

**PWYLLGOR STRATEGAETH A CHYNLLUNIO
STRATEGY AND PLANNING COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	26 February 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Capital Programme for 2025/26 and Capital Governance Update Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies, Executive Director of Strategy and Planning
SWYDDOG ADRODD: REPORTING OFFICER:	Eldeg Rosser, Head of Capital Planning

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

This report is presented to the Strategy and Planning Committee (SPC) to:

- Update on the 2025/26 Capital Programme and Capital Resource Limit (CRL) for 2025/26
- Update on the allocation of the Discretionary Capital Programme (DCP) for 2025/26
- Updated on the planning of the allocation of DCP for 2026/27
- Notify the SPC of the contracts that may require sealing
- Provide a capital schemes governance update
- Update from Capital Sub-Committee (CSC)

Cefndir / Background

This report provides an update on the 2025/26 DCP. It follows on from the report and discussion at the SPC meeting held on 18 December 2025 and the CSC meeting held on 15 January 2026.

The available capital allocation for 2025/26 will provide Hywel Dda University Health Board (HDdUHB) with a significant challenge and risk in trying to address the historical backlog in:

- Medical and non-medical equipment
- Informatics and Digital infrastructure and equipment
- Estates, statutory and infrastructure

Risk

The corporate risk 1196 states:

There is a risk the Health Board is not able to provide safe, sustainable, accessible and kind services. This is caused by insufficient investment to ensure appropriate facilities, medical equipment and digital infrastructure of an appropriate standard. This could lead to an impact/effect on the Health Board's ability to deliver its strategic objectives, service

improvement/ development, statutory compliance (i.e., fire, health and safety) and delivery of day-to-day patient care.

Discretionary Allocation Use

The terms of the Discretionary Capital Allocation letter from Welsh Government (WG) state:

Discretionary capital is that allocated directly to NHS organisations for the following priority obligations across all healthcare settings: Meeting statutory obligations, such as health and safety and Firecode; maintaining the fabric of the estate; and the timely replacement of equipment.

The prioritisation process for DCP includes representation from Executive portfolios at the Capital Planning Group (CPG) which reports to the CSC, and the position set out is consistent with that reported to the Sustainable Resources Committee (SRC).

Asesiad / Assessment

Capital Resource Limit 2025/26

The CRL for 2025/26 has been issued with the following allocations:

Allocation	£m
All Wales Capital Programme (AWCP)	33.360
Discretionary Programme* (DCP)	6.850
IFRS 16 Leases	1.877
Total	42.087

*The Health Board received DCP of £10m in 2025/26. A contribution of £2.205m has been made towards the Targeted Estates Fund schemes within AWCP. A further £0.945m has been paid back to the AWCP to account for capital scheme slippages in 2024/25.

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

Scheme	£m	Description
Bronglais Hospital (BGH)- Fire Precaution Upgrade Works - Fees	0.285	Funding for fees on preparing the business case for Fire Upgrade work at BGH
Major Infrastructure Investment Plan, Phase 1 BJC Fees	0.100	Funding for fees for production of the first tranche of business cases in the Major Infrastructure programme
End of Year Funding 2025-26	1.294	A tranche of End of Year funding relating to several estates and equipment items
Ultrasound Replacement	0.220	Funding for two ultrasound machine replacement
End of Year Digital Funding - December 2025	0.450	A tranche of End of Year funding for Digital items
End of Year Estates and Equipment Funding - December 2025	1.067	A further tranche of End of Year funding relating to several estates and equipment items
End of Year Funding – January 2026	0.809	A further tranche of End of Year funding relating to several estates and equipment items
End of Year Digital Funding - January 2026	0.300	A further tranche of End of Year funding relating to digital expenditure

End of Year Estates Funding – January 2026	0.207	A further tranche of End of Year funding relating to several estates and equipment items
Backlog Maintenance 2024/25	(0.210)	Reduction in allocation due to underspend against BGH Lift Shaft scheme
IFRS16 – 2025-26 Tranche 2	0.850	Funding for new and renewed leases entered into through to December 2025
Total	5.372	

Capital Expenditure Plan

The following table shows the capital expenditure plan for 2025/26 with expenditure incurred to date.

