THE NATIONAL ASSEMBLY FOR WALES

AUDIT COMMITTEE

REPORT (2) 07-04 - Presented to the National Assembly for Wales on Monday 18 October 2004 in accordance with section 102(1) of the Government of Wales Act 1998

THE FINANCES OF NHS WALES 2004

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ANNEX

Introduction

1. Prior to 1 April 2003, NHS Wales delivered healthcare services to the people of Wales through five health authorities and 15 NHS trusts. Since 1 April 2003, following enactment of the National Health Service Reform and Health Care Professions Act 2002, services have been delivered via 22 local health boards and 14 NHS trusts.

2. The Auditor General for Wales produces an annual report on the Finances of NHS Wales. On the basis of his report for 2004 published on 1 April 2004,[1] we took evidence from Mrs Ann Lloyd, the Director of NHS Wales and Dr Christine Daws, NHS Wales' Director of Finance. A transcript of the evidence is at Annex A. We would like to thank the witnesses for their constructive and helpful answers to our questions.

3. This report covers the following issues included in the Auditor General's report on which we took evidence:

   - the financial standing and management of NHS Wales;
   - the restructuring of NHS Wales; and
   - the challenges facing NHS Wales

Financial standing and management of NHS Wales

Financial Results

4. During 2002-03, NHS Wales reported a total net deficit of £37 million. This comprised a £10.9 million deficit from the NHS Trusts, a £25.5 million deficit from the Health Authorities and a £0.6 million deficit from the Dental Practice Board's services in Wales. The comparative result for 2001-02 was a total net deficit of £16 million comprising a £2.8 million deficit from the NHS trusts, a

[1] Report by the Auditor General for Wales: The Finances of NHS Wales 2004, laid before the National Assembly for Wales on 1 April 2004.

£12.4 million deficit for the Health Authorities and a deficit of £0.8 million for the Dental Practice Board.[2] The accumulated deficit at 31 March 2003 amounted to £100.6 million compared with £68.1 million at 31 March 2002.[3]

5. We asked why the deficit had grown so significantly, whether the accumulated deficit could be paid off and what steps were being taken to move towards a breakeven position. Mrs Lloyd told us that a deficit of between £39.6 million and £44.1 million had been anticipated for 2002-03 because of requirements for an increase in activity and a reduction in waiting times, which were built into the Service and Financial Framework. It was recognised that organisations would not be able to improve efficiency sufficiently and hence the deficit had grown. However, active action has been taken to recover this position. Mrs Lloyd added that it was difficult to envisage the accumulated deficit ever being paid off and that greater emphasis has been placed on remaining in balance on a cash basis. She also told us that approximately £50 million of the accumulated deficit arose prior to 2000, when health authorities were not expected to balance their income and expenditure, only their cash balances. Dr Daws added that £12.4 million of the total accumulated deficit was the result of an accounting anomaly with the Dental Practice Board and was not a real deficit. A further £18.9m related to a prior year adjustment on pensions for early retirement, payable over the lifetime of early retirements. Since 2002 all loans drawn down by NHS bodies from the NHS Wales Department are required to be repaid. [4]

6. In response to our question on whether the Department received enough money to run the NHS in Wales, Mrs Lloyd confirmed that there are constant pressures on resources, largely through a growth in demand for care, and extensions to the range of services offered through technological improvements, genetic engineering and research. Additional pressures have arisen from significant changes to the way in which staff are rewarded in the NHS with the general

[2] AGW's report, paragraph 2.2
[3] AGW's report, paragraph 2.4
[4] Questions 1 - 4

medical contract, consultants' contract and 'Agenda for Change'. Significant work has been performed in benchmarking performance against other bodies in the UK and Europe to ensure that the scarce resources within the system are applied effectively for the maximum benefit of patients. [5]

7. We asked Mrs Lloyd about the effect on morale within NHS Wales of a system that appears to reward failure following a number of years of financial deficits, and also what was referred to as the 'deficit culture'. Mrs Lloyd told us that the motivational aspects are being addressed by rewarding organisations that have performed particularly well and exceeded requirements, with additional resources for pilot projects, as well as through the balanced scorecard that had been recently introduced. The aim of the balanced scorecard is to assess and ensure the accountability for results, progress against objectives and responsibility for performance improvements of NHS organisations across all services provided rather than through the star ratings already used in England. Those organisations that are performing well are managed with a lighter touch. Mrs Lloyd added that significant steps have been taken to remove the deficit culture through the Service and Financial Frameworks and the Strategic Change and Efficiency Programmes, to the extent that expected loans required by bodies for 2003-04 reduced from £46.5 million at the start of the year to £14.7 million at the end of the year. [6]

8. The Auditor General's report stated that the forecast deficit for 2003-04 is £20.7 million representing a considerable improvement on 2002-03. Dr Daws told the Committee that the latest forecast deficit for 2003-04, based on unaudited accounts received, had been reduced to £14.2 million and that loans were now being repaid.

9. Measures aimed at restoring financial discipline are being implemented which are designed to ensure that the service is able to break even by 2006 with loans being

[5] Question 4
[6] Question 6

repaid by 2009. [7] Mrs Lloyd told us that Strategic Change and Recovery Programmes would enable NHS bodies to manage their finances effectively and to reduce their deficits. These programmes cover a mix of financial and operational elements. Dr Daws confirmed that programmes for three organisations had not been finally signed off as final discussions were needed. She expected these to be signed off before the accounts for 2003-04 were audited.[8]

10. **We note and endorse the efforts being made by the NHS Wales Department to correct the long-standing deficit culture through rigorous and achievable recovery plans and rewarding good performance. We strongly recommend that all recovery plans are agreed as a priority and performance against those plans is constantly monitored by the NHS Wales Department so that prompt corrective action can be taken as and when necessary. This is fundamental to ensuring the financial well being of NHS Wales.**

Financial Standing

11. In 2001-02, auditors appointed by the Audit Commission in Wales expressed concerns about the absence of an agreed recovery plan at Carmarthenshire NHS Trust. In 2002-03, Carmarthenshire did not meet its statutory financial breakeven duty and did not seek Assembly approval for an extension to the breakeven timescale.

12. We asked whether Carmarthenshire had the right capacity at a local level to be able to implement the strategic change and efficiency programme.[9] Mrs Lloyd told us that a change of chief executive in 2001-02 and a difficult merger of two former trusts had prevented it from taking robust action to reorganise its services. External consultants have been used to perform an independent financial review of the Trust and this has helped in the resolution of these issues, through renewed

[7] AGW's report, paragraph 2.5
[8] Questions 7 - 12
[9] AGW's report, paragraph 2.10

leadership and the pursuit of a clinical redesign of services. There has also been closer team work between the Trust and the Local Health Board. The NHS Wales Department will continue to monitor this Trust closely against its recovery plans over the next two or three years. [10]

13. The Audit Commission in Wales expressed concerns to the Welsh Assembly Government regarding individual arrangements with trusts that potentially overrode their statutory requirement to breakeven. Dr Daws confirmed that this related to the management of the trusts' financial positions and their statutory legal responsibility. She also added that action has been taken and a revised circular on breakeven duty has now been issued, which has been discussed with the Audit Commission in Wales. [11]

14. **We note that Carmarthenshire NHS Trust now has an agreed recovery plan in place and that it is making progress against it. We expect the NHS Wales Department to monitor the performance of this and all trusts with recovery plans against their agreed targets particularly closely so that early action can be taken should they fail in any respect to meet expectations and obligations.**

Payment Performance

15. All NHS bodies are required to comply with the CBI 'prompt payment' code and the Government accounting rules that require all undisputed invoices to be paid within 30 days, unless other terms are agreed with the supplier. In 2002-03, the NHS paid only 85.2 per cent of bills within this 30 day period. This represents a slight improvement from 83.1 per cent for 2001-02. There continues to be a wide variation between payment performances at individual NHS trusts, ranging from just under 56.7 per cent for North Glamorgan NHS Trust to 99 per cent for Bro Taf Health Authority.

