

Neath Port Talbot PFI Expiry

Final Internal Audit Report

2024/25

Swansea Bay University Health Board



Reasonable Assurance

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Review Reference

SBU-SSU-2425-25

Fieldwork

Initial review period September-December 2024, updated June 2025

Executive Sign Off

12th June 2025

Audit Committee

July 2025

Executive Lead

Darren Griffiths, Director of Finance

Audit Team

Huw Richards, Deputy Director (SSu)
Melanie Goodman, Audit Manager

Executive Summary

Purpose

This audit considered the arrangements in place at this early stage to ensure the successful exit from the Neath Port Talbot (NPT) District General Hospital Private Finance Initiative (PFI) contract in May 2030, and was cognisant of the findings and recommendations of the IPA Expiry Health Check undertaken in September 2023.

Overview

Initial audit fieldwork was undertaken in the period September-December 2024, and concluded that whilst the Health Board had made strong initial progress in initiating its expiry project, with key enabling areas addressed (including conclusion of the settlement agreement with PFI Co.), and recognising that there was still more than five years to hand-back, limited resource within the project team had delayed progress in other key areas. Most notably, the actioning of the recommendations made in the 2023 IPA Expiry Health Check had not yet been achieved (with some outstanding actions significantly exceeding the target dates set). Whilst a project cost plan to hand-back had been developed, budgets for 2025/26 onwards had not been agreed. These matters led to the determination of a limited assurance assessment at the draft audit report issued in January 2025.

Recognising significant progress made at the project following the issuing of the draft report, facilitated by the appointment of external advisers to increase project capacity and expertise, it was agreed with management that the project would be revisited, to incorporate this recent progress into the audit assurance opinion to better reflect the current status. The additional evidence provided by management in June 2025 has enabled the closure of the majority of recommendations raised within the audit report, and recognition that the majority of IPA recommendations have now been actioned. This has enabled an improved assessment of **Reasonable Assurance**.

Full details of the original matters arising, including management comments and the current status, are detailed within the Findings & Agreed Action Plan. A small number of matters remain outstanding, relating to the embedding of newly developed action plans into project monitoring and reporting processes. Work to address the outstanding IPA recommendations was ongoing.

The following opportunities for enhancement have been identified that do not impact the overall opinion and are highlighted for management information:

- Development of a Project Execution Plan to centrally document key project controls;
- Clarification of the Project Board quoracy requirements (recognising the current requirement for “*the Chair plus key decision makers*” is vague);
- Whilst SFIs detail the UHB’s financial authority limits, there would be benefit in confirming arrangements specific to the handback project; and
- Whilst acknowledging the joint-working arrangements in respect of risk management, the process should be reviewed to confirm adequacy of risk identification, management and reporting arrangements through to handover, noting there may be risks within the process that the UHB may feel should be managed internally.

Scope & Assurance Summary

Objectives	Related Findings	Assurance
1 Governance: Appropriate governance arrangements were in place, including adequate resourcing, clearly defined roles and responsibilities, governance structure, reporting and accountability arrangements.	1-5	Substantial
2 Contract Obligations: Assurance that the contractual obligations (of all parties) have been appropriately identified and understood through to contract expiry. The need for external advisory support has been assessed and obtained where necessary.	6,7	Substantial
3 Action Plan: An action plan has been developed for the route to contract expiry. The plan adequately incorporates the recommendations made in the IPA Expiry Health Check and other best practice guidance, including lessons learned from other organisations. The resources required to deliver the action plan have been identified (including external support), reported and approved (where relevant to the current stage). Arrangements are in place for the monitoring and reporting of progress against the action plan, and that appropriate progress has been made against actions required to date.	8	Reasonable

Management Actions



High Priority



Medium Priority

Themes



- Governance
- Finance Management & Control
- Contractual
- Resourcing
- Performance Monitoring
- Planning, Delivery & Deadline Management

Risk Types

- Financial Loss
- Quality or Safety Issues
- Legal & Regulatory Non-Compliance
- Public Perception & Reputational Risk

Neath Port Talbot PFI Expiry - At a Glance

The NPT PFI Hospital contract reached financial close in May 2000, and expires in May 2030. The Health Board was therefore five years and five months away from expiry at the time of this report.

