

Technical Business Case

Reinstatement of Taith Newydd Low Secure Unit at Glanrhyd Hospital, Bridgend



Document control sheet

Client	Swansea Bay University Health Board
Document Title	Reinstatement of Taith Newydd Low Secure Unit at Glanrhyd Hospital, Bridgend
Version	V7
Status	Final
Author	Heather Edwards
Date	11/09/2025
Further copies from	email: heather.edwards2@wales.nhs.uk quoting reference and author

Contact details			
Main point of contact	Telephone number	Email address	Postal address
Heather Edwards	01792 286119	Heather.edwards2@wales.nhs.uk	

Contents:

1	THE STRATEGIC CASE	5
1.1	Introduction.....	5
1.2	Low Secure Services.....	5
	PART A: THE STRATEGIC CONTEXT	5
1.3	Background	5
	PART B: THE CASE FOR CHANGE	7
1.5	Spend Objectives	7
1.6	Business Needs	7
1.7	Problems with Status Quo.....	7
1.8	Main Potential Benefits and Outcomes	8
1.9	Main Potential Risks.....	8
1.10	Recommendation	8
2	THE ECONOMIC CASE	9
2.1	Introduction.....	9
2.2	Framework Option Appraisal.....	9
2.3	The Preferred Option.....	12
3	THE COMMERCIAL CASE	12
3.1	Introduction.....	12
3.2	Procurement Strategy and Route.....	12
3.3	Required Services	12
3.4	Key Appointments & Contract Arrangements / Length	12
3.5	Indicative Timescales	13
4	THE FINANCIAL CASE	13
4.1	Introduction.....	13
4.2	Capital	13
4.3	Revenue	14
4.4	Impact on the Balance Sheet and Impairment.....	14
4.5	Overall Affordability	15
5	THE MANAGEMENT CASE	15
5.1	Introduction.....	15
5.2	Management Arrangements.....	15
5.3	Planning Permissions.....	15
5.4	Contingency Plans	15

Figures:

Figure 1 – Spend Objectives.....	7
Figure 2 – Listed Options	9
Figure 3 – Assessed Options.	11
Figure 4 – Key indicative milestones	13
Figure 5 – Capital Requirements (£000 incl. recoverable VAT)	13
Figure 6 – Draft Capital Funding Profile.....	14
Figure 7 – Impact on the Balance Sheet and Impairment £000s.....	15

Appendices:

Appendix A – Cost Form 16

Appendix B – Risk Register 17

Appendix C – (Draft) VAT Considerations Letter 18

1 THE STRATEGIC CASE

1.1 Introduction

This business case seeks approval from Welsh Government (WGov) for £5.529m (inclusive of reclaimable vat) capital funding to reinstate Cedar Ward within Taith Newydd Low Secure Unit at Glanrhyd Hospital, Bridgend

1.2 Low Secure Services

Low Secure services are part of a spectrum of services whose function is to meet the needs of those with mental disorders and/or neurodevelopmental disorders that will benefit from specialist care and treatment within a secure environment.

PART A: THE STRATEGIC CONTEXT

1.3 Background

Opened in 2015 Taith Newydd provides low secure mental health care for 28 mixed sex patients detained under the Mental Health Act. These patients are accommodated across two wards, Cedar and Rowan.

The main driver in developing this facility was to maximise safety, therapy, security and dignity for people who demonstrate disturbed behaviour and require intensive, multidisciplinary treatment and rehabilitation accordance with Mental Health guidance.



Low Secure care is defined as:

*'Intensive, comprehensive, multi-disciplinary treatment and care by qualified staff for patients who demonstrate disturbed behaviour in the context of a serious mental disorder and require the provision of security'*¹

The facility includes two 14-bed wards (Cedar and Rowan) with support space, and a centrally located 'core' with activity and exercise areas designed to maximise the potential of patients to achieve independent living.

The site is managed by Cwm Taff Morgannwg University Health Board but SBUHB delivers the clinical services.



Cedar Ward sitting room (above)



In November 2024, a significant fire took place within Cedar Ward, resulting in severe infrastructure damage as well as extensive smoke damage (interior of ward pictured right). The incident forced closure of Cedar Ward, the 14-bed male ward, which resulted in urgent outsourcing of male patients to other neighbouring and distant facilities.