[10] Questions 14 - 17
[11] AGW's report, paragraph 2.11

16. We asked what structure, mechanisms and sanctions are in place to ensure that all NHS bodies comply with the 95 per cent benchmark set by HM Treasury and the NHS Wales Department. [12] Mrs Lloyd told us that performance for 2003-04 has improved to 91 per cent as result of increased importance being placed on this issue. Dr Daws added that following the implementation of a new IT system, which 12 out of 15 NHS trusts have adopted, bodies have seen performance deteriorate initially on implementation but that they are now beginning to see a much better improvement. A development programme, with benchmarking across Wales, has been implemented and a project across Wales is being set up to develop better methods for processing transactions. Radical change is expected by the NHS Wales Department in the next two years.[13]

17. **We note the overall improvement in prompt payment performance but remain concerned at the continued wide variations in the performance of individual NHS bodies. We stress the need for all NHS bodies to achieve the benchmark of 95 per cent of undisputed bills by number paid within 30 days, which we understand will be a financial target for all bodies in 2003-04. This should help to ensure that small and medium sized suppliers are not disadvantaged. We expect the NHS Wales Department to continue to monitor progress vigorously and take appropriate and prompt actions against organisations failing to meet the targets.**

Restructuring of NHS Wales

18. The Health and Social Care (Community Health and Standards) Act 2003 conferred new healthcare inspection functions on the Assembly. It also established the Commission for Healthcare Audit and Inspection – a body that will operate across England and Wales. The Act provides for the Assembly's

[12] AGW's report, paragraph 2.13 – 2.15
[13] Questions 23 - 26

Healthcare Inspectorate Wales to conduct reviews of, and investigations into, the provision of healthcare by and for the people of Wales. [14]

19. We asked what progress had been made in implementing these new powers and whether the arrangements provided for a more joined-up and efficient approach to inspection within NHS Wales. Mrs Lloyd told us that the Assembly's Healthcare Inspectorate Wales began on 1 April 2004, and has been working with counterparts in England and Scotland to revise standards against which healthcare is measured, so as to be able to measure and benchmark service outcomes against a wider comparable scope than Wales. The Inspectorate has also been working with Social Services Inspectorate for Wales and the Audit Commission in Wales for potential joint audits of health and social care services in whole communities. Healthcare Inspectorate Wales will aim to undertake 10 inspections a year of local health boards and trusts and build the outcomes into the balanced scorecard, with the first inspections due in October 2004. [15]

20. The Auditor General's report notes that the Welsh Assembly Government did not intend to introduce star ratings as in England, but to take a balanced scorecard approach. [16] We asked whether this scorecard had been completed and implemented, and whether outside groups would contribute to these performance measures. We also asked how improvement was going to be measured and what penalties there would be if organisations were not improving.

21. Mrs Lloyd told us that this scorecard is now in place and looks at how organisations were relating to patients rather than just financial and service outputs. The scorecard covers four main areas, namely health gain and prevention; the health of the population and its access to and quality of care; utilisation of financial, estates and workforce resources and the management of effectiveness, clinical and corporate governance; and learning and improving in terms of staff and research and development. Mrs Lloyd also confirmed that community health

[14] AGW's report, paragraph 3.2
[15] Questions 29 - 30
[16] AGW's report, paragraph 3.6

councils and patient advocacy groups are providing opinions on some areas of the scorecard. She explained that the scorecard would be measured on a year by year basis to identify areas for improvement and help organisations to improve by sharing good practice. The Minister for Health and Social Care is to announce in July a series of sanctions and incentive schemes for NHS bodies in Wales. [17]

22. As regards the cost of operating the new structure of the NHS in Wales the Minister for Health and Social Care stated in July 2002 that the ongoing running costs would be no more than the costs of the old structure, which were £71.7 million. The Minister also stated that the one-off transitional costs would be in the range of £12.5 million to £15.5 million. The Auditor General reported to the Assembly in April 2004 that the NHS Wales Department's latest estimate of the transitional costs was £12.57 million. [18]

23. We asked Mrs Lloyd whether the running costs of the new structure would be more or less than the £71.1 million quoted and on what basis this cap would be met. She stated that she did not think the £71.1 million cap would be exceeded and that this was an absolute cap placed by the Minister. There has been some changes that resulted in a switch between budgets and the total amount is likely to vary based on the management tasks in future years. However, no duties have been moved between sections of the NHS in order to enable the £71.1 million cap to be met.

24. Mrs Lloyd added that an efficiency review would be undertaken this year and next year covering the 'back office' functions undertaken by trusts. Any money saved will be diverted back into patient care. [19]

25. The review of health and social care in Wales by Derek Wanless has led to each local health board being required to produce its own local Wanless action plan by

[17] Questions 31 - 37
[18] AGW's report, paragraphs 3.15 – 3.16
[19] Questions 39 - 47

30 April 2004. [20] We asked whether these plans have all been submitted and approved, and whether the process ensures that they are robust and cover the four main areas of the Government's response.

26. Mrs Lloyd confirmed that all plans have been submitted on time and have been signed by the local authorities as part of a partnership approach. An overarching framework has been established for guidance in the preparation of these plans in order to set them in a national context. The impact of changes in the NHS in England on local health boards and trusts on the borders has also been reflected in the plans. A comprehensive evaluation of the plans against the issues raised in the Wanless review, and in line with the Minister's challenges to the local health boards and their local authority and voluntary social care sector partners, is due to be completed at the end of June 2004. [21]

27. The Auditor General's report noted that an independent report from Atos KPMG Consulting, published in November 2003, on the adequacy of controls at the Business Services Centre highlighted concerns over the adequacy of staffing arrangements to deliver local health board accounts within agreed standards and timescales, the draft Service Level Agreements with local health boards, poor visibility of controls and reconciliations, and lack of clarity in management accounting functions. [22] In response to our question on what improvements have been made at the Business Services Centre, Dr Daws stated that there has been a specific project to improve the Business Services Centre, with new structures, additional recruitment of staff and the use of a specific project manager to deliver the accounts on time. All draft 2003-04 accounts have been submitted on time and the quality and shortcomings of those accounts were currently being investigated. [23]

[20] AGW's report, paragraphs 3.18 – 3.22
[21] Questions 49 - 52
[22] AGW's report, paragraphs 3.23
[23] Questions 55 - 56

28. **We await with interest the results of the balanced scorecard approach and ask that we are informed of the outcome, conclusions and actions that emerge from the July 2004 review. We propose to return to this important subject on a future occasion. We expect the NHS Wales Department to continue to track the running costs of the new structure and the transitional costs of restructuring to ensure that the targets set by the Minister are adhered to. We welcome the positive response to the issues and recommendations arising from the Wanless review and expect the Department to ensure that the local Wanless action plans are sufficiently robust and achievable so that the necessary changes and improvements can be made for the benefit of the people of Wales.**

Challenges facing NHS Wales

Corporate governance

29. All NHS bodies are required to undertake an annual self-assessment against the Welsh Risk Management Standards, and to submit the results together with an action plan to achieve higher levels of compliance to the NHS Wales Department. The five Welsh Risk Management Standards of risk management profile and strategy, risk profile, adverse incident and hazard reporting, governance, and financial management are deemed to be core to compliance. The Treasury issued new guidance in 2003 requiring compliance with these five core standards for 2003-04. [24] We asked what assistance and specific support has been offered to bodies to help them achieve the standards and whether the bodies would comply with the Treasury guidance.