The UK Government Infrastructure and Projects Authority (IPA) guidance, '*Preparing for PFI Contract Expiry*,' provides practical guidance to contracting authorities on managing expiry and service transition and recommends that organisations commence planning for PFI expiry at least seven years prior to the contract end.

The guidance sets out the following timeline for key activities to ensure an appropriate level of preparedness for contract expiry:

7+ years	Building a good base for expiry: <ul style="list-style-type: none">■ Know and manage your contract.■ Understand your asset base, its condition and forward maintenance plans.■ Understand the exit provisions and requirements.
7-5 years	Expiry initiation: <ul style="list-style-type: none">■ Establish and resource your expiry workstream activities.■ Engage with the PFI Co to initiate joint expiry planning.■ Develop your future services strategy.■ Initiate an early asset condition survey.
5-3 years	Expiry planning and decision-making: <ul style="list-style-type: none">■ Develop and implement detailed plans and strategies.■ Agree processes and contract interpretations with the PFI Co.■ Ensure full integration with future procurement plans.
3-0 years	Delivering: <ul style="list-style-type: none">■ Deliver final asset survey, final remediation and handback.■ Review and transfer data, TUPE and systems.■ Run future service procurement.■ Conduct transition planning and mobilisation.
0+ years	Post-transition and close: <ul style="list-style-type: none">■ Complete all handback certification.■ Finalise accounts and close out residual PFI contract issues.■ Bed in new services.

The Health Board additionally received tailored guidance from the IPA through its Expiry Health Check process, which was undertaken in September 2023. The resulting report concluded a Red/Amber expiry readiness rating (*Major additional work required to achieve target readiness*) and provided a number of recommendations for the Health Board to action, to improve this position.

At the time of the audit fieldwork (September-December 2024), the Health Board had made progress in some significant enabling areas, including achievement of the settlement agreement with PFI Co. in relation to operational delivery of the PFI contract, which has facilitated the progression of negotiations in respect of the required asset condition survey. It had also recently received the output from an external legal review of expiry obligations under the Project Agreement, which will inform its planning going forward.

However, a lack of dedicated project management resource to support the project had resulted in limited progress in other areas, including delayed actioning of the recommendations made in the IPA Expiry Health Check report. A summary of the status of the recommendations at the time of the audit fieldwork and at the time of update is as follows:

	Status as at January 2025			Status as at June 2025		
IPA priority rating	Complete	Outstanding	Total	Complete	Outstanding	Total
Critical	-	2	2	1	1	2
Essential	-	6	6	5	1	6
Recommended	1	4	5	4	1	5
Total	1	12	13	10	3	13

The outstanding "critical" recommendation (defined by the IPA as "To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately") is to:

- Instruct and complete an independent full building condition survey of fabric, mechanical and electrical assets to inform the baseline for the Expiry Plan.

At the time of initial reporting, therefore, the audit concluded that, as the Health Board approaches the five-year point, it may not be sufficiently prepared in all areas in line with the IPA guidance. It was recognised that the recent commissioning of external project management support was intended to assist in the delivery of a number of the Expiry Health Check recommendations before year-end in March 2025.

The updated position established in June 2025 confirmed that this was largely achieved, with the majority of IPA recommendations now actioned (see **finding 8** for detail of the outstanding actions).

We did not seek to duplicate the IPA Expiry Health Check findings at this report, rather we have highlighted other areas where further work is required to ensure readiness for the next stage, and the supporting governance processes that will facilitate this.

Findings & Agreed Action Plan

Objective 1: Governance **Substantial**

Overview / Summary of Observations

Fieldwork period September-December 2024

A project governance structure had been implemented to deliver the PFI hand-back exercise, as recommended by the IPA guidance. The key roles of Senior Responsible Owner and Project Director had been appropriately assigned, and a Project Board formed, meeting three times to date during 2024. The Performance & Finance Committee had been confirmed as the responsible committee for oversight.

Recognising the resource limitations to date, the Health Board has focused on delivery of key enabling tasks such as the settlement agreement, which will allow the undertaking of the Centre of Best Practice (COBP) asset condition survey. The instruction of external project management support for the remainder of 2024/25 should assist in the delivery of additional key tasks before year-end (including those recommended in the IPA Health Check). Tender specifications were being developed for wider legal and project management support up to contract expiry.

