Pwyllgor Cyllid a Pherfformiad/ Finance and Performance Committee

DYDDIAD Y CYFARFOD: **DATE OF MEETING:**	**27 OCTOBER 2026**
TEITL YR ADRODDIAD: **TITLE OF REPORT:**	All-Wales Capital Programme 2026/27, Capital Resource Limit and Capital Financial Management Update
CYFARWYDDWR ARWEINIOL: **LEAD DIRECTOR:**	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: **REPORTING OFFICER:**	Andrew Spratt, Deputy Director of Finance Peter Evans, Deputy Head of Capital and Special Projects

Pwrpas yr Adroddiad (dewiswch fel yn addas) **Purpose of the Report** (select as appropriate)
Er Gwybodaeth/ For Information

ADRODDIAD SCAA
SBAR REPORT

Sefyllfa / Situation

This report provides an update on the Health Board's 2026/27 capital programme and its management within the Capital Resource Limit (CRL). The current CRL totals £38.588m, comprising £30.501m for the All-Wales Capital Programme and £8.087m for the Discretionary Capital Programme. Expenditure to the end of September is £11.831m, leaving £26.757m to be delivered during the remainder of the financial year.

The report summarises the latest allocations, expenditure profile, scheme-level delivery risks and proposed deferrals, funding returns and other adjustments ahead of the formal October 2026 CRL submission to Welsh Government. It also sets out the monitoring arrangements in place to manage the risks associated with the back-loaded expenditure profile and the capacity constraints affecting delivery of existing commitments and any further capital opportunities.

Cefndir / Background

The CRL sets the maximum capital expenditure that the Health Board may incur in the financial year and is funded through the All-Wales Capital Programme (AWCP) and the Health Board's Discretionary Capital Programme (DCP). The programme supports major strategic schemes, statutory and safety requirements, infrastructure, digital investment and replacement equipment. Delivery is overseen through established capital governance arrangements, including the Capital Monitoring Forum, Capital Planning Group, individual project boards and regular review with Welsh Government.

The October reporting cycle is a key control point because the Health Board must confirm its year-end scheme forecasts to Welsh Government by the end of the month, after which the CRL is fixed except for any subsequently approved allocations. Current forecasts identify a net

£3.625m of scheme-level slippage, deferrals and funding returns for consideration as part of that exercise. These movements primarily reflect revised delivery timescales rather than changes to the underlying strategic need for the schemes.

The report therefore brings together the latest CRL amendments, expenditure performance, forecast risks, project updates and revenue consequences. This enables the Committee to assess whether the remaining programme is deliverable within 2026/27 and whether the proposed CRL adjustments appropriately manage the risk of over- or underspending.

Asesiad / Assessment

Capital Resource Limit 2026/27

The CRL for 2026/27 has been issued with the following allocations:

Allocation	£'m
All Wales Capital Programme (AWCP)	30.501
Discretionary Programme* (DCP)	8.087
Total	**38.588**

***The Health Board received DCP of £11.228m in 2026/27. A contribution of £2.011m has been made towards the Targeted Estates Fund schemes within AWCP and a contribution of £0.11m towards the refurbishment costs of Picton Terrace. A further £1.02m has been paid back to the AWCP to account for capital scheme slippages in 2025/26.**

Since the last report the following amendments have been made to the CRL:

Scheme	£m	Description
Estates Backlog Funding	0.844	Funding for power supply security improvements at Prince Philip Theatres
Digital Backlog Funding	0.350	To fund data centre air conditioning replacement and digital infrastructure at Elizabeth Williams Clinic
Fire Safety Works Phase 2 – South Pembrokeshire Hospital	0.506	First year of funding phased over two years to address Letters of Fire Safety issues at South Pembrokeshire Hospital
Cross Hands H&WBC (Health and Wellbeing Centre)	1.699	Funding for the Business Case for the Cross Hands H&WBC
DPIF - Electronic Prescribing and Medicines Administration (ePMA)	0.599	For the purchase of equipment as part of the continuing roll out of ePMA
Total	**3.998**	

Capital Expenditure Plan

The following table shows the capital expenditure plan for 2026/27 with expenditure incurred to date:

Scheme	Planned Spend 2026/27 £m	Cumulative Spend Apr–Sep £m	% spent Apr–Sep	Spend Sep £m	Remaining balance £m
AWCP					
Withybush - Fire Enforcement and Associated Works - Phase 2	4.034	1.593	39.5%	0.298	2.441