30. Mrs Lloyd replied that not all NHS bodies will comply with the guidance for 2003-04 although help has been provided. Risk facilitators, risk management training, and training by the Welsh Risk Pool for non executives have been used to increase awareness of the importance of risk management and governance.

[24] AGW's report, paragraphs 4.2 to 4.3

Compliance with each standard is deemed to be 75% achievement of that standard. Dr Daws added that all but one body, Swansea NHS Trust, have complied by March 2004 but would not necessarily have been compliant for the whole of 2003-04. Extra support has been provided so that this body is now compliant during 2004-05. [25]

31. **We welcome the efforts made to achieve compliance with the core standards in 2003-04. Whilst we are disappointed that there were some lapses, we note that these have now been addressed, and we urge the NHS Wales Department to ensure that compliance remains a high priority in 2004-5.**

Welsh Risk Pool

32. In his report on the Finances of NHS Wales 2003,[26] the Auditor General noted the sharp rise in claims for negligence and personal injury made during 2001-02 that had not been anticipated by the Welsh Risk Pool. As a consequence the Pool had to collect additional premiums totalling £20 million to fund the totality of its reimbursement payments. We asked why the value of claims for 2002-03 remains high at £43 million for 246 claims, compared to £49 million for 136 cases in 2001-02.

33. Mrs Lloyd said that the accountability arrangements at the Welsh Risk Pool have been strengthened with the appointment of professional actuaries to help with the projection of costs and structured settlements to improve claims and risk management. Better identification of critical incidents and potential cases throughout the NHS in Wales has also helped to provide the Pool with more accurate information. [27] Mrs Lloyd subsequently told us that the increase in the number of claims is due to the revised claims reimbursement procedures at the Pool. The highest number and value of claims relate to obstetrics and gynaecology

[25] Questions 57 - 63
[26] Report by the Auditor General for Wales: The Finances of NHS Wales 2003 laid before the Assembly on 22 May 2003
[27] Questions 64 - 65

cases (58 cases costing £13.6 million in 2002-03). Alternative solutions to resolving disputes are also being investigated with the legal profession.[28]

34. **We are pleased that the long standing failings with the Welsh Risk Pool are now being tackled. We expect the NHS Wales Department to ensure that NHS bodies continue to take steps to minimise the exposure to negligence and personal injury claims and urge the Department to continue to investigate new ways of resolving cases quickly and equitably.**

NHS Fraud

35. The Auditor General's report noted that significant progress has been made in tackling and preventing fraud in the NHS in Wales. The Counter Fraud and Security Management Service estimate that the amount lost as a result of pharmaceutical fraud in Wales reduced from £15 million to £7 million per year for 2001-02, and that the level of optical fraud in has fallen from £1.2 million per year to £0.9 million a year. The Post Payment Verification Unit checked approximately 350,000 scripts between October 2002 and December 2003, recovering total income of £31,000 and £34,000 in penalties and surcharges. The NHS Counter Fraud Service (Wales) has received 37 referrals of alleged fraud since August 2001, recovered £233,402 and is currently investigating cases involving funds of approximately £550,000. NHS Wales currently has twenty two accredited Local Counter Fraud Specialists (nineteen in 2001-02) who generally investigate case where the potential estimated loss is less than £15,000 and act as a deterrent to potential fraud. In the period to December 2003 they received 150 case referrals and recovered funds of £122,713.[29]

36. We asked whether the reduction in fraud levels from £15 million to £7 million resulted in additional funds to the NHS of £8 million and whether prescription fraud was highlighted particularly in border constituencies. Mrs Lloyd confirmed

[28] Annex B, note on Clinical Negligence and Personal Injury Claims provided by Mrs Lloyd on 12 July 2004

[29] AGW's report, paragraphs 4.22 – 4.25

that proceeds recovered are reinvested in the NHS. In a subsequent note to the Committee, [30] she told us that the four local health boards bordering England all recorded prescription fraud lower than the average for Wales when losses from prescription income were compared on a per capita basis. Dr Daws added that the total estimated potential fraud figure for 2003-04 was down to £2.5 million.

37. **We welcome the continued progress being made by NHS bodies in Wales to increase fraud awareness within their organisations and are pleased to note the continued reduction in the level of pharmaceutical fraud estimated by the NHS Counter Fraud Service. We urge the NHS Wales Department to continue working with counter fraud organisations within Wales to reduce further the level of fraud in all aspects of NHS activity.**

Costs of agency nurses

38. In his report on the Finances of NHS Wales 2004, the Auditor General noted that the NHS Trusts in Wales spent £18 million on agency nursing staff during 2002-03, an increase from £15 million on the previous year. The NHS Wales Department's Performance Management Division has been monitoring agency expenditure and has been working with trusts to find ways to reduce this expenditure. Notably, Cardiff and Vale NHS Trust, which accounts for 44 per cent of the agency nursing costs, have now ceased using unqualified staff sourced by agencies. [31] A number of initiatives, including increasing the number of students, part-time nursing programmes, and financial incentives and aid for extra training to encourage nurses and midwives to return to work, have been introduced since the publication in September 2001 of the Audit Commission in Wales' report Brief encounters from Temporary Nursing Staff. [32]

[30] Annex C, note on Prescription Income Losses in NHS Wales provided by Mrs Lloyd on 12 July 2004
[31] AGW's report, paragraphs 4.9
[32] AGW's report, paragraphs 4.10

39. We asked why, despite the actions taken, expenditure on agency nursing continues to rise. Mrs Lloyd replied that there is an increasing requirement for staff in the NHS and that NHS Wales' human resources practices have not been completely effective. There is now an increased emphasis on recruitment, retention and return to work with increasing numbers of staff in training. However, those staff take time to complete their training and the NHS had been very successful in recruiting overseas staff to fill the gap.

40. Mrs Lloyd added that the Cardiff and Gwent trusts have had significant rises in agency nursing costs and special teams have investigated the reasons for this, working with them to reduce this cost area and disseminating best practice. Encouragement has been provided to all organisations to employ their own bank staff rather than using expensive agencies. A target has also been identified in the balanced scorecard with the aim of reducing expenditure on agency nursing staff. In response to our questions about whether the retention of nursing staff is a problem, Mrs Lloyd said that some nurses prefer to work for agencies because of personal circumstances including a need for greater flexibility. It was important to establish why staff were leaving the NHS and look at ways in which this could be avoided.[33]

41. **We remain concerned that the cost of agency nursing staff has continued to rise, and at the effects that over-reliance on temporary staff may have on the quality of patient care. We urge the NHS Wales Department and NHS bodies to monitor these costs closely and to take further steps to reduce them. There is a need for the NHS in Wales to recruit and retain good quality nursing staff and provide employment arrangements that include the flexibilities that employees seek.**

[33] Questions 72 - 73

Conclusions and recommendations

42. In the light of our findings, we make the following conclusions and recommendations:

On financial standing and management of NHS Wales

Financial results

(i) We note and endorse the efforts being made by the NHS Wales Department to correct the long-standing deficit culture through rigorous and achievable recovery plans and rewarding good performance. We strongly recommend that all recovery plans are agreed as a priority and performance against those plans is constantly monitored by the NHS Wales Department so that prompt corrective action can be taken as and when necessary. This is fundamental to ensuring the financial well being of NHS Wales.