At the time of the audit, the key limiting factors deriving the opinion at this objective were:

- Whilst project funding had been agreed for 2024/25, there was no agreed funding in place for 2025/26 onwards. It is important this is resolved promptly to avoid any delays at the start of next financial year; and
- There were also key gaps in the agreed project team structure, which has impacted the Health Board’s capacity and capability to progress project management activities to date. The Health Board may also benefit from comparison to the resources in place at other PFI hand-back projects to determine sufficiency of its current plans.

Updated position June 2025

As at June 2025, the budget for 2025/26 had been approved, and key posts had been filled in the project team. Management have demonstrated that the issues below have all been appropriately addressed.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Project Budget</p> <p>Whilst indicative project costs up to contract expiry (currently in the region of £5.7m) had been identified and reported to Project Board, there was no approved funding in place from April 2025 onwards.</p> <p>This risks the delay in continuity / progression of key activities including appointment of legal and project management consultants.</p>	<p>Delay in delivery of key activities to ensure readiness for contract expiry.</p>	<p>Agreed Action:</p> <p>The Executive Director of Finance and Performance has established a handback team which has developed a proposed structure. The team is in the process of engaging both legal and management support for the hand back process however applications for funding are being made and are awaiting confirmation of funding.</p> <p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • A budget was confirmed for 2024/25 identifying internal resources and external resources (circa. £300k). • Meetings are taking place between the Deputy Director of Finance and the Director of Capital & Estates, on identifying future project funds estimated at £1M per year

			<p>up to the end of May 2030 – Future funding has been identified and is going to board for approval on the 27th of March '25.</p> <ul style="list-style-type: none"> The 25/26 Project Budget has been agreed of - £1,182,000.000, A letter confirming Directorates allocation - breakdown of budget allocation was presented at the last project board by Deputy Finance Business Partner.
		Medium Priority	<p>Officer: Darren Griffiths Date: Actioned since Fieldwork</p> <p>Evidence has been provided to confirm the budget allocation for 2025/26.</p>
	Theme: Financial Management & Control	Control Operation	
2	<p>Internal Resource</p> <p>The Health Board’s internal project team was small, with two dedicated members of staff (one part-time) and a further two targeted for recruitment.</p> <p>Management was informally aware that an expiry project team in a comparable NHS Wales organisation had been significantly larger than this, however wider benchmarking had not been undertaken to inform the current resource plans.</p>	<p>Insufficient resource to adequately manage the expiry project.</p>	<p>Agreed Action:</p> <p>The team has recruited a principal projects manager who is due to start in April 2025, the team is in the process of appointing an additional Project Manager (B7) with interviews scheduled for the last week in March.</p> <p>The team will continue to develop and will be strengthened by the engagement of an intern from June 2025.</p> <p>Additional funding for administration and monitoring of the project is currently outstanding. If funding is approved, the PFI team intends to recruit two posts (x1 B4 /x1 B5).</p> <p>The Health Board has external management and legal support in place until the end of December 2025, the tender has been completed, to ensure full legal and management support until 2030. To complete the handback process in accordance with all relevant milestones.</p> <p>There will be an Expiry Project resource plan developed outlining substantive establishment and procured specialist support for the phases of the Expiry project which is reported at each project Board.</p> <p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> Assistant Director appointed. December 2024 PFI hand-back manager appointed. April 2024 The appointment of the principal project manager and project manager. April 2025 Interview set for Technical Project Manager (B7) expected to be in post by June 2025

		<ul style="list-style-type: none"> • Project support and Monitoring Support Officer Funding approved as part of Budget allocation • Graduate intern has been appointed as of March 2025 with an anticipated start date of June 2025 • The appointment of legal and management advisors. July 2025 • The recruitment of the additional posts Sept 2025 • The appoint of Beven Britton and WSP until December to support the project • Specification for Legal and Management support
Theme: Resourcing	Medium Priority	<p>Officer: Assistant Director Commercial and Contract management- PFI Date: Actioned since Fieldwork. Key posts have now been filled, with further appointments planned.</p>
<p>3 Budget monitoring & reporting</p> <p>At long-running projects such as this, with significant input from external advisers anticipated, it is important that robust cost control and reporting mechanisms operate.</p> <p>Whilst recognising the early stage of the project, with minimal spend on external advisers to date, we did not evidence any formal monitoring and reporting of actual / forecast costs against agreed budgets / contracts to an appropriate forum e.g. Project Board.</p>	<p>Escalating costs of external advisers.</p> <p>Approved budgets / contract sums are exceeded.</p>	<p>Agreed Action: The Assistant Director of Commercial and Contract Management – PFI, presents tabled reports at each project management group which to date, have included information on anticipated expenditure for 2024/25.</p> <p>Moving forward financial reports will include expenditure to date. When appropriate budget allocation has been approved the Project Board will appoint an appropriate external advisor, who will report on expenditure. reported through project board which reports directly to the P&F committee.</p> <p>PFI expiry meeting due in the next 3-4 months outcomes will be reported.</p> <p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • During project board on the 05th of December a paper was tabled demonstrating a cost profile (Darren Griffiths) and budget update (Simon Davies). Audit were present at this meeting – minutes are available as evidence. • Copy of project report detailing expenditure to date included within paper for project board (25th March 2025) – this will be tabled in an excel spreadsheet to demonstrate spend as the year progresses against budget. • HB Financial Business Partner committed resource to the Expiry Project agreed.