Bronglais - Fire Precaution Upgrade Works - Fees	0.741	0.508	68.6%	-0.050	0.233
Year End Funding – October 2024 – Pentre Awel	0.250	0.016	6.4%	0.003	0.234
Aseptic Unit, Withybush Hospital	2.363	1.129	47.8%	0.244	1.234
TEF - Fire	0.645	-0.011	-1.7%	0.004	0.656
TEF - Infrastructure	5.215	1.544	29.6%	0.512	3.671
TEF - Decarbonisation	1.699	0.091	5.4%	0.012	1.608
TEF - Mental Health	0.759	0.350	46.1%	0.170	0.409
TEF - Decontamination	0.157	0.152	96.8%	0.012	0.005
Decarbonisation Project	5.416	4.051	74.8%	0.236	1.365
Diagnostics equipment - DEXA scanner	0.628	0.035	5.6%	0.002	0.593
Major Infrastructure Investment Plan, Phase 1 BJC Fees	0.834	0.225	27.0%	0.062	0.609
Commercial Research Delivery Equipment Call Funding	0.024	0.018	75.0%	0.000	0.006
Mental Health Quality and Safety Schemes 2026-27	0.515	0.031	6.0%	0.004	0.484
Carmarthen Hwb - Equipment and Fit-out costs	1.385	0.138	10.0%	-0.089	1.247
Fishguard Health and Wellbeing Centre	1.513	0.000	0.0%	0.000	1.513
Bandi Children Centre	0.325	0.011	3.4%	0.002	0.314
Estates Backlog Funding	0.844	0.000	0.0%	0.000	0.844
Digital Backlog Funding	0.350	0.000	0.0%	0.000	0.350
Fire Safety Works Phase 2 – South Pembrokeshire Hosp	0.506	0.000	0.0%	0.000	0.506
Cross Hands H&WBC (Health and Wellbeing Centre)	1.699	0.229	13.5%	0.013	1.470
DPIF - Electronic Prescribing and Medicines Administration (ePMA)	0.599	0.000	0.0%	0.000	0.599
Sub-total AWCP	**30.501**	**10.110**	**33.1%**	**1.435**	**20.391**
Discretionary					
I.T.	1.100	0.523	47.5%	0.099	0.577
Equipment	3.292	0.392	11.9%	0.065	2.900
Statutory Compliance	0.450	0.136	30.2%	0.032	0.314
Estates	2.912	0.493	16.9%	-0.006	2.419
Other	0.333	0.177	53.2%	0.065	0.156
Sub-total Discretionary	**8.087**	**1.721**	**21.3%**	**0.254**	**6.366**
TOTAL	**38.588**	**11.831**	**30.7%**	**1.689**	**26.757**

*Negative in-month expenditure and the related negative cumulative percentage for Targeted Estates Fund (TEF) Fire reflect cost reclassification and VAT recovery rather than a reversal of scheme delivery.

Further details on the revenue consequences of these schemes are noted in Appendix 1.

Confirmation of CRL by end of October 2026

At the end of September, cumulative expenditure is £11.831m, representing 30.7% of the £38.588m programme. A further £26.757m, or 69.3% of planned expenditure, therefore remains to be delivered during the final six months of 2026/27. This back-loaded profile is consistent with the pattern experienced in 2025/26 and increases the risk of late slippage, reduced flexibility to redeploy funding and an over- or underspend against the fixed CRL.

The Health Board is required to submit its formal confirmation of year-end capital scheme forecasts to Welsh Government by the end of October 2026. This submission will include the proposed scheme deferrals, funding returns and other CRL adjustments set out in this report. Following the October exercise, the CRL will be fixed for the remainder of the financial year, except where Welsh Government subsequently approves additional funding allocations or other formal amendments.

Once the CRL is fixed, the Health Board's ability to manage emerging over- or underspends through changes to scheme allocations becomes more constrained. This risk is heightened by the concentration of planned expenditure in the latter part of the year, when delays in procurement, delivery, commissioning or operational availability may leave limited time to implement corrective action or redeploy funding.

A number of risks to All Wales schemes fulfilling current funding levels have been identified which will need to be considered carefully when fixing the CRL:

Capital Scheme	Risk Description	£m
Withybush - Fire Enforcement and Associated Works - Phase 2	This is a multi-year project with completion expected in 2027/28. The cashflow forecast for the year indicates that expenditure will be £1.195m below the current CRL figure; this represents a re-profiling of expenditure into 2027/28 rather than a forecast project underspend.	(1.195)
TEF Decarbonisation	The PPH Solar Farm project is now discontinued. The current year CRL included £0.575m for this project; £0.3m has been reallocated to other TEF Decarbonisation schemes, and the remainder has been requested to transfer to support the TEF Infrastructure – Generators schemes.	(0.245)
TEF Infrastructure	An increase in forecast cost of £0.245m is requested, funded from the discontinued solar farm project. Of this amount, £0.190m is expected to be incurred in 2027/28, resulting in a net increase of £0.055m in the 2026/27 requirement.	0.055
Decarbonisation Project	The project is expected to underspend by £0.25m with completion forecast in February 2027. The project team is requesting to return this funding.	(0.250)
Carmarthen Hwb	This is a Carmarthenshire County Council-led scheme, and final commissioning is now expected to conclude in Quarter 1 of 2027/28.	(0.270)
Aseptic	Scheme completion is now expected in Quarter 1 2027/28, therefore funding is requested to be deferred.	(0.320)
Fishguard Health and Wellbeing Centre	Due to difficulty in identifying suitable land to purchase to develop the building, the development of the business case is not progressing in line with expectations therefore funding is requested to be deferred to 2027/28.	(1.4)
Total		**(3.625)**