Scheme	Planned Spend 2025/26 £m	Cumulative Spend Apr-Jan £m	Spend Jan £m	Remaining balance £m
AWCP				
Glangwili Hospital (GGH) - Fire Enforcement works - Phase 2 - Fees	0.779	0.825	0.041	-0.046
Backlog Maintenance – (slippage from 2024-25)	1.004	0.707	0.125	0.297
Aberystwyth Sexual Assault Referral Centre (SARC)	1.875	1.678	0.001	0.197
Block C, Picton Terrace, Carmarthenshire	2.488	1.965	0.250	0.523
Diagnostic Equipment – Wthybush Hospital (WGH) Fluro and Chilled Water Plant	2.570	2.003	0.263	0.567
Estates Funding Advisory Board (EFAB) - Infrastructure	0.127	0.008	0.000	0.119
End of year (EOY) Funding 2024/25 – (Pentre Awel)	0.150	0.131	0.009	0.019
Targeted Estates Fund (TEF) - Fire	0.570	0.114	0.038	0.456
TEF - Infrastructure	2.294	0.261	0.031	2.033
TEF - Decarbonisation	0.050	0.000	0.000	0.050
TEF - Mental Health	1.684	0.041	0.003	1.643
TEF - Infection Prevention Control	0.569	0.437	0.018	0.132
TEF - Decontamination	0.546	0.382	0.165	0.164
Carmarthen Hwb - Equipment and Fit-out costs	2.318	0.150	0.073	2.168
Fishguard Health and Wellbeing Centre	0.067	0.047	0.005	0.020
Digital Priorities Investment Fund (DPIF) - Digital Maternity Cymru System Programme 2025/26	0.198	0.059	0.006	0.139
Non-Radiology Ultrasound Replacement	0.761	0.406	0.000	0.355

DPIF – (Radiology Informatics System Procurement (RISP))	0.429	0.429	0.000	0.000
Aseptic Unit, WGH	1.753	0.709	0.259	1.044
Gamma Camera Upgrade, WGH	0.481	0.009	0.000	0.472
Mental Health Quality and Safety Schemes	1.317	0.038	0.000	1.279
Magnetic Resonance Imaging (MRI) Upgrade, GGH	1.324	0.021	0.000	1.303
Radiology Ultrasound Replacement, PPH	0.138	0.000	0.000	0.138
Hospital Helicopter Landing Sites	0.030	0.010	0.000	0.020
WGH - Reinforced Autoclaved Aerated Concrete (RAAC) VAT Recovery	-0.900	0.000	0.000	-0.900
EFAB VAT Recovery	-0.394	0.000	0.000	-0.394
Same Door Emergency Care (SDEC) Front Door Project, GGH	2.096	0.781	0.377	1.315
Fire Enforcement WGH - Phase 2	0.912	0.420	0.161	0.492
Decarbonisation Project	2.231	0.000	0.000	2.231
DPIF - Connecting Care	0.653	0.000	0.000	0.653
End of Year Digital Funding 2025-26	0.630	0.001	0.001	0.629
BGH - Fire Precaution Upgrade Works - Fees	0.285	0.008	0.008	0.277
Major Infrastructure Investment Plan (MIIP), Phase 1 BJC Fees	0.100	0.000	0.000	0.100
End of Year Funding 2025-26	1.539	0.764	0.014	0.775
Ultrasound Replacement	0.220	0.000	0.000	0.220
End of Year Digital Funding - December 2025	0.450	0.239	0.239	0.211
End of Year Estates and Equipment Funding - December 2025	1.067	0.202	0.202	0.865
End of Year Funding – January 2026	0.809	0.000	0.000	0.809
End of Year Digital Funding - January 2026	0.300	0.000	0.000	0.300
End of Year Estates Funding – January 2026	0.207	0.035	0.035	0.172
Sub-total AWCP	33.727	12.880	2.324	20.847
Discretionary				
IT	2.919	0.814	0.141	2.105
Equipment	1.593	1.129	0.389	0.464
Estates – Statutory	0.450	0.240	0.038	0.210
Estates Infrastructure	1.196	0.853	0.044	0.343
Mental Health	0.060	0.000	0.000	0.060
Other	0.265	0.267	0.049	0.000
Sub-total Discretionary	6.483	3.303	0.661	3.182
IFRS 16	1.877	1.877	0.850	0.000
TOTAL expenditure	42.087	18.060	3.835	24.029

Financial Risks associated with Capital Schemes in 2025/26

Significant spend profiled in period February and March 2026

There is a significant level of spend remaining in February and March 2026.