			<ul style="list-style-type: none"> Budget monitored and reported to Project Board monthly Independently by Deputy Finance Business Partner.
		Medium Priority	<p>Officer: Assistant Director Commercial and Contract management- PFI Date: Actioned since Fieldwork.</p>
	Theme: Financial Management & Control	Control Operation	Evidence has been provided demonstrating robust financial reporting to Project Board.
	Theme: Risk Management	Control Design	
4	<p>Liaison Group / Project Team</p> <p>The UHB continues to operate the contractually required Liaison Group, with the PFI Co. and Hard FM provider, meeting monthly. Recognising the move into the expiry count-down period, a new Terms of Reference had been developed by the Health Board, introducing the Group’s responsibilities in respect of contract expiry.</p> <p>Whilst recognising the contractual requirement for this forum, some of the defined responsibilities in respect of Health Board performance may be more appropriately managed at a Health Board-only forum, akin to finding 5 above. The Health Board should therefore confirm how the responsibilities set out in the Terms of Reference will be discharged.</p>	<p>The UHB’s contract strategy and potential weaknesses are divulged to PFI Co.</p> <p>Contractual negotiations and the UHB’s financial position are impacted.</p>	<p>Agreed Action:</p> <p>The health board have established a project board which can consider issues with regards contract strategy and contract performance.</p> <p>Liaison group meetings allow us to report on what is going well/not well, this is an operational group.</p> <p>The Hand back team provide a report to this forum on a monthly basis.</p> <p>The project board will oversee progress on Hand Back and will feed into the liaison meeting to discuss programmes, life cycle replacements and accommodation of work over the next 12-18 months.</p> <p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> Minutes of project board - agenda item on the operational management of the contract. Project Board TOR will be reviewed in June 2025 to reflect Expiry team changes and separate out LGM TOR. Liaison minutes and Keir reports were provided in Octobers Project Board. It was agreed at Project Board that an exception report on Liaison Group Meetings would be provided as required. Terms of Reference for the LGM are identified in the contract and will not be updated. Revised Governance diagram for Expiry Project

	Theme: Governance	Medium Priority Control Design	Officer: Assistant Director Commercial and Contract management- PFI Date: Actioned since Fieldwork.
5	<p>Adviser Performance</p> <p>The Health Board commissioned an external legal review of contract expiry obligations in June 2024, however whilst interim advice on specific Health Board queries was provided, the main report was not received until November 2024.</p> <p>Recognising extenuating circumstances in this instance, the project team should ensure it has processes in place for adviser performance monitoring and control going forward, including escalation to Project Board where necessary.</p> <p>This may include provisions within the legal / project management contracts when the full services are tendered, in terms of response times, escalation mechanisms etc.</p>	Poor adviser performance may impact the UHB's readiness for contract expiry.	<p>Agreed Action:</p> <p>Within the tender specification for both management and legal advisors the health board have include questions around the timeliness of responses that can be expected from the successful companies.</p> <p>Performance will be managed by the AD and his team on a Check monthly basis, based on WSP's scope of works and programme. The cost and critical path will be monitored to ensure that the WSP provider are achieving set goals linked to the programme. If there is any issue, escalation will be delivered through project board.</p> <p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • Copies of the tender specifications detailing response times and • copies for the provision of management and legal advice with regards to the PFI contract. • Scoring matrix for tender assessment • Reviews / performance will be monitored as part of the key critical deliverables as part of the Expiry Project Plan.
	Theme: Performance Monitoring	Medium Priority Control Design	Officer: Assistant Director Commercial and Contract management- PFI Date: Actioned since Fieldwork. Whilst recognising the full services had not yet been tendered, specifications had been appropriately drafted to incorporate performance management into tender assessment and contract.