¹ source: Department of Health Mental Health Policy Implementation Guide 2002

Smoke damage was extensive, and this facility requires significant repairs to the ward fabric of the building and its supporting environmental & engineering systems.

On the advice of NWSSP-SES' Fire Officer, the scope of the repairs work will include installation of fire sprinklers. Security measures will also be enhanced for this high-acuity group of patients, per current best practice.

Without access to capital funding, Taith Newydd will remain in partial operation and detained patients requiring higher category low secure mental health care specialist care will continue to be outsourced to either Caswell Clinic's higher category Medium Secure facility (reducing capacity for detained medium secure beds in South Wales) or to other NHS or privately operated low secure units across the UK.

The reduction in appropriate and local low and medium secure capacity, which was already facing challenges meeting demand prior to the fire incident, has seriously impacted the service's ability to provide care for a complex group of patients in line with national strategies.

Where outsourced facilities are at some distance from the locality, this risks compromising individual patient welfare and the wellbeing and provides very poor value for money (on average each outsourced patient into the private sector costs the NHS purse approx. £20k per month over baseline).

This business case details the works required to bring this essential facility back into a fully operational facility, including replacement ward and supporting infrastructure, improved safety measures and future proofing of the existing facility.



Cedar Ward bedroom area
(above & below)



1.4 Health Board Context

Swansea Bay University Health Board is one of the largest teaching Health Boards in Wales. We provide primary, secondary, tertiary, community, mental health and learning disability, and dental services and are committed to improving the lives of our 390,000 residents. We have over 14,000 staff and a turnover of around £1.4 billion.

Mental health and learning disabilities services are provided both in hospital and community settings. The Health Board hosts a regional medium secure unit (Caswell Clinic) and a low secure unit (Taith Newydd) which serves the population of Swansea Bay University Health Board and Cwm Taff University Health Board. Forensic mental health services are provided to a wider community across geographical areas in South Wales.

PART B: THE CASE FOR CHANGE

1.5 Spend Objectives

The spend objectives are summarised as follows:

Figure 1 – Spend Objectives

Spend Objective	Details
1	To re-provide local access to high-quality low secure health services in accordance with national and Welsh strategies by reinstating Taith Newydd's Cedar Ward.
2	To improve the safety of low secure patients and staff.

1.6 Business Needs

Meet Demand for regional placements

Meet demand for regional low and medium secure in-patient care in fully functional and appropriate accommodation.

Achieve Financial Balance and reduce reliance on Outsourcing

Reduce reliance on the independent sector and other Health Boards for alternative low secure high-cost placements whilst Cedar Ward is out of action.

Improve Patient and Staff Experience

Reinstate Cedar Ward to provide more acceptable low secure facilities and supporting therapies; Improve fire safety and security measures and supporting infrastructure within the existing facility to reduce likelihood / severity of future untoward incidents / fire risk to life and property.

1.7 Problems with Status Quo

Loss of Regional Capacity and Access to Specialised Accommodation

Loss of 50% of Taith Newydd's Low Secure bed capacity is seriously impacting on our ability to provide safe and effective in-patient rehabilitation and recovery services. The reduction in appropriate and local low and medium secure capacity, which was already facing challenges meeting demand prior to the fire incident, has seriously impacts the service's ability to provide care for a complex group of patients in line with national strategies.

Currently, we are accommodating detained patients requiring low secure specialised care and rehabilitation in Caswell Clinic, a higher category medium secure mental health care facility (i.e. higher levels of security, reduced patient experience, etc.). Where outsourced facilities are at some distance from the locality, this risks, compromising individual patient welfare and the wellbeing.

Affordability & Value for Money

Outsourcing to the private sector and other Health Boards is resulting in higher packages of care, which provides very poor value for money (on average each outsourced to private care costs the NHS purse approx. £20k per month over baseline).

When patients are located at some distance from home, this results in increased travel distances and expense for staff and carers.

Whilst Cedar Ward remains unoccupied due to smoke and fire damage, the higher the risk of water damage (the metal panelled roof was badly damaged) the further the building will deteriorate.