There are a number of contributory factors to this including planned programmes of work in Quarter (Q) 4 and the approval of WG capital funding in the latter half of the financial year, nonetheless, given the significant value and volume of schemes to be delivered the risk profile has been increased.

Expenditure plans are being closely monitored to ensure that if there are any risks identified, mitigating measures are put in place to ensure that capital spend is maximised.

Risk 2204

A risk has now been placed on our operational risk register to reflect the risk of underspending against our CRL.

Discretionary Capital Allocation (DCP)

2025/26

HDdUHB's Discretionary Capital Allocation for 2025/26 increased to **£10.000m**, an increase of almost 35% on the 2024/25 level. Whilst this news was positive, it needs to be considered in the context of a combined backlog of c£300m across the estate, medical equipment and IM&T.

The current estimated value of the backlog is:

- £266m Estates backlog
- £26.6m Medical Devices
- £15-£18m Digital backlog

The following split of allocations was agreed by the Board in March 2025.

Discretionary Capital Programme 2025/26	
	£m
Pre-Commitment	3.959
Business Case Development	0.400
Capital Support	0.200
Contingency Reserve	1.000
Opportunity risks	0.941
Spend to Save	0.300
Refurbishment of clinical areas	1.000
Statutory and estates programme	0.450
Equipment	0.500
Digital	0.500
Allocation via matrix	0.750
Total	10.000

As additional allocations become available during the year through VAT recovery and other opportunities, the use of these allocations will be reviewed and reported.

Additional allocations

HDdUHB has received the following additional funding in year from WG for:

- **Radiology Replacement equipment**

Confirmation has now been received of the following funding:

- Nuclear Medicine equipment upgrade WGH - £0.481m
- Upgrade MRI in GGH - £1.324m
- Ultrasound replacement PPH - £0.138m

- **Ultrasound Scanners outside of radiology**

HDdUHB has been awarded £0.761m of funding to progress with the procurement of the 10 scanners.

- **Accelerating TEF schemes from 2026/27**

HDdUHB has submitted a schedule of bids that can be brought forward from 2026/27 and delivered in 2025/26 to WG. Confirmation that HDdUHB will receive an additional £0.704m funding from WG in 2025/26 has been received.

WG is also considering the funding of additional TEF schemes which can be brought forward from 2026/27 into 2025/26.

- **Mental Health Estates Targeted Improvements Bids**

Confirmation that £1.381m of funding has been made available for the schemes listed below has been received.

- **End of Year 2025/26**

Confirmation from WG of the following allocations has been received

- Digital Capital Investment for wi-fi upgrade - £0.630m
- Estates improvement works - £1.294m
- Additional Ultrasounds - £0.220
- Digital - £0.450m
- Estates and equipment - £1.067m
- End of year - £0.809m
- Digital - £0.300m
- Estates - £0.207m

Use of Contingency

The original allocation of £1.000m contingency has been increased during the year with additional VAT recovery associated with DCP schemes, underspends on precommitment from previous years and a review of slippage and current scheme expenditure profiles. The current schedule of expenditure now totals £2.656m and is detailed in Annex 1.

2026/27

As part of the capital planning cycle the Capital Planning Team have circulated the capital themed risk registers to the relevant capital leads to assist them with the prioritisation of projects:

- Digital Director
- Deputy Director of Operations
- Director of Estates or nominated deputy
- Members of Capital Planning Group

With these risks in mind the Capital Planning Group, which has representation from the Operational Directorates, Digital Team and Estates has considered the distribution of the 2026/27 DCP allocation.

This consideration noted that the current level of DCP resource available will not enable HDdUHB to mitigate all the capital risks that are currently highlighted on the Health Board's risk registers as capital themed risks.

The current planning assumption is that the DCP allocation for 2026/27 will remain at £10.000m

We already have the following known pre-commitments against the 2026/27 and future year allocations. These are due to decisions already taken by the Health Board:

- To implement service changes
- On contributions towards WG policy decisions – 30% TEF
- On contributions towards All Wales Capital Programme funded capital schemes
- To deliver the actions of external inspections

	26/27 £m	27/28 £m
TEF 2026/27	2.200	
Paediatric Consultation	1.200	
Picton Terrace – for 5 years 2026/27 to 2030/31	0.110	0.110
Residential accommodation	0.200	0.200
WGH Microbiology	TBC	
Total	3.710	0.310

Discussions have commenced in the Capital Planning Group to prioritise the DCP expenditure plan for 2026/27 recognising that a balance will need to be held in the contingency reserve.