Financial standing

(ii) We note that Carmarthenshire NHS Trust now has an agreed recovery plan in place and that it is making progress against it. We expect the NHS Wales Department to monitor the performance of this and all trusts with recovery plans against their agreed targets particularly closely so that early action can be taken should they fail in any respect to meet expectations and obligations.

Payment performance

(iii) We note the overall improvement in prompt payment performance but remain concerned at the continued wide variations in the performance of individual NHS bodies. We stress the need for all NHS bodies to achieve the benchmark of 95 per cent of undisputed bills by number paid within 30 days, which we understand will be a financial target for all bodies in 2003-04. This should help to ensure that small and medium sized suppliers are not disadvantaged. We expect the NHS Wales Department to continue to monitor progress vigorously and take appropriate and prompt actions against organisations failing to meet the targets.

On restructuring of NHS Wales

(iv) We await with interest the results of the balanced scorecard approach and ask that we are informed of the outcome, conclusions and actions that emerge from the July 2004 review. We propose to return to this important subject on a future occasion. We expect the NHS Wales Department to continue to track the running costs of the new structure and the transitional costs of restructuring to ensure that the targets set by the Minister are adhered to. We welcome the positive response to the issues and recommendations arising from the Wanless review and expect the Department to ensure that the local Wanless action plans are sufficiently robust and achievable so that the necessary changes and improvements can be made for the benefit of the people of Wales.

On challenges facing NHS Wales

Corporate governance

(v) We welcome the efforts made to achieve compliance with the core standards in 2003-04. Whilst we are disappointed that there were some lapses, we note that these have now been addressed, and we urge the NHS Wales Department to ensure that compliance remains a high priority in 2004-5.

Welsh Risk Pool

(vi) We are pleased that the long standing failings with the Welsh Risk Pool are now being tackled. We expect the NHS Wales Department to ensure that NHS bodies continue to take steps to minimise the exposure to negligence and personal injury claims and urge the Department to continue to investigate new ways of resolving cases quickly and equitably.

NHS Fraud

(vii) We welcome the continued progress being made by NHS bodies in Wales to increase fraud awareness within their organisations and are pleased to note the continued reduction in the level of pharmaceutical fraud estimated by the NHS Counter Fraud Service. We urge the NHS Wales Department to continue working with counter fraud organisations within Wales to reduce further the level of fraud in all aspects of NHS activity.

Costs of agency nurses

(viii) We remain concerned that the cost of agency nursing staff has continued to rise, and at the effects that over-reliance on temporary staff may have on the quality of patient care. We urge the NHS Wales Department and NHS bodies to monitor these costs closely and to take further steps to reduce them. There is a need for the NHS in Wales to recruit and retain good quality nursing staff and provide employment arrangements that include the flexibilities that employees seek.

Overall Conclusion

43. The recent restructuring of NHS Wales has given the Welsh Assembly Government an opportunity to consider afresh some of the long standing issues affecting the financial management of NHS Wales. This can only be achieved by taking responsibility for and maintaining strict disciplines on finances, governance and management throughout the organisation. At the same time, it is vital that the quality of patient care is improved and should never be compromised.

Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio

The National Assembly for Wales
Audit Committee

Cyllidau GIG Cymru 2004
The Finances of NHS Wales 2004

Cwestiynau 1-81
Questions 1-81

Dydd Iau 17 Mehefin 2004
Thursday 17 June 2004

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Mick Bates, Alun Cairns, David Lloyd, Christine Gwyther, Denise Idris Jones, Val Lloyd, David Melding, Leighton Andrews, Carl Sargeant.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Mike Usher, Swyddfa Archwilio Genedlaethol Cymru; Ian Summers, Swyddfa Archwilio Genedlaethol Cymru; Ceri Thomas, Swyddog Cydymffurfio Dros Dro, Cynulliad Cenedlaethol Cymru.

Tystion: Ann Lloyd, Pennaeth yr Adran Iechyd a Gofal Cymdeithasol, Cynulliad Cenedlaethol Cymru; Christine Daws, Cyfarwyddwr Adnoddau, yr Adran Iechyd a Gofal Cymdeithasol, Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Mick Bates, Alun Cairns, David Lloyd, Christine Gwyther, Denise Idris Jones, Val Lloyd, David Melding, Leighton Andrews, Carl Sargeant.

Officials present: Sir John Bourn, Auditor General for Wales; Mike Usher, National Audit Office Wales; Ian Summers, National Audit Office Wales; Ceri Thomas, Acting Compliance Officer, National Assembly for Wales.

Witnesses: Ann Lloyd, Head of Health and Social Care Department, National Assembly for Wales; Christine Daws, Director of Resources, Health and Social Care Department, National Assembly for Wales.

Dechreuodd y cyfarfod am 9.30 a.m.
The meeting began at 9.30 a.m.

[1] **Janet Davies:** Good morning. I apologise that we are meeting in a slightly smaller room today—we seem to be rather squashed, but I am sure that we will cope.

I welcome committee members, witnesses, and members of the public. I remind everyone that the committee operates bilingually and that you can use headphones at any time, either to listen to the translation or to assist you if you have difficulty in hearing. I also ask people to turn off their mobile phones, pagers, or any other electronic devices that they may have switched on, as they interfere with the broadcasting and translation systems.

We have had apologies from Mark Isherwood, for whom David Melding is substituting, and from Jocelyn Davies, for whom Dai Lloyd is substituting. Do any Members have declarations of interest to make? No? In that case, I ask the witnesses to introduce themselves, please.

[1] **Janet Davies:** Bore da. Ymddiheuraf ein bod yn cyfarfod mewn ystafell fymrym yn llai heddiw—mae braidd yn gyfyng yma, ond yr wyf yn siŵr y llwyddwn i ymdopi.

Croesawaf aelodau'r pwyllgor, tystion ac aelodau'r cyhoedd. A gaf fi atgoffa pawb fod y pwyllgor yn gweithredu'n ddwyieithog ac y gallwch ddefnyddio clustffonau unrhyw bryd, naill ai i wrando ar y cyfieithiad neu i'ch cynorthwyo os ydych yn drwm eich clyw. A gaf fi hefyd ofyn i bobl ddiffodd eu ffoniau symudol, blipwyr, neu unrhyw ddyfeisiau electronig eraill sydd ganddynt wedi eu troi ymlaen ar hyn o bryd, gan eu bod yn amharu ar y systemau darlledu a chyfieithu.

Yr ydym wedi cael ymddiheuriadau gan Mark Isherwood - mae David Melding yn bresennol ar ei ran - a chan Jocelyn Davies. Mae Dai Lloyd yma ar ei rhan. A oes unrhyw Aelodau am ddatgan buddiant? Na? Os felly, gofynnaf i'r tystion gyflwyno eu hunain, os gwelwch yn dda.

