

Gospel Standard Bethesda Fund

Registered Charity 1199341

Business Case

Title:	Business case for the closure of the Harpenden Home
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Statement of the current position of Bethesda

The following is a detailed consideration of the current position of Bethesda and what led to this situation. Although this paper is in consideration of the Harpenden Home in particular, it is necessary to view this in the context of the Charity as a whole.

The Gospel Standard Bethesda Fund faces very significant challenges at the beginning of 2025 impacting on the viability of sustaining its current position. This primarily is due to the severe decline in demand for the places available in the Bethesda Homes. In 1975, there were 197 chapels on the Gospel Standard List and by 2024 this figure was 78 (a decline of over 60%) and at the same time, the congregations within the remaining chapels are now, for the most part, extremely small, further compounding the effect. These changes, over the years, have meant that occupancy in the Bethesda Homes has decreased which has been manifested in the closure of Homes particularly since the year 2000.

This is illustrated in the following table:

Overview of the provision of Bethesda Homes and Flatlets

Home	Region	Facility Type	Opened	Closed	Lifespan
Redhill	South East	Care Home	April 1948	February 1988	40 years
Brighton	South East	Care Home	June 1951	December 1971	20 years ¹
Tunbridge Wells	South East	Care Home	October 1953	July 2006	53 years
Haydock	North	Care Home	April 1964	June 2000	36 years
Croydon	South East	Care Home	November 1968	April 1991	23 years
Harpenden	East	Care Home	June 1969		55 years and on-going
Brighton & Hove	South East	Care Home	December 1971		53 years and on-going
Studley	South West	Care Home	June 1987	October 2021	34 years
Redhill	South East	Flatlet	Dec 1988	March 2024	36 years ²
Harpenden Flatlets	East	Flatlet	October 1993		31 years and on-going
Swavesey	East	Independent Living	Est. July 2025		N/A

¹This Home moved to the Brighton and Hove Bethesda site

²The Redhill Home was repurposed as flatlets

The Bethesda Homes were located in geographic areas where a demand had been identified to meet the needs of those older persons from GS chapels. However, there was also a time, as mentioned, where closure of Homes due to the decline in demand was sadly necessary. The following table shows how the number of chapels and congregations have declined between 1975 and 2024 based on geographical areas (regions). This, in turn, has impacted on the reduced number and locations of the Bethesda Homes.

Number of chapels on GS list 1975 and 2024

Region		1975	2024
East		36	19
London		11	0
Midlands		19	5
North		19	6
South East		78	36
South West		34	12
Total		197	78

The remaining two Homes, which were purpose built, are now over 50 years old, and the accommodation is no longer entirely suitable to meet the increasing complex care needs and expectations of elderly residents entering the homes. Additionally, the limitations of the facilities during the COVID-19 pandemic highlighted the need to be able to manage effectively infection prevention and control (IPC).

Due to the economic situation that the country is in, there have been moves by government over a number of years, to control the increasing cost of adult social care by promoting “care in the community” and discouraging residential care which has had a significant negative impact on demand both for Bethesda’s services and other care providers.

A challenge that is now emerging is supporting residents that are coming into the homes much older than previously was the case. This has meant increasing numbers of residents are entering the Homes with complex physical and mental health care needs. The complexity of these needs not only impact on the behaviour of the individual but can prove challenging for other residents and staff necessitating higher staffing levels. Sadly, it has not been possible to recoup these increased costs through additional fee income, reducing further the economic viability of the Homes.

In addition to the severe negative impacts on the demand for our service there have been ever increasing costs associated with meeting regulatory and compliance obligations. This is especially the case in the East of England region (including the Harpenden area) where the local authority maintains its compliance obligations through a detailed and complex set of requirements (known as PAMMS). Although the required standards are not unreasonable, there is a commensurate impact on operating costs and staff time, particularly for the management team.

What this means in practice – financial viability

The challenges outlined above i.e. the decline in the numbers of GS churches and congregations, people living in their own homes longer and the low occupancy within the Bethesda Homes that stems from this, along with the suitability of the buildings in meeting complexity of care needs and attracting future residents, is manifested in the financial viability and, in turn, the continuance of our service, particularly in relation to the Harpenden Home.