Overview / Summary of Observations

Fieldwork period September-December 2024

The Health Board held the required original contractual documentation in relation to the Project Agreement and related documents as at financial close. However, it did not yet hold the updated financial model including all contractual variations. This was raised in the IPA Health Check report but had not yet been actioned.

The external legal review into expiry contract obligations was completed and reported to the Health Board in November 2024. The advice should now be incorporated into the Health Board’s action plan to ensure key activities can be monitored.

Whilst recognising no significant gaps/risks were highlighted at the legal advice, the IPA guidance recommends these be included in the Expiry Risk Register. Noting the current risk register is a joint exercise between the Health Board, PFI Co and Hard FM provider, the Health Board should consider how such commercially sensitive risks will be recorded and monitored.

We note concerns raised by the Project Director and as discussed at Project Board that there has not been sufficient clarity and distinction between the role of the project team and operational hospital management, in areas such as ongoing management of the Project Agreement, decant arrangements to enable the lifecycle works etc. These should be resolved as soon as possible to provide clarity to both the Health Board and PFI Co.

Updated position June 2025

The project team had developed a detailed Legal Action Plan based on recommendations of the legal review, which will facilitate monitoring and reporting of progress against the requirements. A highlight report dashboard was in development for routine reporting of the status to Project Board.

Issues in clarity and distinction between the role of the project team and operational management had been resolved.

Key Findings	Risk & Impact	Agreed Management Action
<p>6 Output from the Legal Review of Expiry Obligations</p> <p>The Health Board received the output from the legal review into expiry contract obligations in November 2024.</p> <p>A number of areas were highlighted where the Health Board needs to take further action to better inform their preparedness / understanding of the contractual position, through e.g. identification of further supporting documents, clarification with PFI Co, additional legal advice etc.</p>	<p>Contract obligations are not met.</p> <p>The Health Board’s legal and financial position is impacted.</p>	<p>Agreed Action:</p> <p>The hand-back team will look to implement all hand back recommendations and clear all information required as advised under the IPA guidance.</p> <p>The concerns noted re. clarity and distinction between the role of project team and operational hospital management have been resolved and evidenced in an email trail between executives.</p> <p>A number of the recommendations. Relate to the process of. Hand back during the last 30 months of the contract, these have been noted. And form part of the Legal expiry Project project plan which in time will feed into the main project plan</p>

<p>These should now be included in the action plan / programme (see finding 10), with monitoring and reporting of progress against the same.</p>		<p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • Copies of the document identified by the IPA Legal Review of Expiry Obligations • The Health Board has identified the Authorised Officer and their deputies evidenced in an email trail between executives. • Project plan – updated on an ongoing basis • PFI Expiry Project Plan – for approval to July Project Board, planning sessions have started with the project team in June to develop full plan and key milestones. The IPA and Legal and internal audit elements will factor in this full project plan. • BB review with of Health Board responsibilities for expiry • IPA recommendations <table border="1" data-bbox="1350 624 2121 746"> <thead> <tr> <th></th> <th>Recommended</th> <th>Essential</th> <th>Critical</th> </tr> </thead> <tbody> <tr> <td>Originally</td> <td>5</td> <td>6</td> <td>2</td> </tr> <tr> <td>Completed</td> <td>4</td> <td>5</td> <td>1</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • The Health Board have addressed updated progress against 13 IPA recommendations. 10 have been addressed but are awaiting sign off by SRO due to complete by 16.6.2025. 3 are in progress. 		Recommended	Essential	Critical	Originally	5	6	2	Completed	4	5	1
	Recommended	Essential	Critical											
Originally	5	6	2											
Completed	4	5	1											
<p>Theme: Planning, Delivery & Deadline Management</p>	<p style="text-align: center;">Medium Priority</p> <p style="text-align: center;">Control Operation</p>	<p>Officer: Assistant Director Commercial and Contract management- PFI Date: February 2026</p> <p>A detailed Legal Action Plan has been prepared based on the findings of the legal review. The Project Team were in the process of developing a highlight report dashboard, including RAG assessments, to present a routine summary of performance against the Project Plan (including legal actions) to Project Board.</p>												
<p>7 Operational Contract Management The IPA Expiry guidance is clear that expiry should be managed as a distinct project, separate to ongoing business as usual contract management.</p>	<p>The expiry project team is not sufficiently focused and dedicated to managing expiry.</p>	<p>Agreed Action: The executive Director for Finance and Performance has been in discussions with the Service Group Director and the role of authorised officer has been confirmed. The roles and responsibilities will be confirmed with regard operational management and the management of the expiry process.</p>												