Ms Lloyd: I am Ann Lloyd, the head of Health and Social Care.

Ms Lloyd: Ann Lloyd ydw i, pennaeth Iechyd a Gofal Cymdeithasol.

Dr Daws: I am Christine Daws, the director of resources for the Health and Social Care Department.

Dr Daws: Christine Daws ydw i, cyfarwyddwr adnoddau yr Adran Iechyd a Gofal Cymdeithasol.

[2] **Janet Davies:** Thank you. The first item on the agenda is the Auditor General for Wales's report, 'The Finances of NHS Wales 2004', where we look back to 2002-03. This is the third time that the committee has had a report from the Auditor General on the finances of NHS Wales, and the main aspects of what we are discussing today include the measures to be taken to remedy the level of financial deficit incurred by NHS Wales bodies, progress on the restructuring following the abolition of the health authorities, and the progress made in combating fraud in the NHS. The NHS is clearly in a period of major change, with the abolition of the five health authorities and the introduction of 22 local health boards to replace them, together with the statutory changes in the Health and Social Care (Community Health and Standards) Act 2003, and the external review of the NHS in Wales by Derek Wanless, which have all contributed to the significant challenges that face NHS bodies in providing good quality health and social care.

[2] **Janet Davies:** Diolch. Yr eitem gyntaf ar yr agenda yw adroddiad Archwilydd Cyffredinol Cymru, "Cyllidau GIG Cymru 2004', lle yr ydym yn edrych yn ôl i 2002-03. Dyma'r trydydd tro i'r pwyllgor gael adroddiad gan yr Archwilydd Cyffredinol ar gyllidau GIG Cymru, ac mae prif agweddau yr hyn yr ydym yn ei drafod heddiw yn cynnwys y camau sydd i'w cymryd i unioni lefel y diffyg ariannol gan gyrff GIG Cymru, cynnydd y gwaith ailstrwythuro yn dilyn diddymu'r awdurdodau iechyd, a'r cynnydd a wnaed wrth fynd i'r afael â thwyll yn y GIG. Mae'r GIG yn amlwg yng nghanol cyfnod o newid mawr, gyda diddymu'r pum awdurdod iechyd a chyflwyno 22 bwrdd iechyd lleol yn eu lle, ynghyd â'r newidiadau statudol yn Neddf Iechyd a Gofal Cymdeithasol (Iechyd Cymunedol a Safonau) 2003, a'r adolygiad allanol o'r GIG yng Nghymru gan Derek Wanless, sydd i gyd wedi cyfrannu at yr her sylweddol sy'n wynebu cyrff y GIG wrth ddarparu gofal iechyd a gofal cymdeithasol o ansawdd da.

I will start with the first question, Ms Lloyd. Paragraph 2.2 of the report notes that the deficit for the financial year that ended 31 March 2003 was £37 million, compared with £16 million for the previous year. Can you explain why the deficit has grown so significantly over that financial year?

Dechreuaf gyda'r cwestiwn cyntaf, Ms Lloyd. Mae paragraff 2.2 yn yr adroddiad yn nodi bod y diffyg am y flwyddyn ariannol a ddaeth i ben ar 31 Mawrth 2003 yn £37 miliwn, o'i gymharu â £16 miliwn am y flwyddyn flaenorol. A allwch esbonio pam mae'r diffyg wedi tyfu cymaint yn ystod y flwyddyn ariannol honno?

Ms Lloyd: I think that we had always predicted that there would be a growth in the deficit for that year, largely because the requirements for an increase in activity and a reduction in the waiting times, and other improvements in healthcare, were built into the service and financial framework. In our negotiations with the organisations concerned, we recognised that they would not be able to increase their efficiency sufficiently for there not to be a pressure on the budget lines. So we knew that, given the

Ms Lloyd: Credaf ein bod drwy'r adeg wedi rhagweld y byddai cynnydd yn y diffyg am y flwyddyn honno, yn bennaf oherwydd fod y gofynion ar gyfer cynnydd mewn gweithgarwch a lleihad mewn amserau aros, a gwelliannau eraill mewn gofal iechyd, wedi eu cynnwys yn y fframwaith gwasanaeth a chyllid. Yn ein trafodaethau gyda'r sefydliadau dan sylw, yr oeddem yn cydnabod na fyddai modd iddynt gynyddu eu heffeithlonrwydd yn ddigonol fel na fyddai pwysau ar y llinellau cyllideb. Felly,

activity that was required, the service priorities that needed to be met, which included cancer and others—and you will have seen the 110 priorities that they had at that time—and what could be afforded from within the financial envelope, the deficit would grow for that year. I think that you can see from the results that we had anticipated a deficit of between £39.6 million and £44.1 million, and actually in the end it was £37 million.

gwyddem, o ystyried y gweithgarwch a oedd yn angenrheidiol, y blaenoriaethau gwasanaeth yr oedd angen eu bodloni, a oedd yn cynnwys canser ac eraill—a byddwch wedi gweld y 110 o flaenoriaethau a oedd ganddynt ar y pryd—a'r hyn y gellid ei fforddio o fewn yr amlen gyllid, y byddai'r diffyg yn cynyddu am y flwyddyn honno. Credaf y gallwch weld o'r canlyniadau i ni ragweld diffyg o rhwng £39.6 miliwn a £44.1 miliwn, a £37 miliwn ydoedd yn y pen draw mewn gwirionedd.

To balance that, we set about negotiating with the organisations the extent to which they could recover this position so that they would start to repay any loans that they had to draw down to allow them to undertake the activity that was required. That, indeed, is what we did. That process has continued through this year and onwards into the current financial year. So we knew that the deficit would increase, but we took very active action to ensure that the deficits could be reduced year on year and that, for the first time, we would not be giving them loans that were not repayable, but would negotiate loans with them that were repayable, and against service change and efficiency plans that we believed and considered professionally to be sufficiently robust to allow us to have confidence that they would start to be able to repay those loans.

I wrthbwyso hynny, aethom ati i drafod gyda'r sefydliadau i ba raddau y gallent adfer y sefyllfa hon fel y byddent yn dechrau ad-dalu unrhyw fenthyciadau yr oeddynt wedi eu cael i'w caniatáu i gyflawni'r gweithgarwch angenrheidiol. Dyna, mewn gwirionedd, a wnaethom. Mae'r broses honno wedi parhau gydol y flwyddyn hon ac ymlaen i'r flwyddyn ariannol gyfredol. Felly, fe wyddem y byddai'r diffyg yn cynyddu, ond aethom ati i gymryd camau diwyd i sicrhau y gellid lleihau'r diffygion flwyddyn ar ôl blwyddyn, ac am y tro cyntaf ni fyddem yn rhoi iddynt fenthyciadau nad oedd yn rhaid eu had-dalu, ond y byddem yn negodi benthyciadau ad-daladwy gyda hwy, ac yn erbyn cynlluniau newid ac effeithlonrwydd gwasanaeth a oedd, yn ein barn a'n hystyriaeth broffesiynol ni, yn ddigon cadarn i'n galluogi i fod yn hyderus y byddent yn dechrau gallu ad-dalu'r benthyciadau hynny.

