, in overall terms, represents best value for money. This is calculated

through a net present value model (NPV) to ensure that both capital cost of the works and overall operating costs over a 40-year lifespan for both options are compared on a like-for-like basis, and to ensure that the long-term costs of a decision are understood. (See paragraph 4.38 “Financial appraisal of the two Options”, for further explanation).

4.2 Office fit for 21st Century working methods. Conceptually, this is somewhat subjective with the needs being specific to the organisation. Nonetheless, Officers have sought to identify a series of conditions that might be deemed as critical to this concept. These conditions include:

Increased opportunity for:

- Activity-based working, collaboration and knowledge sharing.
- Adaptation for future growth and maximising opportunities for technology.

Desired impact to increase:

- Productivity, innovation and long-term growth of the organisation.
- Staff wellbeing and building accessibility.

4.3 A number of pieces of research support these conditions, in terms of considering the needs of the future workplace, incorporating both agile/ hybrid working as well as the move towards more collaborative and project-based working in many areas of the Authority.

4.4 A study undertaken by the University of Warwick looked at the factors which determine how office moves contribute to overall business improvement. In their analysis of 31 office moves they found that significant overall business improvement required three necessary conditions:

- Setting clear objectives (supported by analysis).
- Moving to a significantly better-quality workplace.
- The office itself is significant to the organisation (in the hierarchical sense).

It can be inferred from this that the office building, overall building quality and ensuring that the building responds to particular business needs are important factors in the working environment.

4.5 Officers consider that an activity-based workplace (ABW) scheme is particularly applicable to our ways of working. It is an office solution characterised by open workspaces with no assigned workplaces, and employees working to varying degrees both in and outside the office facilities. Further, ABWs aim to support work by providing a variety of work areas designed for different types of office

work activities, such as those necessitating communication, collaboration, or concentration in particular<sup>3</sup>.

4.6 A 2025 seminar by North Yorkshire Council on workplace insights research identified that the trend towards ABWs is further strengthened by the evolving working demographic. By 2030, 75% of the workforce will most likely be Gen Z & Millennials, therefore employers need to design with them in mind<sup>4</sup>.

4.7 Research by WKSpace Surveys identifies that younger generations are highlighting the limitations of working from home and some of the benefits of being in an office. They are primarily concerned about the loss of training opportunities and weakened social bonds ordinarily built through face-to-face relationships with colleagues. 65% of all generations were keen to see an office environment which is a mixture of functional and flexible space – quiet workspaces as well as more space for collaborative working and social interactions. The proportion of office use will reflect the company culture but does need to include these elements.

4.8 Environmental impacts: The outcomes of the Review identified that all work undertaken must contribute positively to the Authority’s carbon reduction policy. This section therefore assesses the options in terms of their ability to contribute to the Authority’s commitments to carbon neutrality and looks at each buildings’ ability to operate as close to carbon neutral as possible. The Authority has a target to reduce all scope 1 and scope 2 greenhouse gas (GHG) emissions to zero by 2030.

4.9 Another area covered in the Review which has helped inform the recommendation in the paper is the need for sufficient car parking facilities.

4.10 Option 1: Repair and refurbishment

4.11 The first option is to fully repair the external fabric and improve the office environment of the Old Vicarage. This option would consist of:

- Repair and/or replacement of roof and windows.
- Repointing – replace with breathable lime mortar.
- Limited reconfiguration of internal layout including to improve accessibility to the building.
- Refurbished kitchen and toilet facilities.

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<sup>3</sup> National Library of Medicine “Relocation to Activity-Based Workplaces (ABW)—Importance of the Implementation Process” Eva L Bergsten 1,\*; Katarina Wijk 1,2,3, David M Hallman 1

<sup>4</sup> ONS (England & Wales), National Records of Scotland and Northern Ireland Statistics and Research Agency & John Hopkins University

- Full redecoration of the building including floor coverings.
- Improvements to energy efficiency including heating systems as laid out in 4.18.
- Technological and IT improvements including improved video conferencing facilities.
- Replacement of the extension to improve available office accommodation and meeting space.

4.12 The following analysis should be prefaced by the fact that the NPA has managed to diversify income, grow its project portfolio, recruit staff and integrate teams within the footprint of the Old Vicarage. Nonetheless, the layout and listed status will always present limitations to the suitability of the building in terms of its ability to meet the needs of an activity-based, modern working environment. Whilst the Authority has worked from the building for many years and has a good working culture and staff engagement, the building's configuration limits the potential of the Authority to foster collaboration, operate with appropriate technology as well as be sufficiently accessible for all users.