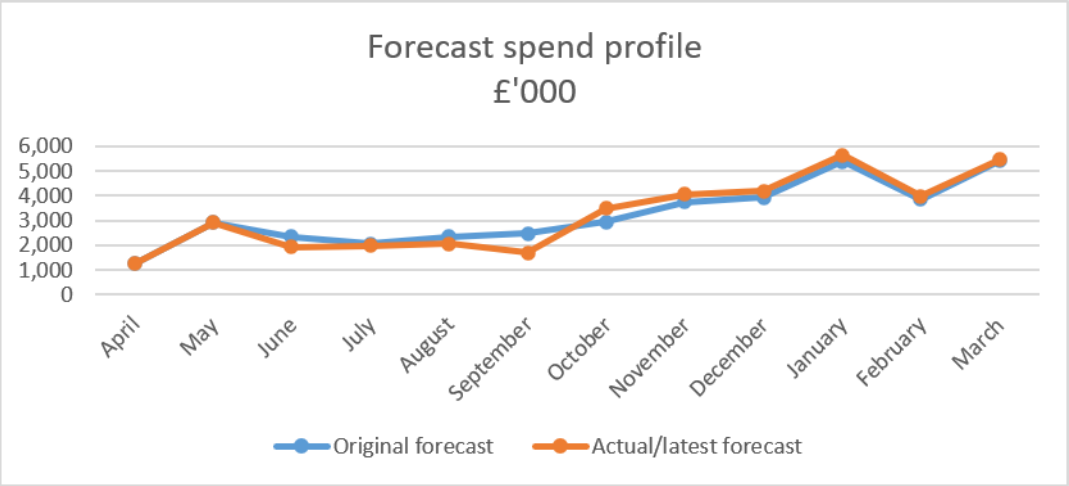
Expenditure Profile Forecast

The forecast indicates that expenditure will remain broadly consistent until December 2026, before increasing significantly between January and March 2027. With 69.3% of the programme remaining to be delivered after September, the profile is materially back-loaded and reflects the pattern experienced in 2025/26. This creates increased delivery risk and reduces the time available to respond to slippage. September expenditure was approximately £0.8m below forecast for the following principal reasons:

- Decarbonisation project - £0.24m below forecast – the project is now expected to underspend and £0.25m is to be requested to return to WG. The project is expected to complete February 2027.
- Bronglais Fire Upgrade fees - £0.14m below forecast – there has been a slight delay to programme; however, completion of the business case is still expected within the financial year
- Carmarthen Hwb - £0.16m below forecast; as noted above there is an expected delay to completion of commissioning, and a request to defer funding will be made as part of the October CRL fixing exercise

The remainder of the difference is due to several other smaller variances whereby the profile of expenditure as forecast at the start of the year has changed.

Progress will be monitored monthly through the established capital governance arrangements, with corrective action taken where material slippage is identified. Monitoring will include scheme-level delivery milestones, procurement and commissioning dependencies, workforce capacity and opportunities to redeploy funding. Given existing commitments and the concentration of activity later in the year, any proposal to submit further capital bids will be assessed against the capacity of project, procurement, digital, estates, finance and operational teams to deliver within the required timescale.



Capital Scheme Updates (Schemes greater than £1m)

Withybush Fire Enforcement and Associated Works – Phase 2
Phase 2 of the major Fire Precaution Upgrade works started on site in January 2026, with programme completion expected October 2027. The latest expenditure forecast for the year is below the current CRL allocation, therefore funding will be deferred as part of the October fixing process.

Bronglais Fire Precautions Upgrade Works - Fees
A business case is in development for fire precaution upgrade works to the Main Hospital building and Core Blocks. This is due to be submitted to Welsh Government at the end of 2026.

Aseptic Unit – Withybush Hospital
A sustainable compliant Aseptic Unit will be built at Withybush Hospital in advance of the development of a South-West Regional Aseptic Unit. This will ensure that the facilities and delivery of aseptic services within Hywel Dda will meet the required regulatory standards. Completion of the project is now expected to be delayed until the 2027/28 year, therefore a request to defer funding in respect of this delay will be made to WG as part of the October CRL fixing process.