The ageing building fabric and design of the Harpenden Home has operational repercussions on maintenance and repair costs, the ability to cope with increasing dependency needs and/or infection, prevention and control (IPC) and the appeal of the facilities to potential residents. As previously mentioned, the building design places constraints on the ability to cope with residents with complex needs due to their age - this in turn effects the ‘well-being’ of other residents and the resilience of management and staff in coping with the challenges faced.

Although the prime purpose of Bethesda is to be a “House of Mercy” (the meaning of the word ‘Bethesda’) and a dwelling and resting place for those from the GS chapels in their old age, this does not preclude the need for financial probity and prudent stewarding of resources.

A series of tables have been provided showing trends over a number of years in order to help understanding, together with illustrating the challenges which have been set out above.

Table 1 sets out the operational performance of GSBF and this information has been taken from publicly available sources.

Table 1: Operational performance 2014-2024 (all Homes)

	% Occupancy (all homes)	Operational deficit	Donations	Legacies	Investment	Piggott Charity	Property sales	Total other income	Net expend iture/ income
		£	£	£	£	£	£	£	£
2014	71%	-392,404	58,825	142,341	37,849	7,000		246,015	-146,389
2015	70%	-361,205	26,918	74,657	34,421	9,000		144,996	-216,209
2016	75%	-388,074	52,753	168,413	29,232	9,750		260,148	-127,926
2017	76%	-305,863	46,549	266,101	21,734	9,000		343,384	37,521
2018	73%	-342,399	43,436	112,301	26,725	9,000		191,512	-150,887
2019	65%	-475,809	52,925	106,517	36,458	9,000		204,900	-270,909
2020	59%	-154,768	44,136	50,846	25,976	9,000		129,958	-24,810
2021	54%	-230,127	56,794	389,742	13,312	0		459,848	229,721
2022	53%	-285,654	24,693	217,371	30,838	0		272,902	-12,752
2023	46%	-424,309	26,151	51,413	71,555	9,507	68,849	227,478	-196,831
2024	47%	-443,797	27,227	28,686	94,324	19,050	1,381,274	44,010	1,189,610

Note:

Operating Deficit = Income from Charitable activities minus resources expended

Other income is that from donations, legacies, investment income and grants from the Piggott Charity

Net expenditure/income is the result of Charitable income less expenditure on operating the Charity.

The first point to note from this table is the % occupancy which clearly illustrates the impact of the decline in the numbers within Gospel Standard churches and their congregations. It is noticeable the decline in overall occupancy that has occurred since 2020. (This includes the time of the COVID-19 pandemic).

The operational deficit is the cost of operating the Homes and the Flats. The deficit is the difference between income coming into primarily the Homes and Flats less the cost of operating these together with central costs. In its simplest a surplus is where income exceeds expenditure, and a deficit is where expenses exceed income. For Bethesda, this deficit has been offset by other income such as donations, legacies and investment income and property sales together with drawing on reserves.

This then, in turn, results in either net expenditure (i.e. expenditure exceeds income) or net income (i.e. income exceeds expenditure).

As can be seen 'other' income plays a significant part in helping offset the operational deficit. Where losses are incurred (net expenditure) then these will be drawn from reserves. As we know from our own finances, our reserves (savings) are to make provision for future expenditure. In the case of Bethesda this would include investment in property to ensure appropriate accommodation is available to meet current and future beneficiary needs.

Table 2 provides background to the financial operational performance of the Bethesda residential homes for the period 2014- 2024.

Table 2: Surplus/deficit GSBF Bethesda Homes 2014-2024

Year	Brighton £	Occ %	Harpenden £	Occ %	Studley £	Occ %	TOTAL £	Occ %
2014	-104,763	88%	-138,898	60%	-85,799	63%	-329,460	71%
2015	-72,564	85%	-160,869	58%	-100,266	66%	-333,699	70%
2016	-166,746	80%	-88,317	71%	-95,530	72%	-350,593	75%
2017	-182,199	72%	-35,080	77%	-49,943	81%	-267,222	76%
2018	-82,901	74%	-129,301	70%	-94,618	74%	-306,820	73%
2019	-82,443	90%	-255,000	44%	-127,674	62%	-465,117	65%
2020	84,995	83%	-119,859	39%	-106,157	58%	-141,021	59%
2021	64,437	68%	-48,955	41%	-195,571	56%	-180,089	54%
2022	-3,390	61%	-199,586	45%	-28,768	0%	-231,744	53%
2023	-13,632	53%	-301,912	40%	-32,880	0%	-348,424	46%
2024	81,633	57%	-309,794	38%	-12,377	0%	-240,538	47%