4.13 The compartmentalised nature of the building creates physical barriers to staff working collaboratively and moving towards the activity-based workplace that Officers consider appropriate for the future. Staff are distributed across three floors, a separate studio annex and within separate offices. Whilst some adaptations can be made to working practices in terms of set workspaces, interaction and collaboration between teams will remain hampered by the layout of the building.

4.14 The current office suffers from limited meeting space, particularly space to conduct hybrid in-person/ virtual meetings with both staff and stakeholders, putting a premium on the few meeting rooms that are available for purposeful collaboration between teams (particularly the Committee and Video Conference rooms).

4.15 As an old, listed building, not built or intended for office use or modern working, there are limitations on its ability to integrate some technology. Retrospectively adding new wiring to support new tech is a particular challenge both due to the thick stone walls and the lath and plaster areas of the building. The office configuration also creates 'Wi-Fi not spots'. Therefore, despite some technological solutions, there will always be restrictions due to the nature of the building. These technological limitations compound the functionality of meeting spaces that are ill-equipped for agile working where colleagues contribute both in person and virtually.

4.16 Having substantially reduced emissions through a renewables tariff, the Authority's residual scope 1 emissions emanate from the gas boilers at the Old

Vicarage. Reducing electricity emissions though reduced usage and or on-site generation is preferable due to lower operating costs and efficiency.

4.17 The EPC energy efficiency rating of the Old Vicarage is currently D (91). The building typically emits 15.78tonnes of CO2 scope 1 emissions annually via its gas boilers. In 23/24 gas usage was 81,352kwh and electricity usage was 86,254kwh.

4.18 Replacing gas units with air or ground source heat pumps at the Old Vicarage would eliminate its scope 1 emissions. However, without addressing the thermal inefficiency of the building, overall operating costs would increase as low-temperature heating systems such as heat pumps require proper insulation with wide gauge pipework, airtightness and efficient windows, to minimise heat loss and maximise heat pump performance.

4.19 The main areas within the Old Vicarage to be addressed to improve the building efficiency and maximise the benefits of heat pumps, without incurring increased operating costs would be:

- Improving roof and wall insulation.
- New thermally efficient glazing.
- Improving building fabric air tightness, whilst ensuring appropriate ventilation.
- Introducing heating zoning, being careful not to totally seal for the all-important flow of adequate ventilation.
- Improve energy-management of the building including zoned-lighting and heating controls.

4.20 Installing heat pumps combined with building fabric improvements will incur proportionately less of an increase in electricity use than only replacing the gas boilers.

4.21 Typically, on-site generation would be used to offset a proportion of or all electricity use. However, options for solar PV at the Old Vicarage are limited due to its listed status and the configuration of the roof line. It is therefore unlikely that the building would be able to support enough solar generation to offset a significant proportion of its electricity use. Building some mounted solar water heating would potentially be an option with the available roof space that could reduce energy bought from the grid.

4.22 If consent could be granted for a solar installation that avoided the front elevation and utilised the roofs, with approximately 22 panels located (subject to roof structure reinforcement), a system of around 20kw could be supported, yielding ~15,000kwh. This represents 17% of the 2023/24 electricity usage and

doesn't factor in the increased usage incurred by a move to heat pumps or any increase in EV chargers.

4.23 In summary, replacing the gas boiler system would achieve carbon emission targets in terms of eliminating scope 1 emissions, but it would still have higher operating costs than the proposed new build.

4.24 There are limitations in the configuration of the building in terms of its ability to be fully accessible. Currently the existing office premises relies on the backdoor access for people with mobility issues. The proposals would seek to reconfigure the layout such that the entrance lobby and reception would move to the rear. However, the absence of and inability to install a lift would prevent those with specific accessibility requirements from working upstairs.

4.25 Car parking adjacent to the building is already too small for the number of staff working from the building. There are limited options to increase the already restricted car parking on site as much of the garden forms part of the Listing. It may be possible to convert the lower part of the garden, albeit there will remain a need for parking on adjacent streets. Reducing the garden area may also meet with some local hostility. The limited parking also restricts our ability to easily move the pool fleet entirely to electric vehicles without converting this land.