[3] **Janet Davies:** Nevertheless, the accumulated deficit is over £100 million by this time. I accept that there were particular issues that year, but, although it is a smaller deficit, there is still quite a considerable deficit forecast for last year. I find it difficult to understand how, if there is a deficit year on year, the NHS in Wales is going to reach a point where not only is there not a deficit, but it is able to pay off the accumulated deficit that is there. Could you give us your views and tell us how much confidence you have in being able to pay off that?

[3] **Janet Davies:** Serch hynny, mae'r diffyg cronedig dros £100 miliwn erbyn hyn. Derbyniaf fod yna faterion penodol y flwyddyn honno, ond er bod y ddiffyg yn llai, mae diffyg digon sylweddol wedi ei ragweld o hyd am y llynedd. Yr wyf yn ei chael yn anodd deall sut mae'r GIG yng Nghymru, os oes diffyg flwyddyn ar ôl blwyddyn, yn mynd i gyrraedd man lle nid yn unig nad oes diffyg, ond lle gall dalu'r diffyg cronedig sydd yno. A allwch roi eich barn i ni a dweud wrthym pa mor hyderus yr ydych o allu ad-dalu hwnnw?

Ms Lloyd: I think that, when you look at the £100 million historic deficit, it is extremely difficult to envisage that ever being paid off. It largely arose because, prior to 2000, health authorities were not expected, and did not

Ms Lloyd: Yn fy marn i, pan edrychwch ar y diffyg hanesyddol o £100 miliwn, mae'n anodd tu hwnt dychmygu y caiff hwnnw ei ad-dalu byth. Digwyddodd hyn yn bennaf oherwydd nad oedd disgwyl cyn 2000 i

have a financial duty placed upon them, to balance their income and expenditure—they only had to balance their cash. Therefore, in the late 1990s we found that—well, I was not here then, but it was found that—health authorities had accumulated an underlying deficit of approximately £50 million. To envisage that that sort of deficit and the accumulation thereon would be repaid, I think is unrealistic. However, it is really important that the NHS, in particular, recognises that it cannot live in a deficit culture. That is why, since 2002, a requirement has been placed upon health bodies not to draw down loans that they are not going to ever repay, but for us to have a certainty that the loans that they ask for and borrow from us centrally will be repaid, that we have confidence that they will be repaid without a diminution in service—in other words that they have to improve their effectiveness—and that we can be convinced that, by 2008, they will not only have come back into balance, but have repaid their loans. It is really important, however, as we look at these underlying historic deficits, that we have an assurance that we can retain a cash balance—that we remain in balance on cash. So, although it would be useful to think that we might one day recover £100 million and reinvest it in the service, realistically, we have considered that that is not a feasible option. However, every loan drawn down since 2001-02 must be repaid, which did not happen previously.

awdurdodau iechyd, ac nid oedd ganddynt ddyletswydd ariannol, i gydbwyso eu hincwm a'u gwariant—dim ond cydbwyso'u harian yr oedd angen iddynt ei wneud. Felly, ar ddiwedd yr 1990au, gwelsom fod—wel, nid oeddwn yma bryd hynny, ond gwelwyd bod—awdurdodau iechyd wedi crynhoi diffyg blaenorol o ryw £50 miliwn. Credaf ei bod yn afrealistig rhagweld y byddai diffyg fel hynny a'r croniad ar ben hynny yn cael ei ad-dalu. Fodd bynnag, mae'n bwysig iawn bod y GIG, yn arbennig, yn sylweddoli na all fyw mewn diwylliant o ddiffyg. Dyna pam mae gofyniad ar gyrff iechyd, er 2002, i beidio â chymryd benthyciadau na allant fyth eu had-dalu, ond i ni gael sicrwydd y bydd y benthyciadau y maent yn gofyn amdanynt ac yn eu benthyg gennym yn ganolog yn cael eu had-dalu, ein bod yn hyderus y byddant yn cael eu had-dalu heb unrhyw leihad mewn gwasanaeth—bod yn rhaid iddynt wella'u heffeithiolrwydd, mewn geiriau eraill—ac y gallwn fod yn hollol siŵr, erbyn 2008, nid yn unig y byddant yn talu'r ffordd, ond y byddant wedi ad-dalu eu benthyciadau. Mae'n bwysig iawn, fodd bynnag, wrth i ni edrych ar y diffygion sylfaenol hanesyddol hyn, i ni gael sicrwydd y gallwn gadw balans arian parod—ein bod yn parhau mewn balans o ran arian parod. Felly, er y byddai'n ddefnyddiol meddwl y gallem ryw ddydd adennill £100 miliwn a'i ailfuddsoddi yn y gwasanaeth, mewn gwirionedd, yr ydym wedi ystyried nad yw hynny'n ddewis ymarferol a all weithio. Fodd bynnag, rhaid i bob benthyciad a gafwyd er 2001-02 gael ei ad-dalu, rhywbeth nad oedd yn digwydd gynt.

Dr Daws: Could I just add to that? We need to be clear that the deficit that arises from the Dental Practice Board is actually an accounting anomaly between us and the Dental Practice Board, so £12.4 million of that deficit is actually a technical issue—it is not a real deficit. The other thing is that £18.9 million is a prior year adjustment on pensions, and it relates to the fact that we now account for early retirements in the year in which they are settled. Now, that means that, ultimately, over the lifetime of that early retirement, we would be paying that out. So, it is not something that we would expect to turn around instantly. That takes account of at

Dr Daws: A gaf fi ategu hynny? Mae angen i ni fod yn glir mai anghysondeb cyfrifyddu rhyngom ni a'r Bwrdd Ymarfer Deintyddol yw'r diffyg sy'n deillio o'r Bwrdd Ymarfer Deintyddol, felly, mater technegol yw £12.4 miliwn o'r diffyg hwnnw—nid yw'n ddiffyg gwirioneddol. Y peth arall yw mai addasiad ar bensiynau yn y flwyddyn flaenorol yw £18.9 miliwn, ac mae'n ymwneud â'r ffaith ein bod bellach yn cyfrif ymddeoliadau cynnar yn y flwyddyn pan gânt eu setlo. Felly, mae hynny'n golygu, yn y pen draw, gydol oes yr ymddeoliad cynnar hwnnw y byddem yn talu hynny. Felly, nid yw hwnnw'n rhywbeth y byddem yn disgwyl ei

least £40 million of that deficit. The issue for me is, in terms of financial standing, that while the NHS has sufficient cash to keep managing, past years' deficits really do not need to be paid off in that sense. It sounds like a very stark figure—£100 million of accumulated deficit—but we have very clear plans, where there are loans, for those loans to be repaid, and that would take account of at least half of that deficit—the remaining half being technical issues, which would be worked out of the system.

newid ar unwaith. Mae hynny'n cyfrif am o leiaf £40 miliwn o'r diffyg hwnnw. Y broblem i mi, o ran sefyllfa ariannol, yw nad oes angen ad-dalu diffygion blynyddoedd cynharach yn yr ystyr hwnnw, cyn belled â bod gan y GIG ddigon o arian i barhau i ymdopi. Mae'n swnio'n ffigur difrifol iawn—£100 miliwn o ddiffyg cronedig—ond mae gennym gynlluniau eglur iawn, lle mae benthyciadau, i'r benthyciadau hynny gael eu had-dalu. Byddai hynny'n gofalu am o leiaf hanner y diffyg hwnnw—a phroblemau technegol yw'r hanner sy'n weddill, a fyddai'n cael eu dileu o'r system.

