

PWYLLGOR STRATEGAETH A CHYNLLUNIO
STRATEGY & PLANNING COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	26 February 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Property Lease Arrangements - Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Lee Davies, Executive Director of Strategy and Planning
SWYDDOG ADRODD: REPORTING OFFICER:	Paul Williams, Head of Property Performance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

Hywel Dda University Health Board (HDdUHB) has developed a Property Asset Strategic Plan (the Strategy) which provides an overview of the existing and planned changes to the baseline estate portfolio for all freehold and leasehold sites across the three counties, Pembrokeshire, Ceredigion and Carmarthenshire.

The Strategy submitted to Board was endorsed on 25 May 2023 for the period 2023 – 2026. The Strategy will be updated in 2026/27 and will be aligned to the Health Board's refreshed clinical and estate strategic plans, reflecting the period 2026 – 2030. An update was provided to this Committee on 1 July 2025.

This report updates the Committee on the property lease arrangements being planned in the current financial year, the progression of each lease subject to Public Board approval planned in March 2026, these arrangements all subject to legal contract agreement.

The report will update the Committee on the current status of each lease arrangement, noting that these agreements continue to be developed and agreed. Further updates to be reported to the Executive Team and Strategic Property and Environmental Task Force Group prior to seeking Board approval.

Cefndir / Background

A report providing an update on the status of the property arrangements was presented, 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.

At the Board meeting held on 27 November 2025 the following arrangements were recommended and approved to progress:

- Llys Aur premises and car park leases - Approval to complete the agreements following agreement of the legal documentation.
- Rheidol premises lease – Approval to complete the lease following agreement of the legal documentation.
- Compass Group contracts – Approval to complete the Deed of Variation agreements for the five facilities.
- Sexual Assault Referral Centre (SARC) lease – Approval to complete the Deed of Variation agreement.

Asesiad / Assessment

This section sets out the background, current position, and the details of each proposed lease arrangement:

Unit 4, Stradey Business Park, Llangennech - lease end / Unit 2a Heol Cropin, Dafen – new lease

- **Background** –HDdUHB medical records storage facilities are located at two main sites within on the eastern outskirts of Llanelli area including Unit 4 Stradey Business Park, Llangennech and Unit 3 Heol Cropin, Dafen. HDdUHB also leases Unit 2 at Llangennech for storage of records for other Health Boards.
Unit 4 Stradey Business Park – The service first occupied Unit 4 in February 2010 and has been established as the central 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 greater capacity and the space to progress in-house digitisation of the medical records. The service has been in occupation through a ten-year lease arrangement which commenced on 28 March 2022.
- **Unit 2A Dafen - draft lease terms and arrangements:**
 - **Term** – 10-year from 1 April 2026 (currently holding over until 31 March 2026). No break option requested by the service.
 - **Rent** - £94k plus VAT (previous £68.42k per annum excluding VAT which was negotiated during COVID-19 period at reduced low rate). No rent review during the term.
 - **Lease liabilities** – this is an internal repairing lease.
 - **Service Charges** – being negotiated.
 - **Incentives** - Landlord will grant a rent-free period up to a maximum of one month to cover the tenants costs relating to the fire compartmentation works around the boiler/ Monitoring and Evaluation (M&E). This to be further negotiated once full works costs are known.
 - **Dilapidations** – to be agreed at end of lease.

Current position: A future premises options paper which included details of how a move from Unit 4 Llangennech into Unit 2a Dafen was presented and endorsed by the Executive team on an in-principle basis in July 2025.

- The Medical Records team assumng responsibility for unit 2A Dafen from 1 April 2026 is being proposed (new lease to be agreed / subject to Board approval in March 2026).