In advance of the CSC in January 2026 the Capital Planning Group commenced development of a proposal for the programme that will consider:

- A plan that will overcommit the programme by 5% - 10% at the beginning of the year
- An expenditure plan that will cover two years
- Development of oven ready schemes

Potential contracts for sealing

The Board has approved the distribution of HDdUHB's capital allocation and plan. The delivery of this plan requires the Health Board to enter works and construction contracts which may require sealing. Works and construction contracts executed under seal provide an extended latent defects period cover, an extension from six years to 12 years.

Schemes listed in Annex 2, are the schedule of projects that are currently in our capital plan for 2025/26 where there may be associated works contracts that require sealing. This schedule is updated for Capital Sub Committee and SPC on an ongoing basis so that it can be submitted to Board with the SPC Board Update report.

Capital Governance – Project Updates

At the January 2026 meeting of the Capital Sub-Committee, the projects with a current alert status were reported as follows:

Project:	RAG Indicator:	Stage:	Matters for Sub Committee attention:
Cross Hands Health and Wellbeing Centre	ALERT	Full Business Case Development	Agreement that the additional information provided at the meeting on 06.01.2026 was sufficient for WG to take to IRCF Panel in February 2026 to consider supporting the fees to redevelop the Full Business Case (FBC).
Next Key Milestone:	Await feedback from WG from the IRCF Panel in February 2026.		

Project:	RAG Indicator:	Stage:	Matters for Sub Committee attention:
Fishguard Health and Wellbeing Centre	ALERT	Strategic Assessment	Land workshop postponed due to confidentiality issues with one of the land options. High level capital cost estimates indicate that further reduction in scheme scope may be required to fall within financial envelope of £30m.
Next Key Milestone:	Internal discussion on A Healthier Mid and West Wales (AHMWW) Strategy Refresh and any implications for scope of community schemes / Land selection workshop.		

Women and Children Phase II

This scheme has been completed since October 2023 with a full range of clinical services delivered in this space. The project final account is now in the process of completion; the contactor disagrees with the Project Manager on the assessment of certain compensation

events in the final value of this account. There is a risk that the contractor, Tilbury Douglas, could challenge these assessments when the account is submitted. Financial provision for these risks was made at the scheme completion and will be released at the point where resolution of the final account is agreed between the two parties.

Projects led by other organisations:

Carmarthen Hwb (led by Carmarthenshire County Council)

Additional works needed to the outside infrastructure of the building will result in a delay in the opening of this facility. Handover is now expected in the last quarter of 2026. Work continues on the commissioning plan for the development.

Pentre Awel (led by Carmarthenshire County Council)

Canolfan Pentre Awel public opening of leisure services took place on 15 October 2025. The hydrotherapy pool element of this development is now complete and HDdUHB is currently in the process of commissioning this facility. The contractors for the Clinical Delivery Unit (CDU) are now on site, and it is expected that this phase of the development will be complete in late 2026.

Cylch Caron (led by Ceredigion County Council)

Ceredigion County Council are currently reviewing their options for the accommodation elements of this scheme and when this is complete a briefing paper will be prepared for WG detailing the proposed next steps for the Outline Business Case (OBC) refresh.

Regional Cellular Pathology (led by Swansea Bay University Health Board (SBUHB))

Work has been undertaken to review three potential site options for this service and following a site selection workshop on 2 February 2026 a report has been presented to the Regional Joint Committee (RJC) and both Health Boards to agree on a preferred site. This information will be submitted to WG following Board approval.

Update from Capital Sub Committee

Attached in Annex 3 is the update from the CSC held on 15 January 2025.

There are:

- One item to alert the Committee
- Two items to advise the Committee
- 12 items to assure the Committee

The Capital Sub Committee Workplan for 2026/27 is attached in Annex 4 for SPC endorsement.