[4] **Janet Davies:** So, are you are saying that you do get enough money to run the NHS in Wales, and you are not looking to have a greater proportion of the budget in order to deliver an effective service?

[4] **Janet Davies:** Felly, a ydych yn dweud eich bod yn cael digon o arian i gynnal y GIG yng Nghymru, ac nad ydych yn ceisio cael cyfran fwy o'r gyllideb er mwyn darparu gwasanaeth effeithiol?

Ms Lloyd: We are grateful for the uplifts that we receive, but there are always constant pressures on our resources, largely through a growth in demand for care, and an extension of the range of services that can be offered, given new technology and genetic engineering and research. The issue that we are faced with is that there have been a large number of changes in the way in which staff can be rewarded within the NHS over the past year, with the general medical contract, the consultants' contract, and with the radical change in the way in which staff might pursue their careers through 'Agenda for Change'. All these, we believe, will produce a better-equipped and more professional and flexible workforce for the future, but they all need additional resources. So there is a tension in the service always, while you are making such radical change, which is UK-wide, between managing within the resources and the style of service that you are delivering at the moment, and changing for the future.

Ms Lloyd: Yr ydym yn ddiolchgar am y cymorth a gawn. Ond mae yna bwysau diddiwedd bob amser ar ein hadnoddau, yn bennaf oherwydd twf yn y galw am ofal, ac estyniad yn ystod y gwasanaethau y gellir eu cynnig, yn sgil technoleg newydd ac ymchwil a pheirianneg genynnau. Y broblem sy'n ein hwynebu yw bod nifer fawr o newidiadau yn y ffordd y gellir gwobrwyo staff yn y GIG yn ystod y flwyddyn ddiwethaf, gyda'r contract meddygol cyffredinol, gyda'r contract meddygon ymgynghorol, a chyda'r newid sylfaenol yn y modd y gall staff ddilyn eu gyrfaoedd trwy 'Agenda ar gyfer Newid'. Bydd y rhain i gyd, yn ein barn ni, yn cynhyrchu gweithlu mwy proffesiynol a hyblyg sydd â mwy o sgiliau ar gyfer y dyfodol, ond mae angen adnoddau ychwanegol arnynt i gyd. Felly, mae tensiwn yn y gwasanaeth bob amser pan fyddwch yn gwneud newid mor radical drwy'r DU gyfan, rhwng rheoli o fewn yr adnoddau a'r math o wasanaeth yr ydych yn ei ddarparu ar hyn o bryd, a newid ar gyfer y dyfodol.

We have received uplifts which have covered our inflation, and those have been very necessary, but nevertheless, there are many, many demands on our services, and judgments always have to be made about what is a priority and can be afforded. The pressure in the system must be that we must look very critically at everything we do to

Cawsom daliadau sydd wedi talu am ein chwyddiant, ac mae'r rheiny wedi bod yn angenrheidiol iawn. Ond serch hynny, mae llawer iawn iawn o alw ar ein gwasanaethau, a rhaid gwneud penderfyniadau bob amser ynglŷn â'r hyn sy'n flaenoriaeth ac y gellir ei fforddio. Rhaid mai'r pwysau yn y system yw bod yn rhaid i ni edrych yn feirniadol iawn ar

ensure that it really is focusing our scarce resources, because we do not have a pot that is never empty. We must look at our scarce resources and ensure that they are applied to the maximum benefit of patients and that we put pressure within the system to ensure that they are all delivered effectively. That is why such a lot of work has been done over the last two years to ensure that we are able to benchmark our services against others, both in the UK and in other European nations, and also to ensure that we really do rigorously investigate any causes of concern. We have put a lot of pressure in the system on NHS bodies to make the best use of the resource that they have.

bopeth a wnawn i sicrhau ei fod yn canolbwyntio ein hadnoddau prin, oherwydd nid oes gennym bwll diwaelod o arian. Rhaid i ni edrych ar ein hadnoddau prin a sicrhau eu defnyddio er y budd mwyaf i gleifion, a'n bod yn rhoi pwysau o fewn y system i sicrhau y cânt i gyd eu darparu'n effeithiol. Dyna pam mae cymaint o waith wedi ei wneud dros y ddwy flynedd diwethaf, i sicrhau ein bod yn gallu meincnodi'n gwasanaethau yn erbyn eraill, a hynny yn y DU ac yng ngwledydd eraill Ewrop, a hefyd i sicrhau ein bod yn archwilio'n drwyadl unrhyw faterion sy'n peri pryder. Yr ydym wedi rhoi llawer o bwysau yn y system ar gyrff y GIG i wneud y defnydd gorau o'r adnoddau sydd ganddynt.

[5] **Janet Davies:** Thank you. David, I think that you wanted to come in, and then I will ask Leighton to follow up some of these issues.

[5] **Janet Davies:** Diolch. David, credaf eich bod am gyfrannu, ac yna gofynnaf i Leighton ymhelaethu ar rai o'r materion hyn.

[6] **David Melding:** The situation is that in four of the six years since 1998-99, which includes the forecast for 2003-04, there have been substantial deficits. Derek Wanless has warned us against the consequences of having a system that, in a sense, follows, or even rewards, failure. The deficits and the accumulated deficits are fairly patchy over Wales: some areas have done well and balanced their budgets. Does it not have a bad result on morale if we have a system that, basically, is not rewarding success but actually encourages those who have already failed to make the efficiency gains that other parts of the NHS have successfully made? Could you tell the committee about what is referred to as the deficit culture? The trend is that it is still substantial and it is not actually on the right route to be eliminated.

[6] **David Melding:** Y sefyllfa yw bod diffygion sylweddol mewn pedair o'r chwe blynedd er 1998-99, sy'n cynnwys y rhagolwg ar gyfer 2003-04. Mae Derek Wanless wedi'n rhybuddio am ganlyniadau cael system sydd, ar ryw ystyr, yn dilyn neu hyd yn oed yn gwobrwyo methiant. Mae'r diffygion a'r diffygion cronedig yn ddigon darniog dros Gymru: mae rhai ardaloedd wedi gwneud yn dda ac wedi cydbwyso'u cyllidebau. Onid yw'n cael effaith wael ar yr ysbryd os oes gennym system nad yw, yn y bôn, yn gwobrwyo llwyddiant ond sydd mewn gwirionedd yn annog y rheiny sydd eisoes wedi methu sicrhau'r gwelliannau mewn effeithlonrwydd y mae rhannau eraill o'r GIG wedi llwyddo i'w cyflawni? A allech ddweud wrth y pwyllgor at beth y mae diwylliant diffyg yn cyfeirio? Y duedd yw ei fod yn sylweddol o hyd ac nad yw ar y trywydd iawn i gael ei ddiddymu mewn gwirionedd.