1.8 Main Potential Benefits and Outcomes

The key benefits are summarised as follows:

- **Health Gain** - Reinstates more appropriate patient pathways and care facility for low secure service users, and; Improves health outcomes by providing the right specialist service in the right place at the right time.
- **Clinical & Skills Sustainability** - Improves safety of patients and staff by providing enhanced fire control measures (sprinklers) in full compliance with WHBN/WHTM guidance / Fire Code best practice, and; Delivers specialist care closer to home, supports person centred services & wellbeing.
- **Affordability** - Reduces dependency on the independent sector to provide emergency facility placements for low secure patients, which reduces additional expenditure above normal baseline commissioning via the independent sector.
- **Equity** - Re-provides equity of access for regional Welsh population requiring best practice low secure mental health inpatients care; Frees-up capacity in Caswell Clinic medium secure unit, and; Supports delivery of national and Welsh strategies and plans.
- **Value for Money** - Reduces reliance on the private sector / other Health Boards & Caswell Clinic's Medium Secure services.

1.9 Main Potential Risks

Please see **Appendix B** for the risk register.

1.10 Recommendation

We recommend therefore that Welsh Government provide capital investment of £5.529m over 2025-26 and 2026-27 to support reinstatement of Taith Newydd.

Subject to funding, repairs could commence in Qtr. 4 2025/26 and the unit could be fully operational within 4th Qtr 2026/27.

.....
Mark Parsons, Assistant Director of Capital Planning and Health & Safety
Swansea Bay University Health Board

2 THE ECONOMIC CASE

2.1 Introduction

This section of the business case demonstrates that the most economically advantageous option has been selected.

2.2 Framework Option Appraisal

The framework options were very limited. The only viable and practicable options available were agreed by the Steering Board members as follows:

Figure 2 – Listed Options

Option	Reason for Acceptance or Rejection for further consideration	Finding
Option 0 – Business as Usual - Continue with outsourced placements to meet demand	Not clinically supported.	Discount (retained as a baseline comparator)
Option 1 – Reinstate Taith Newydd with additional fire compartmentation (no sprinkler system)	This solution re-instates full patient capacity and some fire mitigation measures.	Discount
Option 2 – Reinstate Taith Newydd with additional fire compartmentation and sprinkler installation system in 14-bed ward area.	This solution re-instates full patient capacity and some fire mitigation measures.	Discount
Option 3 – Preferred Reinstate Taith Newydd with additional fire compartmentation, plus sprinkler installation system in 14-bed ward area and support space in Cedar Ward.	This solution reinstates full patient capacity and provides compliant environment systems throughout Cedar Ward and provides the appropriate connections to expand into Rowan in the future.	Preferred
Option 4 – Reinstate Taith Newydd with additional fire compartmentation, plus sprinkler installation system in 14-bed ward area and support space in Cedar and Rowan Ward.	This solution provides maximum fire mitigation measures and a compliant environment. Rejected as to provide additional preservation of building on Rowan Ward would incur additional capital costs of £0.788m and additional estimated revenue costs of £2.811m during an extended closure period for Rowan Ward.	Discount

An options review was conducted by the Project Board where Capital outturn costs, programme and revenue impact were considered and assessed. The option summary is as follows:

Figure 3 – Assessed Options.

Options	Legislation (Preservation of Life)		Business Continuity (Preservation of Building)		Estimated Project Out-Turn Costs (Inc Recoverable VAT) £m		Indicative Programme (weeks)	Estimated Additional Recurring Revenue Impact (until Cedar Ward reinstated) £m			
	Cedar	Rowan	Cedar	Rowan	Capital Costs	Incremental Additional Cost		Taith	Caswell Seclusion (subject to WG business case)	Total	Incremental Additional Cost
<u>Option 1</u> Complete reinstatement with additional fire compartmentation (No sprinkler system)	Meets legislation on preservation of life with fire compartmentation	Meets legislation on preservation of life with fire compartmentation	No change	No change	4.682		38-40	2.623	1.365	3.988	
<u>Option 2</u> As per option1 with the addition of sprinkler system in 14 bed area only	Meets legislation on preservation of life with fire compartmentation	Meets legislation on preservation of life with fire compartmentation	Mitigates risk on future building damage	No change	5.215	0.533	42	2.900	1.375	4.275	0.287
<u>Option 3</u> As per option 2, plus sprinkler system to support space on cedar ward	Meets legislation on preservation of life with fire compartmentation	Meets legislation on preservation of life with fire compartmentation	Mitigates risk on future building damage	No change	5.529	0.314	46	3.171	1.375	4.546	0.272
<u>Option 4</u> As per option 3, plus sprinkler system to Rowan ward	Meets legislation on preservation of life with fire compartmentation	Meets legislation on preservation of life with fire compartmentation	Mitigates risk on future building damage	Mitigates risk on future building damage	6.317	0.788	72	5.982	1.365	7.347	2.801