Argymhelliad / Recommendation

The Strategy and Planning Committee is asked to:

- **RECEIVE ASSURANCE** from the update on the Capital Programme and CRL for 2025/26
- **NOTE** the allocation of the DCP for 2025/26 and the changes since Board ratification
- **ENDORSE** the proposed allocation of the DCP for 2026/27 for onward ratification to Board

- **RECEIVE ASSURANCE AND UPDATE THE BOARD**, that the seal can be applied for all schemes listed in Annex 2
- **RECEIVE ASSURANCE** from the capital schemes governance update
- **RECEIVE ASSURANCE** from the Capital Sub Committee update in Annex 3 and **ENDORSE** the Capital Sub Committee workplan in Annex 4 for 2026/27

Amcanion: (rhaid cwblhau)	
Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.1.16 Review capital (excluding digital) business cases, prior to Board approval
Cyfeirnod Cofrestr Risg Datix a Sgôr 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 Corporate Risk 1745 - of not being able to deliver safe, effective and timely services across the Health Board estate, including acute, community and mental health facilities. This risk also impacts the Health Board's nonclinical estate, educational facilities and managed practices. Risk Score 15
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	1. Safe
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	5. Whole systems perspective
Amcanion Strategol y BIP: UHB Strategic Objectives:	3. Great care
Amcanion Cynllunio Planning Objectives	8 Estates plans
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	8. Transform our communities through collaboration with people, communities and partners

**Gwybodaeth Ychwanegol:
Further Information:**

Ar sail tystiolaeth: Evidence Base:	Included within the report
Rhestr Termau: Glossary of Terms:	Not Applicable
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Strategaeth a Chynllunio Parties / Committees consulted prior to Strategy and Planning Committee:	Project Group Formal Executive Team

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.
Risg: Risk:	Risk assessment process is integral to the capital prioritisation process and the management of capital planning within HDdUHB also included within individual business cases and capital prioritisation process.
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:	Equality assessments are included within individual business cases and capital prioritisation process when required.

Annex 1

Discretionary Capital Programme 2025/26	
	£m
Digital Maternity	0.048
Blow down vessel Boiler House, PPH	0.023
Dental Chair enabling works	0.017
MRI Chiller GGH	0.069
Fire Doors - Radiology/Pathology/AVH	0.100
Roof Leak Repairs	0.041
Helipad Lighting and other works	0.030
Mortuary Compressor - additional costs	0.002
Concrete cladding issue (Scaffolding)	0.103
Concrete cladding issue (further costs)	0.325
Additional cost concrete cladding	0.398
Installation of Cooling Unit - following Healthcare Inspectorate Wales (HIW) inspection	0.013
Formalin Cabinet replacement BGH	0.021
Replacement of endoscopic probes	0.036
Works to PPH Body Store	0.033
Vapotherm replacement Cilgerran Ward	0.018
Fire alarms Tenby Surgery	0.022
PPH Hoval Burners	0.032
PPH Chiller	0.040
PPH roof survey	0.015
Endoscopy BGH	0.120
Windows 11 cardiology equipment	0.149
Fishguard Clinic damage	0.048
Ultrasound probe replacement	0.006
Autopsy saw	0.007
Enabling works Microbiology autoclave WGH	0.040
Microdebrider	0.031
Gas Scavenging System replacement theatres	0.023
Teifi Ward Bathroom	0.017
Doors Day Surgical Unit (DSU) PPH	0.011
Boiler House Combined Heat and Power (CHP) room roof repair	0.038
Uninterruptible Power Source replacement Theatre 1 and 4	0.013
Nurse call Derwen	0.084

BGH Body Storage	0.024
Replacement Blowdown Vessel	0.030
Blood Bank Fridge	0.015
Helicopter Landing Lights	0.028
Clinical Printer medical Photography	0.001
Minor Injuries Unit (MIU) Doors PPH	0.073
Replacement Front Door Bro Cerwyn	0.016
External Works GGH	0.087
Patient Flow devices	0.050
MRI Coil	0.021
Radiology probe replacement	0.008
Radiology probe replacement	0.010
Washer/Dryer GGH	0.077
Trophon WGH theatre	0.015
Automated Tissue Excision and Collection Sapphire System	0.014
Ultrasound GGH Labour Ward	0.045
GGH FOH	0.015
St Brynach Roof	0.060
BGH Mortuary Hydraulic Trolley	0.006
Amman Valley Hospital (AVH) 2no Slit Lamps	0.036
GGH Retinal Laser	0.043
GGH Pentacam	0.009
Total	2.656