<p>At the time of review, operational contract management was being undertaken by the project Handback Manager (recognising prior experience in an operational role and limited capacity in the operations team).</p> <p>Noting the Handback Manager role is temporary and should be focused on the expiry project, it is important the capacity and capability of the operational management team, in managing the contract to expiry, be confirmed, and responsibilities reviewed and agreed. PFI Co. have also raised a concern that responsibilities have not been sufficiently clear.</p> <p>Whilst recognising this had received focus at Project Board, a resolution had not yet been achieved.</p>	<p>Operational contract management is not afforded sufficient time and expertise.</p>	<p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • A copy of the letter from the health board to the PFI Co. confirming the authorised person and their deputies. • Confirmation of 25/26 funding • Handback team established and fully funded • Handback team located on the NPT site • An updated Terms of Reference document to be tabled at Project Board.
	<p>Medium Priority</p>	<p>Officer: Director Of Finance and Performance Date: Actioned since Fieldwork.</p>
<p>Theme: Contractual</p>	<p>Control Operation</p>	

Overview / Summary of Observations

Fieldwork period September-December 2024

As referenced within the 'At a Glance' section, the Health Board received tailored guidance from the IPA through its Expiry Health Check process, which was undertaken in September 2023. The resulting report concluded a Red/Amber expiry readiness rating ('Major additional work required to achieve target readiness') and provided a number of recommendations for the Health Board to action, to improve this position.

The IPA confirmed that the review was "adjusted to reflect your risk profile and time to expiry."

At the time of review, limited resource within the project team, including technical project management capability, meant a detailed action plan to support the route to expiry (including the discharging of the IPA Health Check recommendations) had not been developed. Recognising the output of the legal review of contract expiry obligations had only recently been received, there was also a need to incorporate this advice into the action plan.

The Health Board had identified and reported high-level activities to be delivered in each year to hand-back, with an associated cost plan developed, supported by quotations received from external consultants. The absence of a supporting detailed plan however reduces assurance that the planned activities, and required resources to deliver the same, are sufficiently understood.

Once developed, the action plan should be a key tool in monitoring progress and the identification and reporting of any slippage, which will facilitate an appropriate level of scrutiny over project activities.

Whilst it is acknowledged that the UHB are working to implement the IPA recommendations, the overall assurance is currently Limited recognising the slippage against the recommended timescales provided by the IPA.

Updated position June 2025

A detailed Project Plan had been drafted, incorporating IPA guidance and recommendations from sources including the IPA and external advisers. The Plan was to be approved at the July Project Board.

The Project Team were in the process of developing a highlight report dashboard to present a routine summary of performance against the Plan to Project Board.

Substantial progress had been made in actioning the IPA recommendations, with only three remaining in progress.

Key Findings	Risk & Impact	Agreed Management Action
<p>8 Action Plan</p> <p>A high-level action plan and programme had been developed, based on the IPA Expiry Health Check recommendations and the IPA expiry guidance.</p> <p>The plan was in the early stages of development, noting the legal review of expiry obligations had</p>	<p>In the absence of a clear action plan and target dates, delivery / slippage cannot be fully understood and scrutinised (with</p>	<p>Agreed Action:</p> <p>Appointment of the technical project manager (B7) – there was an initial delay due to the time taken from recruitment to hire (TRAC advertising, interviewing and recruitment – notice periods, etc.)</p> <p>Note at the time of audit 1/13 recommendations have been addressed. However, the dates detailed in the IPA provide recommendations and not mandates. This project is part of a 5 -year hand-back process and</p>

only just been reported, and the technical Project Manager role had not yet been appointed.

In the meantime, slippage has been evidenced against the timescales set out in the IPA Health Check report, with only one of thirteen recommendations actioned at the time of audit fieldwork. Whilst progress towards the IPA recommendations was reported to the December 2024 Project Board, this did not confirm initial agreed dates or current targeted dates for completion.