- Six months' termination notice to be served on Unit 4 Llangennech in early April to vacate and relocate to Unit 2A Dafen by early October 2026 (six months costs to be incurred in 2026/27).
- Medical Records to be relocated from Llangennech Unit 4 and Prince Philip Hospital (PPH) Medical Records between April – September 2026. Unit 2 lease at Llangennech will also be reviewed but subject to separate approval process.
- Existing Unit 2A Dafen occupant's to be relocated:
 - Public Health Wales (PHW) – option to relocate to Dura Park or Llys Aur is being explored (Dura Park subject to Clinical Innovation and TriTech moving to Swansea University space at Pentre Awel).
 - Resuscitation Training – option to relocate to Unit 3, Medical Records scanning unit being explored.
 - Phlebotomy – Option to relocate to Swansea University space at Pentre Awel being explored.
- Medical Records service to explore the following options to maximise the benefits of this scheme:
 - Extend the lease term for Unit 3, Dafen to align to the planned Unit 2A Dafen unit 10-year lease.
 - Increase number of scanners as part of a joint occupation of Units 2A and 3.
 - Relocate the Contact Centre team into the medical records vacated space at PPH site (subject to scheme agreement and funding approval) – release their current space for alternative site office use (12 desks).
 - Provide a base at Unit 2A Dafen to accommodate a new Waiting List team based on the ambition to arrange a centralised Waiting List team that manages the patient from point of referral, all the way through to the inpatient episode.
- Financial overview – From 1 April 2026 the Landlord requires HDdUHB to enter into a new lease. At this point the Medical Records service will be liable for the existing costs at Unit 4, Llangennech and the new lease costs at Unit 2A, Dafen, these costs will double run for a 6-month period while the notice is worked through. These cost impacts can be summarised as:
 - Unit 4 Llangennech – circa £113k per annum. Dilapidation costs may also be incurred at end of lease - provision has been made in the budget.
 - Unit 2A Dafen – circa £190k per annum – an increase in rental as previous arrangement benefited from COVID reduced costs.

Total annual cost (2026/2027) – circa £246.5k per annum.

- **Risk overview** – Moderate risk as due diligence checks are continuing that may impact on lease agreement and financial costs. Whilst budgets are being reported and planned for by the service the duplication of costs plus the dilapidation liability at end of lease at Llangennech remains subject to negotiation and agreement.
- **Next Steps** – Finalise the due diligence checks to confirm the extent of fire safety works so that the works and financial liability between landlord and HDdUHB is agreed and reflected within the finalised lease and financial agreement for the scheme.

Pentre Awel project – Swansea University demise option:

- **Background** - HDdUHB has been offered the option to occupy the Swansea University demise within the Pentre Awel building from 1 April 2026, that includes an offer of financial support from the Local Authority (LA) towards any capital costs to adapt the

facility - circa £140k works estimate, and revenue costs with a rent and service charge free period for an initial term of up to 12 months. The timeframe of this support is yet to be agreed but should align to the relocation of the services to the Healthcare wings upon completion of this project i.e. occupation in January 2027. Further discussions are ongoing with the LA and Swansea University to confirm the detail of this arrangement including when HDdUHB will need to review opportunities beyond this initial period and within six months decide to remain at the facility or vacate. This offer and plan was approved in principle at Formal Executive Team on 21 January 2026, subject to due diligence, financial arrangements and legal contract being acceptable and agreed. The accommodation proposal for the short and beyond the initial 9- to 12-months is summarised below:

- **Short term** opportunity for Swansea University space to accommodate:
 - Phlebotomy moving from Unit 2A Dafen.
 - Research and Innovation / Tritech moving (currently based at Dura Park, Bynea).
 - Diabetic Prevention clinic who work with the National Exercise Referral Scheme (NERS) team currently looking for accommodation as they have been displaced from the old leisure centre in Llanelli.
 - Liver Disease Clinic currently looking for additional space outside of PPH.
- **Medium/Long term** opportunity for Swansea University and other space:
 - Relocation of other community services would enable HDdUHB to consolidate services from premises currently delivered in other locations in Llanelli.
 - Opportunity to look and explore the options to occupy further space in Pentre Awel.
- **Financial overview** - Based on recent discussions, the LA have offered to cover rental and service charge costs, for a period. The detail of this arrangement is subject to agreement including the liability of additional costs i.e. rates, cleaning, maintenance etc. If the same estimated costs of occupation for the agreed Health Board lease were applied to the University demise the following cost would be incurred:
 - Rental - £62.258k plus VAT (this is similar to the Health Board rental costs for the health occupation) - £74.710k
 - Service Charge (demised and common areas) - £62.295k plus VAT - £74.754k
 - Rates – estimated at circa £33k (subject to valuation office assessment).
 - Costs for clinical waste, enhanced cleaning in clinical areas, internal maintenance - estimated at £7k. Plus, legal costs, removal costs, fit out costs, dilapidation claim.

Total annual cost (without LA financial support)– circa £190k per annum.
- **Risk overview** – Moderate risk as due diligence checks are continuing which will confirm what the offer will amount to regarding the legal agreement, financial costs, and the timeframe of any occupation. Also, where the liability of dilapidation costs will sit.
- **Next Steps** – Undertake all required due diligence and review and agree occupancy arrangements and contract terms with LA and Swansea University.

