



ISAAC LIBERTY
CHARTERED SURVEYORS

Viability Statement

For Portland Nursing Home, Buxton, SK17 6SG

January 2022

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1. INTRODUCTION

This viability statement is submitted in support of an application for the conversion of an Existing care home into residential apartments at the Portland Nursing Home, Buxton, SK17 6SG.

The statement has been prepared to consider the extent to which the existing building on the site, the former Portland Nursing Home is capable of being viably refurbished and extended to strengthen and retain its operation as a care home.

2. PURPOSE AND CONTEXT

The purpose of this statement is to consider the viability of being able to retain the existing buildings and refurbish it to provide a care home with 40 care places.

It should be noted at this early stage that the care home proposal under consideration like for like in terms of the amount of accommodation provided. This is based upon the financial viability in terms of occupancy on a like for like basis to ensure a consistency of approach.

The approach of this viability statement will assess the following key areas of consideration:

- Suitability of the current building to maintain operation of a care home.
- Viability of the refurbishment of the property to ensure that CQC standards can be achieved and care levels maintained.

This statement does not consider the extent to which a refurbishment may be desirable in terms of the preservation of the building in heritage terms, but focuses on the practicality of such works and their viability relative to the alternative proposals.

Section 3 & 4 of this report explores the key considerations for the viability of maintaining the site as an operational care home for the client (Mr Rai) at the Portland Nursing Home site.

3. SUITABILITY OF THE CURRENT NURSING HOME

The existing buildings have a number of characteristics that make refurbishment up to current standards complicated. Portland Nursing home has been operated since the 1980's and was extended during the 1990's. Over the last 30 years and clinical practice has, of course, changed significantly in that period, making fresh demands on the environment and accommodation. Notwithstanding this, the accommodation requirements within the existing building would need significant alteration of the building to ensure that standards are met to ensure the suitable delivery of care for the current care market. **Appendix 1** to this report highlights the detailed works required to achieve the refurbishment and extension.

Following our review of the current building we have identified a number of key issues that would need to be improved and upgraded to enable the care home to viably operate in the current market and moving forward, these are summarized below:

3.1 Space Per Resident:

The average space per resident for any new purpose built care home as a standard market care home is between 52m² – 65m² per resident. This metric is calculated on the GIFA divided by the number of care bedrooms. The key reason this metric is used when assessing a care home or nursing home is that it establishes the required GIFA in order to provide all facilities required such as suitable sized corridors, housekeeping and catering facilities, communal space, entertainment spaces, treatment rooms, dining spaces and staff spaces.

Upon our review of the Portland Nursing home we have identified that the current GIFA is 1,570m². The current registered bedrooms for the nursing home is 40. This equates to a space per resident of 39.25m².

When assessing the space per resident against the current standards set by purpose built care homes the Portland Nursing home is 12.75m² short of the lower range we would typically expect a nursing home to achieve as a minimum to provide all of the facilities required in order to provide care to the registered occupancy levels.

Considering the above we calculate that the GIFA of the building would need to be increased by 510m² which is a 32% increase in building size.

Isaac Liberty have discussed the potential opportunity to extend the building size by 510m² with ADG Architects and have been advised that this is not viable due to site constraints.

In addition to the above, the CQC now require that all bedrooms achieve a minimum bedroom size of 14.1m².

We have identified that a number of the existing bedrooms fall short of this space standard and would need to be increased in size to ensure compliance.

3.2 REVIEW OF EXISTING FACILITIES

3.2.1 Bedrooms / Ensuites:

Upon review of the current care home none of the bedrooms provide ensuite facilities. Ensuites are a standard for care homes nationally as this promotes independence and allows operators to bathe residents in the comfort of their bedroom. We would recommend that all bedrooms would require ensuite facilities to compete in the current care market and would be required for the delivery of care for resident to current market levels.

3.2.2 Dining Spaces/Lounges:

The CQC require that purpose built homes should include for Dining and spaces on the same floor for each unit of bedrooms to a care home. Upon review of the existing care home we have identified that only 4 out of 40 bedrooms current comply with the CQC requirement.

The current layout of the building does not allow for lounges and dining spaces to be located within each unit or wing of bedrooms and a significant reconfiguration would be required in order to achieve the CQC standard required.