Decarbonisation Project
Funding has been provided towards several energy performance improvements across Health Board sites. The scheme is progressing well with an expected completion date of February 2027. The project team have advised that the scheme is forecast to underspend against the allocation by £0.25m, therefore a request to return this funding will be made as part of the October CRL fixing exercise.

Carmarthen Hwb
This project is led by Carmarthenshire County Council, in partnership with the Health Board and University of Wales Trinity St David. A number of services will be co-located within the building which are currently being delivered across a number of different locations.
Funding has been provided to the Health Board for equipment, furniture and digital items. Occupation of the building is forecast to occur in March 2027. There is a risk that some expenditure related to commissioning will slip into the next financial year, this has been flagged to WG. A request to defer funding will be made as part of the October CRL fixing exercise.

Fishguard Health and Wellbeing Centre
Fees have been received to develop a business case for an Integrated Health and Wellbeing Centre in Fishguard, working in partnership with Pembrokeshire County Council and other Public Service Board partners. This will include a longer-term solution for the existing Fishguard Healthcare Centre and support local delivery of services for the North Coastal Integrated Community Network. Due to difficulty in identifying suitable land to purchase to develop the building, the development of the business case is not progressing in line with expectations; therefore, a request to defer funding will be made as part of the October CRL fixing exercise.

Bandi Children's Centre
A business case is being produced to redevelop a Children's Centre in the Carmarthen area in partnership with Carmarthenshire County Council and the Bandi Charity Trustees. This would create a multipurpose facility to develop outpatients and day care services for children with medical and disabling conditions.

Cross Hands Health and Wellbeing Centre
Funding of £1.699m has been provided to complete the business case for the Cross Hands Health and Wellbeing Centre.

Argymhelliad / Recommendation

The Finance and Performance Committee is asked to:

- **NOTE** the current capital programme position and the proposed scheme deferrals, funding returns and other adjustments that will inform the Health Board's formal October 2026 CRL submission to Welsh Government;
- **NOTE** the heightened delivery risk arising from the majority of the remaining capital expenditure being profiled into the latter part of the financial year, consistent with the back-loaded expenditure pattern experienced in 2025/26, and the consequent need for close monthly monitoring and timely corrective action;
- **NOTE** that the Health Board's ability to develop and deliver further bids for additional capital funding during 2026/27 is constrained by the capacity of project, procurement, digital, estates, finance and operational teams, given existing commitments and the concentration of delivery activity later in the year; and
- **NOTE** that the programme will continue to be actively managed within the confirmed CRL, with material slippage, emerging risks and any opportunities for further investment reported promptly through the established governance arrangements.

Amcanion: (rhaid cwblhau) **Objectives: (must be completed)**	
Cyfeirnod Cylch Gorchwyl y Pwyllgor: Committee ToR Reference:	3.1.5 Receive assurance on the delivery of the financial plan. This will be achieved through scrutiny of the monthly finance report. This report shall ensure clarity in: 3.1.5.3 Performance against other financial metrics, such as cash management, capital management and Public Sector Payment Policy.
Cyfeirnod Cofrestr Risg Datix, Teitl a Sgôr Risg Cyfredol: Datix Risk Register Reference and Score:	Corporate Risk 1196 - not be able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure we have appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. Score 16
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	6. All Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable

Nodau Cynllunio 2026/27 Planning Goals 2026/27	All Planning Goals Apply
Hypergyswllt i Amcanion Llesiant HDdUHB 2026 Hyperlink to HDdUHB Well-being Objectives 2026	9. All HDdUHB Well-being Objectives apply
Model Cymdeithasol ar gyfer Iechyd a Llesiant: (wedi'i gwblhau ar gyfer newid strategol a/neu newidiadau sylweddol i wasanaethau) A Social Model for Health and Wellbeing: (*complete for strategic change and/or significant service changes)*	Not Applicable
Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Capital Allocation and prioritisation process. Capital Investment procedure and all relevant Welsh Government guidance.
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the main body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y cyfarfod hwn: Parties / Committees consulted prior to this meeting:	Capital Monitoring Forum Capital Planning Group Individual Project Boards of Capital Schemes Welsh Government Capital Review Meeting Capital Sub-Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Capital values noted within the report. Included within individual business cases and Capital prioritisation process.
Ansawdd / Gofal Claf: Quality / Patient Care:	Included within individual business cases and Capital prioritisation process
Gweithlu: Workforce:	Included within individual business cases and Capital prioritisation process
Tegwch Iechyd: Health Equity:	Included within individual business cases and Capital prioritisation process
Risg: Risk:	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB

Cyfreithiol: **Legal:**	Included within individual business cases and Capital prioritisation process
Enw Da: **Reputational:**	Included within individual business cases and Capital prioritisation process
Gyfrinachedd: **Privacy:**	Included within individual business cases and Capital prioritisation process
Cydraddoldeb: **Equality:**	Included within individual business cases and Capital prioritisation process