

## CAPITAL SUB COMMITTEE UPDATE REPORT

**Date of last meeting:** 15 January 2026

**Quoracy:** Met

**Report by:**

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### KEY DISCUSSION POINTS AND MATTERS TO BE ESCALATED FROM THE DISCUSSION AT THE MEETING:

**Alert<sup>1</sup>** (may require discussion)

The Capital Sub-Committee wishes to **alert** members of the Strategy and Planning Committee that:

#### 1. Capital Resource Limit 25/26:

- Spend to end of December 2025 is 34% of programme. Assurance has been provided by project leads that spend forecasts remain on track.
- If year end spend target is not met, Welsh Government (WG) funding could be lost; Statutory Capital Resource Limit (CRL) target could be breached; there could be an adverse impact on 2026/27 Discretionary Capital Programme (DCP).
- Procurement Regulation changes may influence delivery pace and ongoing monitoring is required. Parallel working and early engagement are helping mitigate impact.

The operational risk of Hywel Dda University Health Board (HDdUHB) not meeting its CRL in 2025/26 has now been discussed at Executive Team and raised to a corporate risk.

**Advise<sup>2</sup>** (to monitor)

Capital Sub-Committee wishes to **advise** members of the Strategy and Planning Committee that:

#### 1. Capital Programme 2025/26

- The CSC noted spend to date is 34% of the allocation, and took assurance on the update on the programme and the ability to apply the Board Seal to the listed contracts included with the papers.

#### 2. Discretionary Capital Programme (DCP) 2026/27

- 2026/27 Discretionary Allocation will increase by 12% to £11.228m.
- Over £1m unallocated for prioritisation through the scoring matrix.
- Report presented to Executive Team on 7 January 2026 and contents approved with need to consider pending security related capital works.

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<sup>1</sup> There is a lack of confidence that any action in place is sufficient to address the issue satisfactorily and/or within the scope of the operational team or executive to resolve. Engagement, action or intervention required.

<sup>2</sup> There are areas of concern where assurance has been taken on actions in place but requires close monitoring. An early warning of an emerging and potentially serious concern.

- Executives agreed to overcommit by c. £0.5m due to historic in year slippage.
- There is a significant level of pre-commitments; contingency reserve has been set aside.
- Early planning underway for 2027/28 allocation.

## Assure

Capital Sub-Committee wishes to **assure** members of the Strategy and Planning Committee that:

- 1. Committee Key Actions** have been reviewed and items noted for information.
- 2. Capital Governance Update**
  - Capital Sub Committee has taken assurance on the nine projects RAG rated green, and were advised on the nine schemes RAG rated amber.
  - The CSC were alerted to the two schemes RAG rated red:
    - Cross Hands- Since the report was prepared there was a positive meeting with WG, agreed for IRCF Panel on 11 Feb 2026.
    - Fishguard - Further internal discussions required on land and financial envelope.
- 3. Audit Recommendation Update Report** - the CSC took assurance from the content of the report and noted the number of outstanding actions against recommendations.
- 4. Welsh Government Dashboard Reports** submitted to WG on the All Wales Capital Programme (AWCP) and Integration and Rebalancing Capital Fund (IRCF) funded projects, three out of four submissions were on time for the period.
- 5. Targeted Estates Funding (TEF) Update Report** - CSC noted the content of the report and the tracker
  - Three projects are complete.
  - Five projects are now on site.
  - Detailed Design Work has commenced on six projects.
  - It was agreed to defer three projects to future TEF programmes with the aim to bid for TEF slippage funds if they arise.
- 6. Major Infrastructure Update**
  - Strategic document submitted and supported by WG includes 10 projects broken into three phases.
  - £895k in fees released to develop Business Justification Cases (BJCs) for first three schemes:
  - Discussions underway with WG regarding releasing funds for second phase.
  - Team to consider capacity to deliver schemes at pace.
- 7. Reinforced Autoclaved Aerated Concrete (RAAC) Update**

- Although still a significant issue for HDdUHB, RAAC was being proactively managed. The CSC noted the capital requirements and the ongoing impact of RAAC until there was a solution.
- The CSC accepted the recommendations and noted there were several actions that would be reported back to subsequent CSC meetings.
- The risk of potential catastrophic failure between surveys was raised. It was confirmed this risk was monitored as a site-based risk and updated regularly.

#### **8. Infection Control Update**

- The Infection Prevention and Control (IPC) update was provided on IPC priorities as part of the meeting papers.
- Discussions to be held regarding allocation in next year's programme to deal with clinical and IPC issues.

#### **9. A Healthier Mid and West Wales (AHMWW) Programme Business Case (PBC) Update**

- Draft PBC Addendum prepared and presented at Extraordinary Strategy and Planning Committee on 16 January 2026 and Board on 29 January 2026.
- The Addendum introduces a new 'do medium' option which does not have a community hospital development on the GGH site. If all was to go as planned, this would be presented to Infrastructure Investment Board (IIB) late February to March 2026 and considered by WG ahead of the election.

#### **10. Infrastructure Investment Plan**

- Noted and to be finalised ahead of the Annual Plan, during February to March 2026 .

#### **11. Diagnostic Imaging Update**

- Good progress made with equipment replacement schemes although less funding received than some previous years.
- Equipment continually needed replacing so there was continuing risk.
- A meeting has been arranged to convene a group to evaluate options and strategic placement.

#### **12. Regional Capital Plan Update**

- Programme includes Carmarthen Hwb, Cross Hands, Fishguard, Bandi and two partner-led schemes (Cylch Caron, North Pembrokeshire Care Campus).
- Regional drawdown:
  - £14m in 2025/26
  - £16.5m estimated for 2026/27

**Papers for information** were noted by the CSC as follows:

1. Capital Review Meeting – Minutes of meeting on 6 November 2025.
2. Capital Planning Group – Minutes of meeting 28 November 2025 and 19 December 2025.
3. Capital Monitoring Forum – Minutes of meeting 9 December 2025.

## Review of Risks

1. **Capital Resource Limit 2025/26** - Risk due to 66% of programme remaining to be spent in final quarter. If year end spend target is not met, WG funding could be lost; Statutory CRL target could be breached; there could be an adverse impact on 2026/27 DCP.
2. **Major Infrastructure** - NHS Wales Shared Services Partnership (NWSSP) remain closely involved to ensure cost and risk assurance.
3. **Reinforced Autoclaved Aerated Concrete** - The risk of potential catastrophic failure between surveys was raised. It was confirmed this risk was monitored as a site-based risk and updated regularly. Further discussions to be held at CSC and or potentially Executive Team.
4. **Diagnostic Imaging Update** - Equipment continually needed replacing so there was continuing risk. There would be a deep dive on this corporate risk.

## Recommendation

The Strategy and Planning Committee is asked to:

- **RESPOND** to the items that they are being alerted to
- **NOTE** the items the Committee is advising them of
- **BE ASSURED** on the items that the Committee is providing assurance on