



## Strategy Property & Environmental Task Force Group

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	04 August 2025
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Property Lease Arrangements - Update
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Lee Davies, Executive Director of Strategy and Planning
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Paul Williams, Head of Property Performance Stuart Irwin, Senior Property Surveyor

### Pwrpas yr Adroddiad (dewiswch fel yn addas)

#### Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

### ADRODDIAD SCAA

#### SBAR REPORT

##### Sefyllfa / Situation

The Hywel Dda University Health Board (HDDUHB) has developed a Property Asset Strategic Plan (the Strategic Plan) to provide an overview of the Health Board's baseline estate portfolio and a summary of the proposed and planned strategic estate developments and linked disposals. This Plan was endorsed by the Board on 25 May 2023 and remains a working document.

This report updates the group on the property lease and contract variations arrangements being arranged within the current financial year.

The Group is requested to review prior to seeking Committee and Board approval to these arrangements as set out within the report.

##### Cefndir / Background

A report providing an update on the status of the property arrangements was tabled, and the recommendations contained within.

In line with Health Board Standing Orders (SO 9.0.1), any transfers of land and lease agreements must have the Health Board seal applied after the Board has determined it shall be sealed, or if a transaction to which the document relates has been approved by the Board.

SO 9.2.2 provides that the Chief Executive or nominated officers may be authorised by the Board to sign on behalf of the Local Health Board (LHB) any agreement or other document (not required to be executed as a deed) where the subject matter has been approved either by the Board or a Committee to which the Board has delegated appropriate authority.

##### Asesiad / Assessment

This section sets out the background, current position, and the details of each transaction to inform the decision:

- **Llynyfran Surgery, Llandysul**

**Background** - Works are on-going to establish a new approach to delivering Primary Care General Medical Services (GMS), Community and Mental Health services within the Llandysul area.

Utilising the Llynfrfan surgery premises, Community and Mental Health services will be working alongside Primary Care GMS services providing an overarching one stop shop for clinical and mental health needs within the community.

This model of service delivery will enable more joined up working and will also enable HDdUHB to rationalise ineffective leasehold estate within the locality with the proposed disposal of the Teifi surgery Community Base.

**Risk overview** – High risk status – Failure to approve the progression of this arrangement via the Service Level Agreement (SLA) will impose significant financial pressures on the Ceredigion County Team if the Teifi Surgery lease is retained. There is also the potential for a dilapidation claim at end of lease.

**Financial** – The completion of this new arrangement will enable the termination of a current leasehold property reducing costs by circa £39.5k per annum in rent alone. It should be noted that the Ceredigion County Team are currently funding the occupancy costs of both Teifi Surgery and Llynfrfan Surgery which is unsustainable.

**Decision** – The approval of this scheme is being arranged via the Ceredigion Management Team. The Task Force group are asked to review prior to this being tabled at Executive Team to seek endorsement. A decision on whether this requires Board approval will need review as a new SLA and termination of an existing lease at Teifi Surgery.

- **50 Office desk space, Rheidol, Aberystwyth**

**Background** – A Tenancy at Will (TAW) was completed by the Health Board with Ceredigion County Council in May 2024. This arrangement enabled the Bronglais Hospital Management Team (BGHMT) to relocate non-clinical staff off the Bronglais site to facilitate the development of the BGH Chemotherapy Unit, and to maximise clinical space at the Bronglais site in general.

The initial TAW was a short-term interim measure to enable the BGHMT to relocate staff off the Bronglais site swiftly. Longer term the Health Board will need to progress with a full lease arrangement, which will provide additional security for the Health Board's continued occupation of Canolfan Rheidol. The terms of the agreement reflect the basic TAW arrangement and are set out as follows:

**Proposed Lease**

- Term - Three years commencing on 1 May 2024 and ending on 30 April 2027.
- Rent - £69,190k per annum, Ceredigion County Council have opted not to apply VAT.
- Service Charges - The Health Board is liable for utilities, business rates, cleaning and maintenance etc., the Health Board's liability for all service charge costs is apportioned at 17%

**Risk overview** – Low risk status. Entering into a lease agreement will provide the Health Board with more security going forward.

## **Financial:**

- Rent - £69.190k per annum (VAT not applied by Ceredigion County Council).
- Operating cost including Utilities, Cleaning, Maintenance, Business Rates etc., at £80.900k.

**Decision** – The approval of this scheme is being arranged via the Ceredigion Management Team. The Task Force group are asked to review prior to this being tabled at Executive Team to seek endorsement prior to Board submission to agree the completion of the new lease arrangement.

- **Hafan Y Waun - Y Bwa**

**Background** – To enable the medical block re-roofing works at BGH and the associated fire safety improvement and ward refurbishment works to Meurig Ward, an interim decant ward facility needed to be established.

This led to the current use of a step-down bed facility at Y Bwa, part of the Local Authority's Hafan Y Waun premises in Aberystwyth.

Initially the intention was to agree a TAW to enable immediate occupation subject to minor adaptation works which the Local Authority were contracted to undertake. Any longer-term usage would then be subject to approval of a formal lease agreement. The terms of the TAW were finalised and the agreement drafted but this was not completed between parties, but as an occupied site with charges the following terms applied to the occupation:

### **Proposed Lease**

- Term – Initial twelve weeks commencing on 22 July 2024.
- Rent - £3.443k per week excluding VAT.
- Break Clause – Two weeks effective notice from the expiry of the initial twelve week term.

**Decision** – The Task Force group should note that the BGHMT are currently reviewing the continued use of Y Bwa and are preparing to submit a separate report outlining the longer term requirements.

- **Llys Aur, Dafen, Llanelli.**

**Background** – The Carmarthenshire County Team in the Llanelli area currently occupy the County Council's East Gate premises as their primary service base in Llanelli.