4.26 Option 1 would entail a higher degree of disruption whilst staff are relocated for the duration of any works. This is not considered to be a long-term problem, but the disruption is acknowledged and would need to be managed carefully to keep relocation costs down, protect staff well-being and to ensure productivity is maintained.

4.27 Option 2: Relocate to a new site and build a new Headquarters.

4.28 This option proposes a new, two-storey, open plan office building that incorporates extended meeting spaces, active working areas and private working facilities. The ground floor would be divided into different zones with flexible Committee room(s), reception area and meeting room. The downstairs staff areas contain a large kitchen, classroom, locker room, storage rooms, showers and toilets. The first floor would be open plan and will hold the majority of desks, with collaborative spaces, meeting rooms for different sized groups, quiet spaces and a tea point. The office design seeks to maximise natural light, ventilation and temperature controls. It would include purpose-built IT infrastructure. Diagrams of the final designs can be found in appendix 5.

4.29 The ability to design the office from scratch facilitates the ability to specify a productive and collaborative working space, maximising the desired approach for the Authority and a space that enables staff to work together. It contains ventilation and temperature control, which significantly enhances the working

environment. The technology that can be built in allows for technological advances in the future.

- 4.30 One of the challenges of open plan environments can be background noise. This has been addressed through the design, which incorporates methods of noise reduction expected of a modern workspace as well as consideration of wall and floor materials. There are also designated quiet working spaces in the design. However, it is accepted that in this option there will be a change in working environment for those who have not worked in open plan settings previously.
- 4.31 Externally, there is car parking for public and staff sufficient to accommodate all vehicles, with provision for disabled spaces, bicycle storage and EV charging. This will avoid the parking on Helmsley's streets that happens presently. Landscaped areas with direct access to the kitchen, provide outdoor eating and meeting spaces. The southern depot at the Old Print Works will be in very close proximity to the new office site, making cohesive working easier to achieve. It will also reduce traffic movements of staff moving between office and depot.
- 4.32 The Principles of Design which promote accessibility were shared with the Authority's Equality, Diversity and Inclusion (EDI) Group and discussed with a staff group in June. Accessibility design is shaped by Part M of the Building Regulations, British Standards 8300 and the WELL Standard<sup>5</sup> which promotes health and well-being as well as accessibility. A full list of the accessible and EDI friendly design features of the new build is included at appendix 6. There is a lift in the design to provide access to the first floor. The design is created with consideration for access to all areas including appropriate toilet facilities.
- 4.33 One of the fundamental design principles requested by the Authority, was a thermally efficient building which is as close to Carbon Neutral as is reasonably possible. The energy efficiency rating of the new build is modelled to be at an EPC rating of A+ (- 8)<sup>6</sup> assuming that the building is generating more energy than it consumes.
- 4.34 The predictive models based on staffing numbers and occupational patterns, show an estimated use of around 34,700kWh/yr. A 70kw solar PV system is being proposed that should cover this usage as well as EV charging units.
- 4.35 Battery storage is an option, should there be sufficient surplus power generation to warrant the investment. The mechanical and electrical elements

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<sup>5</sup> WELL Certification is a global, evidence-based standard by the International WELL Building Institute (IWBI) that measures and certifies features in buildings impacting human health and well-being. See <https://www.wellcertified.com/>

<sup>6</sup> An EPC rating of A+ is the highest possible grade on the UK Energy Performance Certificate (EPC) scale. The specific score of "-8" means the property is highly energy-efficient to the point of being "carbon positive" or having negative net energy consumption.

have been designed with the ability to plug into batteries, and the decision will be made on the data obtained over the first year of occupation.

4.36 The building has been designed to maximise heat pump performance through its choice of heating systems and materials in terms of insulation and ventilation.

4.37 The ability to install multiple EV charging points will assist the conversion of the fleet over the coming years to electric which is a key aim of the Authority's climate strategy and a challenge to reaching net zero.

4.38 Financial appraisal of the two Options

4.39 In order to ensure that the financial appraisal and NPV calculations had sufficient objectivity and scrutiny they were carried out in line with Green Book valuation standards<sup>7</sup> and Officers sought third party, external expertise from Grant Thornton to assess the two Options. The inputs to the calculations were provided by NPA Officers. Grant Thornton provided the modelling, challenge and scrutiny to present a fair and objective financial appraisal.