Total Surplus/Deficit Bethesda Homes (£)				
	Brighton £	Harpenden £	Studley £	TOTAL £
2014-24	-477,573	-1,787,571	-929,583	-3,194,727

In looking at Table 2, it is noticeable how occupancy has impacted on the financial results of the individual homes and as will be noted the Harpenden Home is particularly badly affected.

Tables 3 a-d provide more detailed information on the performance of the individual residential care Homes and the cumulative performance of the Homes.

Tables 3 a-d

Brighton Home (22 beds)		2019	2020	2021	2022	2023	2024
Occupancy %		90%	83%	68%	61%	53%	57%
Incoming resources Total		£677,473	£861,859	£772,872	£720,359	£712,182	£808,937
of which	Residents fees	£660,024	£812,998	£740,125	£691,769	£690,499	£779,949
Running costs (Homes)		£759,916	£776,864	£708,435	£723,749	£725,814	£727,303
of which	Staff costs	£574,411	£602,782	£508,832	£512,308	£526,767	£554,213
	Of which Agency staff	£11,951	£908	£0	£0	£0	£0
	Repairs and renewals	£19,671	£21,803	£27,787	£31,958	£19,861	£31,381
	Depreciation	£12,085	£14,156	£12,878	£13,585	£17,581	£13,054
	Central costs	£41,929	£44,188	£46,741	£59,593	£54,986	£46,600
Operating Surplus/Deficit		-£82,443	£84,995	£64,437	-£3,390	-£13,632	£81,633

Table 3b							
Harpenden Home (25 beds)		2019	2020	2021	2022	2023	2024
Occupancy %		44%	39%	41%	45%	40%	38%
Incoming resources Total		£408,899	£495,937	£574,146	£600,315	£536,204	£550,122
of which	Residents fees	£399,105	£441,605	£523,668	£586,860	£515,959	£531,481

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Running costs (Homes)		£663,899	£615,796	£623,101	£799,901	£838,116	£859,916
of which	<i>Staff costs</i>	£463,837	£439,592	£439,549	£547,423	£534,894	£628,089
	<i>Of which Agency staff</i>	£5,366	£4,891	£57,022	£107,789	£32,941	£2,433
	<i>Repairs and renewals</i>	£41,012	£26,464	£43,199	£82,880	£84,493	£62,000
	<i>Depreciation</i>	£12,085	£12,347	£12,988	£13,298	£14,428	£18,952
	<i>Central Costs</i>	£47,646	£50,213	£53,114	£67,719	£62,484	£54,366
Operating Surplus/Deficit		-£255,000	-£119,859	-£48,955	-£199,586	-£301,912	-£309,794

Table 3c

Studley Home (13 Beds)		2019	2020	2021	2022	2023	Sep-24
Occupancy %		62%	58%	56%			
Incoming resources Total		£282,590	£312,339	£290,240	£2,017		
of which	Residents fees	£279,623	£297,636	£280,306			
Running costs (Homes)		£410,264	£418,496	£485,811	£30,785	£32,880	12,377
of which	<i>Staff costs</i>	£301,642	£314,316	£376,394			
	<i>Of which Agency costs</i>	£21,512	£18,719	£32,973			
	<i>Repairs and renewals</i>	£14,624	£22,519	£20,576	£1,994	£2,680	
	<i>Depreciation</i>	£34,443	£9,601	£9,601	£9,601	£9,601	
	<i>Central costs</i>	£24,776	£26,111	£27,619	£8,126	£7,498	
Operating Surplus/Deficit		-£127,674	-£106,157	-£195,571	-£28,768	-£32,880	-£12,377