3.2.3 Circulation Spaces

When reviewing circulation spaces for nursing facilities it is important to consider the mobility of resident around the building. Upon review we have identified the following areas that would need to be addressed in the existing home:

3.2.4 Corridor widths

Corridor widths should be a minimum of 1.8m wide to enable wheelchairs and hoists to pass. The current building has corridor widths as low as 1.2m this would pose a significant issue with regard to the future operation of the existing building as a care home.

3.2.5 Staircases

Due to the converted nature of this building there are 4 staircases in the building, two of the three staircases are off resident areas and cannot be secured. These would pose a significant risk of falls and we would recommend that these would need to be either removed or relocated. We have discussed the practicality of moving the stair cases with ADG Architects and they have advised that a full building reconfiguration would be required to enable these stair cases to be relocated.

3.2.6 Nurses Stations

The CQC will require that 1 nurse station is positioned in each wing or unit of bedrooms. The current building does not comply with this standard and at present there are no nurse stations.

3.2.7 Drugs Stores

The CQC requires that 1 store is positioned in each wing or unit of bedrooms. The current building does not comply with this standard and at present drug storage is remote from 38 of 40 bedrooms located on the GF.

3.2.8 Sluices

The CQC requires that 1 sluice is positioned in each wing or unit of bedrooms. The current building does not comply with this standard and at present there are no sluices.

3.3 Summary

Following our review of the existing building we have identified that the existing care home does not comply with the current CQC standards for a purpose built care home across a number of the key areas identified. Based upon our review we would conclude that it would not be viable for the existing building to be operated as a care home and that in order for the care home to continue to be operated the size of the building would need to be increased by approximately 510m² and a full reconfiguration of the building would be required.

4. VIABILITY OF REFURBISHMENT & EXTENSION OF EXISTING BUILDING

The size and layout of the building limit the extent to which care accommodation can physically be provided. The scale and form of the existing building are set by its physical size, whereby the most viable use is one that makes best use of the existing space and/or which seeks the best use of any further space within the plot to provide extended accommodation. In this regard, there are limited opportunities to provide extended space, as the building has limited external space to enable an extension to be facilitated.

In order to review the financial viability for the refurbishment of the care home we have assumed that an extension of 510m² could be achieved.

We have used our in house live market data for benchmarking costs associated with the refurbishment, remodeling and extension works based up similar care home developments we are undertaking.

Appendix A Includes the assumptions made in regards to construction requirements to achieve the refurbishment and extension of the existing building .

Appendix B to this report includes a copy of our estimate and the calculation of costs for the works.

Financial Summary

The financial viability of this course of action is assessed below and Tables 3 and 4 set out the cost and the expected financial return.

Table 3 - Cost of Extension

Description	£
Construction of new Extension Building	928,200
Refurbishment & Remodeling Works	1,915,400
Sub Total	2,843,600
Main Contractor's Preliminaries	227,488
Main Contractor's Design Fees and Other Consultancy Costs	122,844
Main Contractor's Overheads and Profit @10%	319,393
Estimated Total Construction Cost 4Q 2022 (Ex Vat)	3,513,325
VAT @ 20%	702,665
Land Cost	1,500,000
Total Development Cost	5,715,990

Table 4 - Financial Return from Extension

Residential	Full Year	% to Revenue	Per Bed
Revenue	£1,497,600	100%	£37,542
Payroll cost	£823,680	55%	
Non payroll cost	£194,688	13%	
Profit before interest	£479,232	32%	£12,000
Financing cost	£571,599	42%	
Loss before tax	-£92,367	-10%	-£3,859

Notes:

1. The revenue is based on a weekly fee of £800 and an occupancy of 90%.
 2. The interest is based on financing the development cost of £5,715,990 shown in Table 3 at 10%
- Table 4 shows there is a negative financial return of £92,367 (equates to £3,859/bed) as the financing cost of the total development is not recovered through the operation of the 40 bed home.

6. CONCLUSION

In conclusion we present the following findings:

Existing Building

The existing nursing home is currently not compliant with the current care standards as set out by the CQC for purpose built care facilities in England, on this basis it is not viable for the building to continue to be operated as a care home without significant changes to the design and layout of the building.