2.3 The Preferred Option

The Preferred Option was confirmed as Option 3: Reinstate Taith Newydd's, Cedar Ward and support spaces, with additional fire compartmentation, plus sprinkler installation system within the 14-bed ward area. This solution is fully supported clinically; it reinstated full low secure capacity and provides fully compliant environmental systems per NWSSP-Specialist Estates Services Fire Officers' engagement. It also provides enhanced security systems, meets legislation on preservation of life with fire compartmentation and mitigates risk on future building damage.

See **Appendix B** for the Risk Register.

3 THE COMMERCIAL CASE

3.1 Introduction

This section of the business case outlines the proposed 'deal' as outlined in the Economic Case.

3.2 Procurement Strategy and Route

The Health Board has directly awarded the scheme to Lloyd & Gravell through the South West Wales Regional Contractor Framework (SWWCRF). This direct award is compliant with the Public Contracts Regulations 2015 (PCR 2015), and the expedited process ensures adherence to procurement regulations. A direct award was considered appropriate given the service pressures caused by the loss of low secure capacity, as well as the significant revenue implications (estimated at over £500,000) associated with pursuing a competitive procurement process, which would have added approximately 7 weeks to the programme.

3.3 Required Services

The essential requirements to be provided as part of this contract are:

- Enabling works, infrastructure service and connections.
- Reinstatement of ward environment and infrastructure.
- Provision of fire sprinklers and enhanced security measures in compliance with Fire Code guidance and best practice, and;
- Redecoration of ward environment and clinical support areas.

3.4 Key Appointments & Contract Arrangements / Length

The following key appointments have been made:

- Project Manager Services by Mace Group Limited.
- Architectural & Principal Design services and Structural Engineering design services are provided by Stride Treglown.
- Health Board Cost Advisor services and business case support services are provided by Gleeds.
- Mechanical & Electrical design services to support feasibility stage and enabling works was provided by AECOM.
- Construction and other technical commissioning services are provided by SBUHB.

The construction works contract will be an NEC 4 Engineering and Construction Contract with main option clause A (Priced with Activity Schedule).

The works contract will cover approximately 12 months for main works followed by technical and operational commissioning.

3.5 Indicative Timescales

Figure 4 – Key indicative milestones

Milestone Activity	Date
Project Board signs off the business case	End Sept. 25
Submit business case to WGov for scrutiny and approval	End Sept. 25
Enter Contract	Dec. 25
Start Enabling & Main Works	Jan 26 – Dec 26
Technical & Operational Commissioning (phased)	Jan 27 – Feb 27
Operational	Mar 27
Technical Project Evaluation (approx. 3 months post new build handover)	Mar.27
Benefits Realisation (12 months post operational)	Mar.28

4 THE FINANCIAL CASE

4.1 Introduction

The purpose of this section is to set out the financial implications of the preferred solution.

4.2 Capital

The fully tendered capital cost assessment was undertaken by Gleeds, Cost Advisors. These are summarised below, and the detailed cost form is included in **Appendix A Cost Form**

Figure 5 – Capital Requirements (£000 incl. recoverable VAT)

Option 3 - Preferred Option			
	Net £	VAT at 20% £	Gross £
Works Costs	3,533	706	4,239
Fees	240	48	288
Non- Works	836	167	1,004
Equipment Costs	96	19	115
Planning Contingency	235	47	282
Total	4,942	988	5,930
Less recoverable VAT		401	401
Project Out-Turn Cost	4,942	587	5,529

The key assumptions underlying the development of the capital costs are:

- Capital Cost includes works, non-works, abnormal allowances, equipment costs and risk contingency, which is assessed at 4.99%.
- The Business Case Reporting Index will be the standard one for Wales of 1.02.
- VAT is at 20% except for the professional fee and other recoverable elements.

Capital Requirements

See **Appendix C** for VAT reclaim advice.