4.40 NPV financial modelling is the common accounting approach adopted to understand the full financial implications of current decisions that have long term financial effects. The models ensure that all future costs over the life of a project are valued at current prices. This ensures that when comparing different options, each is assessed on a like for like basis, so it is a fair comparison. It also means that all financial aspects of a decision are included, from the initial capital outlay, funding, running costs and a capital maintenance programme plus the valuation of the asset at the end of the period. One of the key outcomes of the approach is to make sure that any decision is made based on the long-term financial impacts of the project and not just the short-term investment requirements. The appraisal has been carried out over 40 years in line with our buildings depreciation policy, an approach agreed with Grant Thornton.

4.41 Four scenarios were modelled as laid out in Grant Thornton's report in appendix 7b: the refurbishment of the existing office and three scenarios for the new build where the valuation of asset sales was adjusted. Of these three, Officers believe that scenario 3a represents the most prudent approach to draw comparison.

4.42 There remains commercial sensitivity around tender prices as well as the valuation of asset sales which are confidential. However, the summary of results from the NPV calculations which show the like-for-like comparable cost over 40 years is laid out below:

Scenario 1	Option 1 (full refurbishment)	4,303 NPV £'000
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<sup>7</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

Scenario 3a Option 2 (new building)

4,262 NPV £'000

4.43 There are a number of assumptions and estimates in the modelling as laid out in the Grant Thornton report. The key areas of estimation and assumption in the report to note are that:

- Most running costs will remain broadly similar such as water and rates.
- The costs of utilities will be significantly lower at the new build due to solar power technology with a saving of £22k per annum. But the additional cost of replacing solar panels periodically has also been factored into the capital programme which will partly offset this.
- There will be slightly higher annual maintenance costs for the new build Option relating to mechanical and electrical costs (M&E) with higher specification than existing premises could have.
- Capital maintenance programme costs over the 40 years are estimated for both options.
- Estimates on the sale of assets and the valuation of the asset at the end of the 40-year period.
- In the refurbishment option, the initial capital outlay does not include the replacement of the extension, but that this will need to be completed before year 10, so is included in the capital programme.
- Contingency is included in both appraised options.
- Grant Thornton have used BCIS inflation rates to adjust the current valuation of the refurbishment of the existing office based on the earlier quotations for the work, a more accurate calculation than previous 'normal' inflation of the costs.

4.44 We requested that they assess a number of scenarios with sensitivity analysis across key potential variables. This helps to demonstrate by how much each of these variables would have to change for the Options to produce the same financial outcome. Using scenario 3a from the Grant Thornton modelling, this is illustrated in percentages below:

Building Capital Works	1.3%
Lifecycle costs	8.1%
Capital replacement costs	15.1%
Current office valuation	14.7%

It should be noted that estimates and assumptions exist in all scenarios, both refurbishment and new build. There is risk in all scenarios within the estimates, but

the above illustrates that the two options to refurbish or move are not that different financially.

4.45 Whilst Option 2 assumes a higher initial investment, the conclusion of the work above illustrates that the better financial value over the 40-year NPV calculations marginally favours Option 2.

## **5 The commercial and management case**

5.1 This section lays out the steps taken by the Authority in the procurement of professional services and how it has tested the commercial construction market to achieve a viable proposal for Members to consider. It also details the other factors such as planning and addressing Biodiversity Net Gain (BNG), so as to ensure viability of the project.

5.2 To ensure the best possible outcome, projects of this size and complexity need a specialist team advising on the full scope of professional skills from design, planning, technical, cost analysis and project and construction management. With regard to Option 1, the expenditure on fees was limited to the building survey undertaken by Heritage House and the cost valuation provided by Align Property Partners (Align) (appendix 7c) both in 2021, with further valuation work supplied by Peak Project Management (Peak PM) in 2023. To have refined the costs of Option 1 would have been a significant investment and running two commercial specification tenders is not seen as best practice.

5.3 In relation to Option 2, in September 2023, Officers sought Members' approval to undertake a commercial tender exercise for the construction of a new Headquarters building and to appoint professional consultants for the design and planning stages.

5.4 In order to give the Authority the chance to review the consultants' performance at key stages, the contract tendered was divided into two parts. (1) RIBA stages 1-4, from the design options through to obtaining planning permission. (2), RIBA stage 5 to organise the commercial tender exercise, and should Members approve the scheme, to project manage the final construction phase.