Unfortunately, due to the significant cost pressures associated with this occupancy, the unsuitable location and the risk implications this has on Hywel Dda University Health Board (HDdUHB) staff working out of hours and the general condition of the building, alternative accommodation has been requested.

A scoping exercise was undertaken through NHS Wales Shared Services Partnership (NWSSP) which has resulted in the initial progression of a lease arrangement at premises in Dafen.

The Llys Aur property offers accommodation for between 50-60 desks and has potential future scope to expand. The site is conveniently located in the Dafen area and provides good access to Llanelli town centre and surrounding areas. There is limited car parking on site, however, additional parking has been identified within close proximity to the unit.

Through a working group the Community Management team will explore the option of relocating staff from other HDdUHB sites, including Llangennech and Elizabeth Williams (admin functions). Approval in principal has been obtained by the team to progress with due diligence and legal work.

#### Proposed Lease

- Term – Ten years commencing from the date of the agreement.
- Rent - £42.160k per annum exclusive of VAT.
- Service Charge – Liable for a fair proportion of a service charge levy (currently £3.000k per annum excluding VAT).
- Break Option – Option to break the lease at years three and five on providing twelve months notice.
- Other Costs – The tenant will be liable for Business Rates, Utilities and Cleaning.

#### Financial

The 2024/25 cost estimate for the occupation of the East Gate premises was reported at circa £220k (Circa £140k for 58 desks plus car parking costs). The proposed estimated costs linked to Llys Aur amount to circa £150k per annum (this cost subject to agreed terms), this includes rental costs for both the unit and additional car parking arrangement, services charges, business rates, utilities, maintenance and cleaning etc.

**Decision** - The Task Force group are asked to note the above position. Further updates to be provided as this project is progressed.

- **Unit 4 Llangennech**

**Background** – The Health Board’s medical records storage facilities are located at two main sites within the Llanelli area including Unit 4 Stradey Business Park, Llangennech and Unit 3 Heol Cropin, Dafen.

**Unit 4 Stradey Business Park** – The Health Board first occupied Unit 4 in February 2010 and has been established as the Health Board’s medical records storage facility. To retain use of the premises, significant investment will be required to bring the unit up to a standard to enable the service to remain in occupation.

**Unit 3 Heol Cropin, Dafen** – Additional medical records storage capacity was required due to the need to retain records for longer periods. Unit 3 offered the Health Board greater capacity and the space to progress in-house digitisation of the Health Board’s medical records. HDdUHB have been in occupation through a ten year lease arrangement which commenced on 28 March 2022.

An opportunity to consolidate record storage at Dafen, in an adjacent unit, has arisen and is currently under consideration by the service.

**Unit 2a Heol Cropin, Dafen** - Since August 2021 Unit 2a has been utilised by Public Health Wales as a COVID-19 test and vaccination centre for the Llanelli area. More recently it has also been used to facilitate the Phlebotomy service, this is a stop gap measure until Phlebotomy relocates to Pentre Awel in early 2026.

The availability of Unit 2a provides the Medical Records service an opportunity to consolidate record storage at one site in Dafen. Co-locating medical records storage at Units 2a and 3 Heol Cropin, Dafen provides HDdUHB with a number of benefits including:

- Reduced transportation costs between sites.
- Increased storage capacity.
- Consolidation of staff at one site.
- Aid progression of digital scanning programme.
- Provides an improved leasehold estate.

**Current Lease Arrangement – Unit 4 Stradey Business Park, Llangennech**

- Term – Ten years commencing on 26 February 2020.
- Rent - £49.596k per annum excluding VAT.
- Break Clause – Six months’ notice.

**Current Lease Arrangement – Unit 2a Heol Cropin, Dafen**

- Term – Currently holding over until 31 March 2026.
- Rent - £68.420k per annum excluding VAT.

**Decision** – The Task Force group are asked to note the above position. Further updates to be provided as this project is progressed.

**Argymhelliad / Recommendation**

The Strategy Property & Environmental Task Force Group (SPETFG) is asked to:

- **RECEIVE ASSURANCE** from the progress and current status of the estate delivery plans and to seek direction on next steps.
- **NOTE** the priority estate plans being delivered in 2025/26 and early 2026/27.
- **NOTE** that the Strategy is to be updated in 2026/27, this will be aligned to the Health Board’s refreshed clinical and estate strategic plans, reflecting the period 2026 – 2030

**Amcanion: (rhaid cwblhau)**

**Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	Property Asset Strategic Plan - Board endorsed May 2023
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality <a href="#">Quality and Engagement Act (sharepoint.com)</a>	7. All apply
Galluogwyr Ansawdd: Enablers of Quality: <a href="#">Quality and Engagement Act (sharepoint.com)</a>	Not Applicable

Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	8 Estates plans
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022</a>	1. Plan and deliver services to increase our contribution to low carbon

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Board endorsed Property Asset Strategic Plan
Rhestr Termau: Glossary of Terms:	Contained in the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Datblygu Strategol a Chyflenwi Gweithredol: Parties / Committees consulted prior to Strategy and Planning Committee:	Not Applicable

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Linked to capital and revenue delivery plans
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Improved quality of service and access.
<b>Gweithlu: Workforce:</b>	Improved quality of workforce environments
<b>Risg: Risk:</b>	Carbon impact, infrastructure and financial.

<b>Cyfreithiol: Legal:</b>	Subject to legal review of contracts.
<b>Enw Da: Reputational:</b>	Links to organisational responsibilities for decarbonisation and the estate performance.
<b>Gyfrinachedd: Privacy:</b>	Works being arranged in patient environments.
<b>Cydraddoldeb: Equality:</b>	Subject to future review but may not be required.