The following table shows the total capital funding profile for the preferred option:

Figure 6 – Draft Capital Funding Profile

	Prior Years	2025-26 £000	2026-27 £000	2027-28 £000	Total £000
Capital Costs	19	5,510			5,529
Capital Funding		5,529			5,529

4.3 Revenue

Significant additional revenue costs are already being incurred as a result of the closure of Cedar Ward. If these reinstatement works do not commence, the additional revenue costs will continue to grow and so this capital case allows these financial pressures to reduce to nil.

During the estimated 14 month works and commissioning programme, the estimated additional revenue costs are £3.171 million (£0.617m + £2.554m). Taith Newydd comprises two wards, Cedar and Rowan.

The transfer of Cedar Ward to Caswell Clinic has left Rowan Ward as an isolated patient area, necessitating an increase in staffing levels. The additional staffing costs during the period of the building works are estimated at approximately £0.617 million. These costs are already included in the Mental Health & Learning Disabilities financial position. They were originally included in a claim to the Welsh Risk Pool, but these have only been approved from the time of the fire in late November 2024 to the end of 2024 calendar year. A figure of £758k had been included in the claim. This is subject to challenge and ongoing discussions between the Health Board and the Welsh Risk Pool.

The reduction in capacity at Caswell Clinic due to the transfer of Cedar Ward has also impacted medium secure services, which are commissioned by the Joint Commissioning Committee (JCC). As a result, the JCC has had to commission placements in the private sector for patients who would otherwise have been admitted to Caswell Clinic. These additional commissioning costs are assessed at £2.554 million, based on the current rate at which it has not been possible to admit to date. The risk sharing around this is subject to further discussion with JCC.

The reinstatement of Cedar Ward predominantly reflects the original ward specification, with enhancements including improved compartmentation and the installation of a sprinkler system covering the bedrooms and non-clinical areas. The annual maintenance cost of the sprinkler system has been assessed at £3.7k, which can be managed within existing revenue resources. There are no additional staffing costs or non-pay costs associated with the reinstatement work.

4.4 Impact on the Balance Sheet and Impairment

The Health Board will engage the services of the District Valuer to provide a valuation of the scheme following completion, the final value attributed to the buildings will be on the Balance Sheet of the Health Board.

Figure 7 – Impact on the Balance Sheet and Impairment £000s

000s	2026-27	2027-28	2028-29	2029-30
Depreciation (DEL)		58	58	58
Impairment Initial Valuation (AME)	3,790			

At this stage the estimated AME Impairment on the initial valuation of £3.790m will need to be taken through the Health Board’s SOCNE in 2026/2027 [Note: following scheme completion, the fixed asset valuation will take place in the accounts of CTM Health Board as they own the building]. The Health Board would require funding from WGov and this will be included in the AME impairment funding submission to WGov in 2026/27.

The Health Board will require additional recurring depreciation of £0.058m from 2027/28

4.5 Overall Affordability

The Health Board would require capital investment of £5.529m (inclusive of recoverable VAT) from the Welsh Government.

5 THE MANAGEMENT CASE

5.1 Introduction

The section details the plans for the successful delivery of the scheme to cost, time and quality. The details are set out below.

5.2 Management Arrangements

To ensure successful project delivery, a robust project management reporting structure has been established. The structure is based on the Prince2 principles, with key members of the project team trained in Prince2 methodology:

- The Senior Responsible Owner (SRO) is Mark Parsons (Assistant Director of Capital Planning and Health & Safety)
- The Project Director is Gareth Barbour (Divisional Manager - Mental Health and Learning Disabilities), who has the authority and responsibility to manage delivery of the project on behalf of the key stakeholders. The Project Director reports via the Taith Newydd Reinstatement Project Board to the Project SRO.

5.3 Planning Permissions

A full planning permission application for the sprinkler tank were submitted to the Planning authorities on the 16th of July 2025. This application is considered low risk. Approval is anticipated during mid-September 2025. The local authority has advised of resource implication within the planning department, which may result in delayed approval.

The requirement for a Sustainable Drainage (SAB) application has been removed, as the sprinkler slab has been reduced to under 100m².

5.4 Contingency Plans

The Health Board can identify two major categories of project failure to achieve business case approval to deliver the project: Failure of the Main Contractor to deliver the project to time/quality. The contingency plan for the project in the event of failure to achieve business case approval is for the Health Board to continue to utilise other emergency placements whilst it revises its plans, working with WGov to develop an alternative solution that is acceptable.

Appendix A – Cost Form

Appendix B – Risk Register

Appendix C – (Draft) VAT Considerations Letter