5.5 A competitive procurement exercise commenced in October 2024, and bids were received from four firms. The submissions, led by the architectural firms, included the broader professional team of consultants including mechanical and electrical, transport, ecological, cost consultants and landscaping (collectively the Project Team).

5.6 The architects Bowman Riley were appointed to draw up plans for the building. Over the following months, and with input from Officers and Members, they explored a range of different design options for a new integrated HQ and depot, as well as standalone configurations. A second staff consultation was held with

staff in August 2024 where the operational configurations of the buildings were re-tested.

- 5.7 At the NPA in June 2025, Members asked Officers to seek planning permission for the scheme on the basis of a single integrated building. This application was submitted to North Yorkshire Council in September and, after initially being heard by the Thirsk and Malton area Committee in December 2024, the Authority provided the additional information requested and it was heard again in January 2025. Approval was granted on 16 January 2025<sup>8</sup>.
- 5.8 A section73 application for the variation to condition 02 of the original planning approval, to allow the revised design detaching the garage, was submitted on 8 September 2025<sup>9</sup>. The decision Notice for Approval was due to be issued on the 29 December 2025. The case officer has informed the Authority that the application will be approved, and the Decision Notice issued once the Deed of Variation to the existing S.106 Agreement has been completed.
- 5.9 Following the receipt of the original planning approval, Officers sought to secure contracts for the second stage of the development process. Both Bowman Riley and Peak PM bid for the role of Project Manager and based on cost and expertise, Peak PM were appointed. Bowman Riley retained the role of architect and were also appointed as the Principal Designer. Following recommendations from Officers, commitments were also renewed with the wider Project Team to ensure continuity of knowledge.
- 5.10 Peak PM led the Project Team in drafting the detailed Specification and Scope of Works. This is the suite of documents which forms the basis of the commercial tender exercise. In March 2025, Officers updated Members with progress and in April, the commercial tender exercise was opened, with four pre-vetted firms, invited to bid. The tender returns were analysed and the results reported to the Authority. The analysis focused both on the approach taken and completeness in the returns, as well as the proposed cost.
- 5.11 To ensure the commercial market was robustly tested, the two most viable firms were taken forward through the first value engineering exercise. The contractors were asked to look at all areas of the scope of works and to make suggestions on alternative options, either in design or the manufacturer. Those were tested and either accepted or dismissed depending on their ability to meet the ambitions of the Review. By way of example, to reduce the cost, the number of solar panels could be reduced, but this proposal would be dismissed when tested against the Authority's carbon reduction aims.

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<sup>8</sup> See [ZE2404403MFUL - North Yorks Moors HQ update.pdf](#)

<sup>9</sup> <https://planningregister.ryedale.gov.uk/caonline-applications/applicationDetails.do?keyVal=T29E6JNOM6700&activeTab=summary>

- 5.12 The Authority held interviews with both companies. In addition to the estimated cost of the scheme, the firms were asked to present data on their health and safety records, their policy on regional procurement, how they planned to staff the project, and their ability to support the Project Team and the Authority.
- 5.13 Following the results of the first value engineering exercise and the interviews, one contractor has been taken through to the final stage of the process where the final cost is tested again. The contractor has demonstrated its competitiveness in the construction works, overheads and profits and preliminary costs. The final stage in finalising the contract sum with a single contractor allows the parties to focus on honing the final elements of the design and buildability, manufacture and material choice.
- 5.14 The proposed contract for the HQ build is a “Joint Contracts Tribunal (JCT) Design and Build 2024 form of contract”. The benefits of this contract are that the contractor takes on the design responsibility and can offer its expertise. External legal advice is being taken from Ward Hadaway to produce an accompanying suite of documents to sit with the JCT Contract. (Contract, Appointment, Novation and Warranty documents).
- 5.15 By comparison, a contract to renovate the Old Vicarage would more likely be on a Standard JCT contract, as a builder is unlikely to take the risk of the unseen unknowns associated with work renovating a building of this age and condition. The NPV calculations have however applied the same 15% contingency as it was deemed unreasonable to differentiate this figure before a commercial tender exercise. The contingency for option 1 would, however, likely need to reflect the higher risk and uncertainty associated with this option.
- 5.16 The proposed contract is for 12 months, but it is agreed that the contractor cannot be responsible for delays attributed to utility companies. Officers have derisked this element as far as is possible, with the Authority taking on the task of handling any utility works which need to take place prior to the contractors starting on site. For example, negotiating with Northern Powergrid to relocate the electricity pylon stays, which are currently compromising the site and to ensure that contracts are in place to connect the water, sewage and fire hydrant infrastructure.
- 5.17 In terms of commercial risk, the contract has therefore been de-risked as far as is reasonably practicable whilst it is acknowledged that there will always be unknowns and things which neither the Authority nor the contractors can control. For this reason, we have been prudent in adding a contingency sum in the anticipated cost to reflect the position.
- 5.18 The size of the proposed development site triggers the requirement to provide a statutory 10% improvement in Biodiversity Net Gain (BNG). The Authority has a viable and deliverable offsite solution at Cliff Plantation, Sutton Bank National