Recognising wider slippage against the IPA timeline, improved rigour should be introduced to this key area, with development of the action plan (including clear timeline of all required activities) to enable improved planning, monitoring and reporting of progress.

Once developed, the same may also better inform the understanding of resource requirements and project budgets.

corrective action taken where required).

therefore, all outstanding actions can be appropriately addressed now that a team and some funding is in place.

The IPA's next PFI Expiry Health Check is due in October 2025 providing sufficient time to address some of the outstanding actions.

Moving forward we will identify the IPA actions within the Project plan and they are included within the scope of works identified for 2025/26.

Actions have been taken, and we have made some progress

	Recommended	Essential	Critical
Originally	5	6	2
Completed	4	5	1

The Health Board have addressed updated progress against 13 IPA recommendations. 10 have been addressed but are awaiting sign off on 2 by SRO due to complete by 16.6.2025. 3 are in progress.

The position with those three action is as follows:

The **critical action** related to the completion of a condition appraisal. Under the contract, there two circumstances where a condition appraisal is required:

- In December 2027 as part of the hand back process.
- As a result of Kier failing to perform in accordance with the service Specification and triggering the service failure point clause of the contract.






At the time of the IPA audit, we're in discussions about the completion of the COBP review. Which is industry best practise. But currently awaiting discussions on the 16th of July following the offer from Keir to undertake a review. If Kier will not offer this service, the health board would have to do so at its own expense Cost for a CEO BP review is estimated between £600 and £750,000.

The **essential action** Relates to the compiling of a full list variations that have been instructed under the contract. Once the health board has Information on all the variations to date. We've only highlighted this as in progress because. Once we have the information, it's on 2 separate Systems at a point of time, the management of the V or process has moved between Semperian and Kier. Therefore, for the first part of the contract. The VR Tracker was maintained by Semperian and they gave each. Veal a specific reference number when? Kier took over the

			<p>management of process. They started their own reference Number system. The health board took therefore asked Semperian to provide one. Amalgamated Database.</p> <p>Recommended action relates to the development all commercial strategy including risk register to ensure that the asset condition and costing information capital spend is understood and manage to the agreed contractual condition by expiry. This has been identified as in progress because it is too early in the process to complete this piece of work. Under the contract, we won't have a condition appraisal shared between the two parties until December 2027. Once we working with Semperian to undertake a CLBP review. There is no requirement under the contract to do that. Apart from as a result of service failure. Therefore, the health board don't believe we're in the position to mark this action as complete. At this time but could mark it as complete in progress. As we're already considering the issue.</p>
			<p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • Appointment of the necessary roles • Scope of Works/Roadmap for 2025/26 • PFI Expiry Project Plan – approval July 25 Project Board • Legal Expiry Project Plan • Project plan established • Actions from the IPA audit being addressed
	<p>Theme: Planning, Delivery & Deadline Management</p>	<p style="text-align: center;">High Priority</p> <p>Control Operation</p>	<p>Officer: Darren Griffiths Date: July 2025 – Approval of the Project Plan at Project Board February 2026 – Full highlight reporting of performance against the plan</p> <p>A detailed Project Plan had been drafted, incorporating IPA guidance and recommendations from sources including the IPA, Internal Audit and the legal advisers. The Plan was to be approved at the July Project Board.</p> <p>The Project Team were in the process of developing a highlight report dashboard to present a routine summary of performance (including performance against the Legal Action Plan) against the Plan to Project Board.</p>

Appendix A

Assurance Opinion

	Substantial	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Advisory	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Findings

Priority	Explanation
High	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
Medium	Some risk to achievement of a system objective. Minor weakness in system design OR limited non-compliance.

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Disclaimer

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit Committee.

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The report is based on the review work undertaken and is not necessarily a complete statement of all weaknesses that exist or potential improvements. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, no complete guarantee or warranty can be given with regard to the advice and information contained.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management of the Swansea Bay University Health Board. Work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, or all circumstances of fraud or irregularity. Effective and timely implementation of recommendations is important for the development and maintenance of a reliable internal control system.

Public Sector Internal Audit Standards

Audit work undertaken by NHS Wales Audit and Assurance Services conforms with the International Standards for the Professional Practice of Internal Auditing and associated Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