Table 3d

TOTAL Homes	Beds 19-21: 60 22:- 47	2019	2020	2021	2022	2023	2024
TOTAL Occupancy %		65%	59%	54%	53%	46%	47%
TOTAL Incoming resources		£1,368,962	£1,670,135	£1,637,258	£1,322,691	£1,248,386	£1,359,059
TOTAL Running costs (Homes)		£1,834,079	£1,811,156	£1,817,347	£1,554,435	£1,596,810	£1,599,597
TOTAL Operating Surplus/Deficit		-£465,117	-£141,021	-£180,089	-£231,744	-£348,424	-£240,538
Of which	<i>Resident Fees</i>	£1,338,752	£1,552,239	£1,544,099	£1,278,629	£1,206,458	£1,311,431
	<i>Staff costs</i>	£1,339,890	£1,356,690	£1,324,775	£1,059,731	£1,061,661	£1,182,301
	<i>Of which Agency costs</i>	£38,363	£24,518	£89,995	£107,789	£32,941	£2,433
	<i>Repairs and renewals</i>	£75,307	£70,786	£91,562	£116,832	£107,034	£95,209
	<i>Depreciation</i>	£58,613	£36,104	£35,467	£36,484	£41,610	£32,006
	<i>Central costs</i>	£114,351	£120,512	£127,474	£135,438	£124,968	See Note

Note: Central costs allocated at year end. Figures not yet available.

Each of the tables provides for the year in question:

- details of occupancy %,
- incoming resources (including residents' fees)
- running costs of the Homes (including staffing costs)

The tables illustrate how the impact of **low occupancy** on incoming resources when combined with the need to provide sufficient staffing levels, can result in staff costs being more than resident fee income. Also, where the situation arises of not having sufficient full and/or part-time staff then additional costs are incurred through having to use agency staff. Thus illustrating further the challenges of staffing residential care Homes.

Costs relating to repairs and renewals are those incurred in ensuring that the building fabric and services are in a good state of repair. As would be expected, as a building ages then the cost of repairs and renewals will increase. As can be seen, these are becoming significant for the Harpenden Home which is now 55 years old.

The other significant costs that have been included are the central costs which are proportionally allocated to each of the residential Homes. These costs are those associated with running the charity together with providing central services such as accountancy, quality systems and human resources support.

As can be seen, the challenges faced by the Gospel Standard Bethesda Fund, particularly the Harpenden Home, are multifaceted and of significant concern to the trustees. The decline in the number of Gospel Standard Chapels and their congregations, coupled with the increasing complexity of care needs and regulatory compliance costs, has severely impacted the financial viability of the Charity, and the Harpenden Home in particular. The ageing infrastructure and the shift towards community-based care further exacerbate these issues. Therefore, it is imperative to consider the steps needed to ensure the responsible stewardship of Bethesda's resources in continuing to provide a "House of Mercy" for those in need.

What have we done already to try and prevent a Home closure?

The trustees are very conscious of their responsibilities, in the sight and fear of the Lord, in stewarding the resources of Bethesda to address the monetary losses incurred, yet still provide a resting place for those in their old age. As such, the trustees have since 2019, taken a number of actions to address the situation facing the Charity, particularly the financial situation, and sought to provide accommodation that would be fit for purpose to meet future needs. Due to the impact of some of the actions identified, it has been necessary for the trustees to act confidentially. The actions taken include:

Increasing fees to realistic levels: A significant one-off adjustment to residents' fees to a more sustainable level, with fees being adjusted annually in line with inflation (including a large inflationary increase in recent years).

Negotiations with local authorities to ensure full fees are paid: During 2020 we held extensive negotiations with the Local Authorities who were funding some of the residents in our Homes. We are thankful to say that the outcome, in the providences of the Lord, has been that without exception, they have agreed to pay the full rates of our fees.

Financial controls: Rigorous cost control measures include budgeting, financial accountability and monthly reporting on performance. This has included making reductions in staffing numbers (in both Homes) over a number of years and it is felt that there is little left in this regard that will now make any difference.

Feasibility study for upgrading the current Harpenden building: Work was undertaken to assess the feasibility of carrying out substantial works to upgrade the existing Harpenden facility. However, it was felt that the potential benefits of this were greatly outweighed by the costs of essentially upgrading a building that was no longer fit for purpose.