Park Centre. BNG reporting is a pre-commencement condition which means that all Agreements must be in place before the development can start. There are two key documents, the BNG Plan and the Habitat Management and Monitoring Plan. On receipt of Natural England's site register reference number, the Discharge Condition application was submitted to North Yorkshire Council. We wait to hear from their ecology / planning team.

- 5.19 The purpose of the management dimension of the business case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme and to demonstrate that the preferred option can be successfully delivered in line with best practice.
- 5.20 Continuity of knowledge from the planning to the implementation stage in the project is a key element in its successful delivery. Therefore, the project team of specialist advisors has been retained. Draft agreements have also been put in place with the preferred contractor for key services such as the M&E advisor to be novated across during the construction phase.
- 5.21 A draft programme of works for the whole build period, together with a timetable for key stage meetings has been agreed. The Authority's property manager will continue to manage the Project Team both on a daily basis and through a series of formal monthly on-site meetings. Weekly meetings with the CEO and Director of Corporate Services ensures that any risks to the project's delivery are reported promptly.
- 5.22 A proposed cost drawn-down schedule is agreed and a robust audit system in place to sign off invoices against these agreed parameters. The risk register, which was drafted at the start of project and identifies items managed by third parties such as utility providers, is continually evaluated.
- 5.23 Early liaison with the insurance company has helped to reduce the project risk particularly in agreement over cladding materials.
- 5.24 One of the assessments of success identified is change management and ensuring staff engagement and support. Directors will continue to regularly update staff with the progress on development through presentations in quarterly meetings, monthly team updates and on The Hub (intranet). Should the project progress, staff will also be invited to consult on the interior decoration and how teams will operate in the new space.
- 5.25 Residents of Riccal Drive and immediate environs as well as the Parish Council and Ryemoor Gardens Residents Group have also periodically been updated by email and letter drops.

## **6 The financial case – affordability and funding**

- 6.1 The summary results of the NPV calculations for Options 1 and 2 are included in Section 4 of the report which demonstrate that best value of money lies with Option 2. The details behind the NPV calculation and the funding options both contain commercially sensitive details. Therefore, detailed analysis of the financial case is contained within appendix 7 which is a private appendix. This includes analysis of the funding position, appendix 7a, the Grant Thornton NPV modelling report, including assumptions at appendix 7b and the Align Structural Cost Report for the Old Vicarage at appendix 7c.
- 6.2 The summary position is that borrowing will be required for both Option 1 and 2, after use of ringfenced reserves and capital receipts. This figure is £1.589m for Option 1 and £2.223m for Option 2 – including 15% contingencies on build costs in both options.
- 6.3 The proposals indicate that whilst external borrowing may be required in the future, in the medium-term the Authority can borrow from its own cash balances. However, the Authority ought to take a decision on the basis that external borrowing could be needed, which would require an annual revenue budget saving of £90-108k on Option 1 and £118-151k on Option 2.
- 6.4 The cost to the Authority from using our own cash in the medium term, which is recommended, will be £59-72k for Option 1 and £78-101k for Option 2. But the savings requirement in revenue budgets is lower than the overall cost, £33-40k under Option 1 or £43-56k under Option 2. There are £22k of utility savings which will help to reduce the saving requirement in Option 2.