Refurbishment and Extension of Building

We have been advised by the Architect that required size of extension is not viable due to the site size.

We have calculated the cost required for the extension and refurbishment of the building to ensure that full compliance with the current CQC standards are met for a care facility of this nature. We currently estimate that the cost of the works required will total £3,513,325 (Exc VAT).

Following an extensive review of the development costs and the financial model required to operate a care home would result in an annual loss of approximately £92,367.

Summary

In summary and due to the changing care requirements of care homes in England, the current form of the care home is not suitable for continued operation as a care home. It is not viable for the existing building to be adapted due to the site size and the financial viability for the current building to be operated as a care home.

Appendix A - Refurbishment & Extension of **Existing Building Considerations**

Appendix A - Refurbishment & Extension of Existing Building Considerations

Refurbishment

The budget assessment contains a detailed analysis of the proposed costs and has identified the following deficiencies within the existing fabric that is a precursor to refurbishment works:

- Inadequate insulation in floors, roof and walls
- Windows requiring to be double glazed
- Roof repairs
- Demolition of poor additions
- Structural alterations to accommodate relevant room sizes

The budget assessment was prepared on the basis that there was no asbestos or contaminated material on site. If this is inaccurate, the budget costs will increase and viability will be further impacted.

When studying the financial viability of a refurbishment of the existing building we considered the following key areas:

- Demolition works
- Structural alterations
- Internal Refurbishment works
- Mechanical and Electrical installations
- Restoration works externally
- General External works and drainage

Demolition works:

When considering the demolition works we studied the existing building to understand the extent of demolition works that would be required, based upon our assessment and experience with buildings of this age, we have made an allowance for a soft strip of the building to remove damaged finishes, all sanitary ware, existing fittings and all mechanical and electrical services.

Structural Alterations:

The current building is not ideal for the intended care home. Internal alterations to the layout will therefore be required. Internal alterations such as widening of corridors, provision of suitable communal space, provision of suitably sized bedrooms and bedroom en-suites (Wet rooms) in accordance with the CQC standards will be required. Based upon similar projects we have made an allowance for the structural alterations to ensure that compliance with CQC is achieved and that the environment produced is conducive to providing care for the

elderly.

Internal Refurbishment Works:

The current building will need to undergo a full refurbishment, materials and finishes will need to be selected to ensure that they are suitable for those suffering with dementia and other mental health related illnesses. The use of suitable textures and colours is a careful consideration when designing a care home that is suitable for the elderly.

When assessing these works we have ensured that a refurbishment rate has been used and considered as part of this option.

Mechanical and Electrical Installations:

When considering Mechanical and electrical solutions for care homes, specialist systems will be required such as nurse call, access control, resident monitoring, data systems and specialist lighting. In addition to the above allowances for suitable sanitary ware and bathroom equipment should be made. When assessing the cost of mechanical and electrical installations we have considered the builders works in connection with the works also.

Restoration Works:

Restoration works for this building type and age can be costly as specially selected materials that aren't widely available need to be considered, in addition of materials specialist craftsmen and trades will need to be used for areas such as stone masonry, window restoration, leadworks and roofing.

We have considered the above trades and ensure that a suitable allowance is made for the specialist restoration works as part of the proposal for this option.

External Works:

The external works will consist of the repairing and replacing all external footpaths, roads and access points, new trenches for upgraded incoming statutory supplies, landscaping works throughout the grounds. It also includes for adaptations to the entrance for delivery vehicles to access the site suitably. Also included is an allowance for statutory connections and landscaping.

Extension

The size and layout of the building limit the extent to which care accommodation can physically be provided. The scale and form of the existing building are set by its physical size, whereby the most viable use is one that makes best use of the existing space and/or which seeks the best use of any further space within the plot to provide extended accommodation. In this regard, there are limited opportunities to provide extended space, as the building has previously been extended.

In addition to the allowances made above for the refurbishment element of Option Two the following

considerations have been made:

- Temporary facade retention works
- Underpinning to existing building
- Structural steel frame to existing building
- Cost of extension

Temporary Facade retention:

When retaining existing structures for extensions it is vital the existing structure is suitably supported through means of temporary structural supports. These typically brace the facade through openings in the facade of the building and offer structural support whilst other parts of the building are being demolished.