Canolfan Rheidol Building, LA lease for Therapies Services:

- **Background** – The original occupation of the accommodation was arranged in May 2023 for an initial 2-year period based on the terms outlined below. This relocation of

Therapies Physiotherapy services from Bronglais General Hospital (BGH) was to support the delivery of the Chemotherapy Day Unit project. The previously agreed terms are outlined as follows:

- **Term** - Two years commencing on 19 May 2023 and ending on 18 May 2025, we are currently holding over on this agreement and remain in occupation.
- **Break Option** - Either party can break the lease at six, 12 or 18 months giving at least three months prior written notice.
- **Rent** - £20.740k per annum, The Council have opted not to apply VAT.
- **Service Charges** - The Health Board is liable for utilities, business rates, cleaning and maintenance etc., this applies to the shared areas, refer to demise plan (apportionment 5.3%) which for 2024/25 equated to £35.991k.

This lease is currently holding over, based on the current lease terms.

- **Proposal** - The plan being developed by the Therapies team is to maintain Physiotherapy services but also accommodate Musculoskeletal (MSK)/ Orthotic service mainly within existing space, merging the office space, clinic and storage to one location. This would improve service delivery and staff working conditions. Co-locating this service would enhance team efficiency, reduce time to travel between sites and support improved patient outcomes. It also aligns with strategic workforce planning to create a sustainable and supportive environment to improve retention and workforce wellbeing. The plan involves the release of one of room and occupation of a different room. The Accommodation group has approved the move in principle pending further approvals.
- **Financial overview:**
 - Works costs - There is a one-off cost of £13k for remedial work which is managed via the Clinical Care Group but delivered via additional rental costs.
 - Revenue costs – The LA have indicated a circa £0.9k increase on rental costs. These costs to be agreed with LA as part of the new lease agreement, again being managed within the Therapies team.

The Therapies Team has approved the ongoing costs via their Clinical Care Group and financial budgets.

- **Risk overview** – Low risk as this arrangement is a small change of demised space, subject to the small contract terms and small impact on costs.
- **Next Steps** – A new lease will need to be arranged with the LA, to reflect current terms and confirm costs of occupation and arrangement of the minor works.

Omincell Lease with the Welsh Ambulance Services NHS Trust:

HDdUHB previously arranged a lease to cover accommodation of Omincell automated medicine dispensing cabinets and associated medical gas equipment at each Acute Hospital site. The current lease was established in September 2019 and ends in September 2026. This arrangement is in place with all Health Boards in Wales with no costs exchanging between parties but with the agreement to locate these cabinets on hospital sites at agreed locations.

- **Risk overview** – Low risk as this is a renewal of a lease agreement with no financial impact to the HDdUHB.

- **Next Steps** – The lease agreement to be extended for a further term. This to be agreed with the Ambulance Trust but likely to be a further six years beyond September 2026.

Argymhelliad / Recommendation

The Committee is asked to:

- **RECEIVE ASSURANCE** from the progress and current status of the estate lease arrangements.
- **NOTE** that these agreements continue to be developed and agreed with further updates to be received at Executive Team and Strategy Property and Environmental Task Force Group prior to Board approval.
- **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:	3.1.12. Seek assurance on the development and delivery of implementation plans for the Estates Strategy, including environmental sustainability, agreeing corrective actions where necessary and monitoring its effectiveness.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
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)	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: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	1. Plan and deliver services to increase our contribution to low carbon

Gwybodaeth Ychwanegol:

Further Information:	
Ar sail tystiolaeth: Evidence Base:	Board endorsed Property Asset Strategic Plan
Rhestr Termau: Glossary of Terms:	Contained in the report.
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Datblygu Strategol a Chyflenwi Gweithredol: Parties / Committees consulted prior to Strategy and Planning Committee:	Executive team 16 Jul-25 (Unit 2a Dafen only)

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Linked to capital and revenue delivery plans
Ansawdd / Gofal Claf: Quality / Patient Care:	Improved quality of service and access.
Gweithlu: Workforce:	Improved quality of workforce environments
Risg: Risk:	Carbon impact, infrastructure and financial.
Cyfreithiol: Legal:	Subject to legal review of contracts.
Enw Da: Reputational:	Links to organisational responsibilities for decarbonisation and the estate performance.

Gyfrinachedd: Privacy:	Works being arranged in patient environments.
Cydraddoldeb: Equality:	Subject to future review but may not be required.