## **7 Financial and staffing implications**

- 7.1 The financial implications are laid out in the report. There are savings required to offset the cost of borrowing. Officers will continue to look for opportunities to reduce the borrowing level, but the business case is based on the current known position in terms of funding availability.
- 7.2 There are a number of staffing implications included in the report, including the impact of the change in accommodation during this period. Whilst the investment in premises will result in considerable positive changes for staff, there will be a change in working environment and practices which will need to be managed.

## **8 Legal and sustainability implications**

- 8.1 Before the capital investment in office premises takes place, a decision is required from Members in this paper regarding approval on the basis of external borrowing. Prior to the build commencing, planning permission on the basis of the revisions to the building needs to be secured to ensure compliance. A full

procurement process has been undertaken, with regard to selecting a supplier for the contract; this will be progressed to signed contract stage should the recommendations in the paper be approved. During the build stage, health and safety needs to be a consideration on the site, both for workers and the general public.

8.2 The implications for sustainability are covered in the paper where the climate implications of each option are discussed as one of the key criteria of the property review.

## 9 Conclusions

9.1 The case for change as set out in this report demonstrates the clear need for the Authority to make significant financial investments in its Office premises to ensure that it has adequate accommodation to meet the needs of staff and Members. Doing nothing is not an option.

9.2 Whilst it may be tempting to undertake the minimum, essential works to protect the structural integrity of the Old Vicarage, doing this will come at a not insignificant financial cost, whilst making no contribution to addressing the objectives of the Review. This business case is fundamentally about creating a place of work that will contribute positively to the success of the Authority.

9.3 Over the time that this Review has been underway, Officers have worked closely with Members to appraise options and consider the long-term needs of the Authority. This business case sets out and appraises the merits of two options.

9.4 A decision of this magnitude represents one of the most important and consequential decisions that Members will take. Using the recognised Five-Case model, this business case demonstrates the rigour that has been applied in reaching the recommendations, involving external, third-party expertise to support Officers.

9.5 The Authority has a responsibility to take decisions that represent best long-term value. The financial appraisal has been carried out by Grant Thornton in conjunction with Officers providing models for the input. Assumptions have been challenged and expertise used to ensure that models are completed with objectivity and importantly as per Green Book approaches to best value. The NPV has been modelled over a 40-year period. The results indicate that option 2 (i.e. moving to new premises) represents better value than option 1 (refurbishment) over a 40-year period, noting that the financial costs of both options are significant and the financial case marginal. The financial case set out in appendix 7 of this report demonstrates how the costs of delivering the Review will be funded.

9.6 The financial impact of the decision is a key factor, but Members must also weigh the desired outcomes of the Review set out at the start of the process: to create

a working environment that is fit for 21st century working methods and contribute positively to the Authority's carbon reduction agenda.

9.7 In conclusion, considering all of these factors, only Option 2 can fully create a modern, professional, accessible working environment that will meet the Authority's long-term needs, contribute positively to our climate change commitments and mark the start of a new chapter in the success of the organisation.

## **10 Recommendations**

That Members:

1. Approve the construction of and relocation to new office premises at Riccal Drive (Option 2).
2. Approve the marketing of the Old Vicarage for sale, delegating to Officers the decision regarding the precise timing of marketing.
3. Delegate to Officers the awarding of the contract with the preferred contractor as indicated in appendix 7a paragraph 1.3, following the conclusion of the procurement exercise described in paragraphs 5.13 to 5.16.
4. That works should be carried out in accordance with the final, approved plans set out in appendix 5 and build cost estimates, including contingency specified in the table in paragraph 1.2 in appendix 7a.
5. Approve the allocation of funding as laid out in appendix 7a, including use of reserves, capital receipts and borrowing requirements. Delegate to Officers to identify savings to mitigate the additional MRP charges commencing in 2028/29 as part of the Medium-Term Financial Strategy to be presented to Members in December 2026.

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### **Background documents to this report**

- Appendix 1 Property Working Group Terms of Reference.
- Appendix 2 List of meetings, key decisions and dates.
- Appendix 3 Options for Helmsley based buildings.

- Appendix 4 Heritage House Building Survey Report 2021
- Appendix 5 Revised Planning Application – ground and first floor layout plans, elevation drawings and site plan.
- Appendix 6 Design Principles for Accessibility and EDI.

**Private appendices**

- Appendix 7a The Financial Case – Affordability and Funding.
- Appendix 7b Grant Thornton comparative NPV analysis.
- Appendix 7c Align Partners construction cost report – The Old Vicarage.