In this option we have assumed that the facade retention will use a temporary structural frame to support the facade to allow two rear walls of the building to be demolished along with the removal of the existing floor construction.

Underpinning:

Based upon our experience with extensions to older buildings and when retaining facades, underpinning is generally required to ensure that the existing super structure is sufficiently supported. We have therefore allowed for underpinning works to the existing walls to be retained. This will involve excavation to the existing foundations and underpinning works to help strengthen the existing foundations to ensure that building is suitably supported.

Structural Steel Frame:

When extending existing buildings for the use of care homes it is vital to ensure that there is continuity of floor levels across each floor plate for ease of operation and mobility of residents. It is therefore common to create a structural frame behind the façade of the existing building to ensure that floor plates are at the same level as the extension.

Within the costs provided we have included an estimated figure for the inclusion of a structural steel frame to the existing building.

Extension Cost

We have made allowance for an extension to the existing building for a new generation care home facility, this elements of the cost are inclusive of all elements (Excluding external works separately identified) associated with the construction of the extension element.

Appendix B – Estimate for Refurbishment & Extension of Existing Building



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CHARTERED SURVEYORS

Feasibility Estimate Nr1
Refurbishment & Extension

at

Portland Nursing Home, Buxton

for

Mr David Rai

23 December 2022

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1.0 SUMMARY

Element

£

Construction of new Extension Building

928,200

Refurbishment & Remodelling Works

1,915,400

2,843,600

Main Contractor's Preliminaries

8% 227,488

3,071,088

Main Contractor's Design Fees and Other Consultancy Costs

4% 122,844

3,193,932

Main Contractor's Overheads and Profit @10%

319,393

Estimated Total Construction Cost 4Q 2022

3,513,325

2.0 Basis of Estimate

2.1 This elemental budget estimate provides an indicative construction cost for the proposed refurbishment and extension of Portland Nursing Home.

2.2 The cost plan is based on 4Q 2022 price levels.

2.3 The cost plan is based on the following documents:

ADG Architects Drawings:

00-5 Rev- May22.pdf
9-1 Rev- May22.pdf
9-2 Rev- May22.pdf
00-1-1 Rev- May22.pdf
00-1-2 Rev- May22.pdf
00-2 Rev- May22.pdf
00-3 Rev- May22.pdf
00-4 Rev- May22.pdf

2.4 The estimate is based upon projects of a similar specification to the existing Care home.

2.5 The cost plan has been prepared solely for the use of Mr David Rai and should not be relied upon by any other third party.

2.6 The measurements contained within this document should not be relied upon for any other purposes other than the formulation of the estimate itself.

2.7 The cost plan assumes a JCT Design & Build form of contract.

2.8 Please note the assumptions and exclusions contained within section 3 & 4 of this estimate.

3.0 Assumptions

The following assumptions have been made in the preparation of this cost plan

- 3.1 Construction of the existing building will be traditional form of masonry construction with timber upper floors and timber roof structure.
- 3.2 We have made assumptions based upon the possible structural solutions required in the dining area however would suggest that further structural advice is sought to ahead of proceeding with the works.
- 3.3 We have not allowed for any bespoke sustainable technologies.
- 3.4 We have not included for any site contamination remediation measures as details of any requirement have not been provided.
- 3.5 This estimate is Exclusive of VAT.
- 3.6 We have assumed an approximate construction period of 40 weeks including a 2 week mobilisation period.

4.0 Exclusions

The following exclusions have been made in the preparation of this cost plan

- 4.1 Works outside of the site boundary
- 4.2 Client contingency
- 4.3 Client direct professional fees
- 4.4 Additional Insurances (the estimate includes Main Contractors project insurances, third party insurances and performance bond provision)
- 4.5 Site acquisition costs
- 4.6 Tender Price Inflation beyond 4Q22
- 4.7 Developers risk
- 4.8 Client finance costs and insurances

5.0 Elemental Analysis

Portland New Extension

New Extension

Quant	Unit	Rate	Total
510	m2	1,820	928,200

Portland Care Home Refurbishment / Alterations To Existing Buildings

Refurbishment Costs

1,570	m2	1,220.00	1,915,400
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