Feasibility study for building a new home on the Harpenden site: At about the same time, a feasibility study was carried out, including architects' drawings, on building a new replacement Home and continuing to run the existing facility. This resulted in the new building being restricted to the corner of the plot with a less than desirable outcome and there remain considerable concerns about turning an existing care Home site into a building site.

Stewarding of investment income: The investment policy was revised and updated, and an investment platform utilised to maximise investment income.

Alternative care Home provision north of the Thames: Recognising that the current Harpenden building has reached the end of its useful life, attempts have been made to identify an alternative property for the service within the vicinity of Luton (with the aim of reducing running costs), so far without success.

Entry criteria: The exceptional entry criteria has been widely advertised within the group of churches to try and encourage wider take-up of the service, without noticeable success.

Consultation on the future structure of the service provision: Consultations were undertaken on the future structure of the service provision, with a focus on the hub and spoke model.

Why closure of the Harpenden Home is now the only viable option

In this document, we have outlined several key indicators that collectively point to the necessity of closing the Harpenden Home. These are:

Main Points:

1. **Decline in demand for our service:** The Gospel Standard Bethesda Fund has experienced a severe decline in demand for its services due to the reduction in the number of Gospel Standard Chapels and their congregations. In 1975, there were 197 chapels, but by 2024, this number had decreased to 78. This decline has led to decreased occupancy rates in the Homes, especially the Harpenden Home where this now stands at just 38% of capacity. The reduced occupancy has led to a decrease in fee income, which, combined with the increased costs of care, has severely impacted the financial viability of the Harpenden Home.
2. **Ageing building and infrastructure:** The Harpenden Home is now 55 years old and no longer entirely suitable to meet the increasing complexity of care needs. This is manifested by rooms that have limited space in which to provide care and support. In addition, aging building fabric and infrastructure, along with the complete lack of insulation, means that the building is extremely expensive to maintain and run. There are a number of specific issues of particular concern in this respect, including the need to replace the boilers within the near future, running repairs on the flat roof with the potential requirement for a wholesale replacement in the short term, repairs to the plumbing and cracking in the walls and floors.
3. **Economic and Policy Factors:** Government policies promoting community-based care and discouraging residential care have significantly reduced the demand for residential care services. This shift has had a bearing on the financial viability of the Charity as a whole, including the Harpenden Home.
4. **Complex Care Needs:** Residents are entering the Homes at an older age with more complex physical and mental health care needs. This has necessitated higher staffing levels, the costs of which cannot be recouped through fee income, further reducing the economic viability of the Home.
5. **Regulatory and Compliance Costs:** The increasing costs associated with meeting regulatory and compliance obligations, particularly in the east of England where the Harpenden Home is located, have added to the financial burdens. The detailed and complex set of requirements maintained by the local authority (through PAMMS) has significantly affected operating costs.

Financial Viability: In short, the practical impact of these challenges has meant that **maintaining the service in its current form is financially unsustainable**. In the Harpenden Home by the end of 2024 the costs of providing care were exceeding income by over £300,000, with no realistic likelihood of this situation improving in 2025 or beyond.

Necessity of Closing the Harpenden Home:

Although the primary purpose of Bethesda is to be a "House of Mercy" for those from the Gospel Standard Chapels in their old age, this does not preclude the need for financial probity and prudent stewardship of resources. Given the significant challenges identified and the inability to sustain the financial viability of the Harpenden Home, closure is deemed necessary to ensure the Charity will be in a position to continue its purpose of serving the elderly of the Gospel Standard Strict Baptist group of churches into the future. Failure to address this matter will ultimately result in the depletion of Charity's financial reserves and within a matter of a couple of years the whole Charity may well have to close. Thereby, permanently depriving the group of GS Churches and its elderly people of this valuable facility.

The trustees are acutely aware of the ramifications that the closure of the Harpenden Home will have on residents, staff, relatives and families. They are also conscious of their accountability before God who in His mercy and purposes has continued the provision of Bethesda to the GS Churches. Much prayer has been made at the mercy seat to seek the Lord's will in this matter and it is in looking to the Lord that trustees have ventured to take this step in continuing the work of Bethesda.