Ms Lloyd: There are two points there; I will come back to the deficit culture, if I may. You are quite right that it is deeply demoralising for all organisations that believe that they are working effectively to see people whom they might perceive, on their own subjective judgment, not to be performing so well being rewarded and bailed out for what is regarded by others as

Ms Lloyd: Mae dau bwynt yn y fan yna; deuaf yn ôl at y diwylliant diffyg, os caf. Mae'n hollol gywir ei fod yn hynod dorcalonnus i bob sefydliad sy'n credu ei fod yn gweithio'n effeithiol i weld pobl y gallent eu hystyried, yn eu barn oddrychol hwy, fel rhai nad ydynt yn perfformio cystal yn cael eu gwobrwyo a'u hachub am yr hyn a ystyrir gan eraill yn fethiannau. Dyna pam yr ydym

their failures. This is why we have worked hard with the service to turn around that sort of approach and, as you will be aware, the Minister has informed the Health and Social Services Committee that she will be announcing a series of incentives and sanctions in July, which should finally make it clear to the service the type of behaviour that will be expected from it. There has been a change, however. Over the past two years, we have rewarded those organisations that have performed particularly well and exceeded the requirements placed upon them. They have been given additional resources to take forward pilot projects. For example, the North West Wales NHS Trust is looking at the European working-time directive in its modelling, and Bro Morgannwg NHS Trust and the North West Wales NHS Trust again are looking at the consultants' contract. That is to take forward pilot projects that are required right throughout Wales, but we know that those trusts have the capacity to undertake them for the whole of Wales. So, they have been rewarded in that way by being able to pilot and change early so that the good practice that they have developed can be promulgated. So, there has been action, and I think that the balanced scorecard, as the first results now come out, will give everybody a very clear descriptor of precisely how well organisations are performing. We have also, through the performance management system that has been developed over the last two years, been paying particular attention to assisting those that have not been performing as well as others by putting in the modernisation teams and also by having a varying degree of scrutiny of their performance. Those that are performing well are managed with a lighter touch than those where it is perceived, on evidence, that there are problems.

wedi gweithio'n galed gyda'r gwasanaeth i newid y math hwnnw o ymagwedd, ac fel y byddwch yn ymwybodol, mae'r Gweinidog wedi dweud wrth y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol y bydd yn cyhoeddi cyfres o fentrau a sancsiynau ym mis Gorffennaf, a ddylai o'r diwedd ei gwneud yn glir i'r gwasanaeth y math o ymddygiad a ddisgwylir ganddo. Bu newid, fodd bynnag. Yn ystod y ddwy flynedd diwethaf, yr ydym wedi gwobrwyo'r sefydliadau hynny sydd wedi perfformio'n arbennig o dda ac wedi rhagori ar y gofynion a osodwyd arnynt. Maent wedi cael adnoddau ychwanegol i ddatblygu prosiectau peilot. Er enghraifft, mae Ymddiriedolaeth GIG y Gogledd Orllewin yn edrych ar gyfarwyddeb amser gwaith Ewrop wrth fodelu, ac mae Ymddiriedolaeth GIG Bro Morgannwg ac Ymddiriedolaeth GIG y Gogledd Orllewin eto'n ystyried y contract meddygon ymgynghorol. Mae hynny i ddatblygu prosiectau peilot y mae eu hangen ledled Cymru gyfan. Ond gwyddom fod gan yr ymddiriedolaethau hynny y gallu i ymgymryd â hwy ar gyfer Cymru gyfan. Felly, maent wedi eu gwobrwyo felly trwy allu arbrofi a newid yn gynnar, fel y gall yr arferion da y maent wedi eu datblygu gael eu lledaenu. Felly, bu gweithredu, a chredaf y bydd y cerdyn sgôr cytbwys, wrth i'r canlyniadau cyntaf ddod i'r amlwg yn awr, yn rhoi disgrifiad clir iawn i bawb pa mor dda y mae sefydliadau'n perfformio. Yr ydym hefyd, drwy'r system rheoli perfformiad sydd wedi ei datblygu dros y ddwy flynedd diwethaf, wedi bod yn rhoi sylw arbennig i gynorthwyo'r rheiny nad ydynt yn perfformio cystal ag eraill, drwy osod y timau moderneiddio ynddynt a hefyd drwy archwilio eu perfformiad i wahanol raddau. Caiff y rheiny sy'n perfformio'n dda eu rheoli'n llai llym na'r rheiny lle ystyrir, ar sail tystiolaeth, fod yna broblemau.

With regard to the deficit culture, we have been very anxious indeed to eradicate this mindset, and I think that you will be pleased to see, as we come to the final accounts for 2003-04, that we anticipated, right at the beginning of the year, that we would have to be drawing down loans of approximately £46.5 million for the health bodies in Wales in order to assist them through their periods

O ran y diwylliant diffyg, yr ydym wedi bod yn awyddus iawn i ddileu'r agwedd hon, a chredaf y byddwch yn falch o weld, wrth i ni ddod at y cyfrifon terfynol ar gyfer 2003-04, i ni ragweld, ar ddechrau'r flwyddyn, y byddai'n rhaid i ni gymryd benthyciadau o tua £46.5 miliwn ar gyfer y cyrff iechyd yng Nghymru i'w cynorthwyo yn ystod eu cyfnodau o newid. Yn y pen draw,

of change. In the end, we were able to reduce that to £14.7 million (1) in loans, which is a significant improvement on where we thought that we would be right at the beginning of the year. However, that has only been achieved by some very tough talking with the service bodies about how they are going to meet their service and financial frameworks, what their service change and efficiency plans are, how robust they might be and how they have tested them against unexpected eventualities. However, I think that you will find now that there is a much greater realisation within the whole body of the NHS in Wales that they simply cannot persist in the lines that they were pursuing before—the deficit culture has to be driven out, because you can never go forward when you continuously have to take down and repay loans. There is insufficient space then to think creatively about changing services. They have responded very well this year, and, given that we are just about to conclude the service and financial frameworks for 2004-05 and the service change and configuration plans, the signs so far are very encouraging in terms of the service having responded positively to the pressures placed within the system.

llwyddwyd i leihau hynny i £14.7 miliwn (1) mewn benthyciadau, sy'n welliant sylweddol ar y sefyllfa yr oeddem yn credu y byddem ynddi ar ddechrau'r flwyddyn. Fodd bynnag, yr oedd hynny'n bosibl dim ond drwy siarad yn llym iawn â'r cyrff gwasanaeth ynglŷn â'r ffordd y maent i fodloni eu fframweithiau gwasanaeth a chyllid, beth yw'r newid yn eu gwasanaeth a'u cynlluniau effeithlonrwydd, pa mor gadarn ydynt a sut maent wedi eu profi dan amgylchiadau annisgwyl. Fodd bynnag, credaf y gwelwch fod corff cyfan y GIG yng Nghymru bellach yn sylweddoli i raddau helaethach nad oes modd iddynt barhau fel yr oeddent gynt—mae'n rhaid dileu'r diwylliant diffyg, oherwydd ni allwch symud ymlaen pan fydd rhaid i chi gael benthyciadau a'u had-dalu byth a hefyd. Nid oes digon o le wedyn i feddwl yn greadigol am newid gwasanaethau. Maent wedi ymateb yn dda iawn eleni, ac o gofio ein bod ar fin gorffen y fframweithiau gwasanaeth a chyllid ar gyfer 2004-05 a'r cynlluniau newid a chyflunio gwasanaeth, mae'r arwyddion hyd yma yn galonogol iawn o ran bod y gwasanaeth wedi ymateb yn gadarnhaol i'r pwysau a roddwyd yn y system.

Dr Daws: I will just add, if I may, that through having three regional offices to support me in monitoring the financial position on a regular basis and meetings with the finance directors—those who were declaring that they needed a loan—we have worked very hard to ensure that any recovery plans to reduce the loans are effective. We have not signed them off, and you will notice that there are comments about the fact that some of the service change and efficiency plans have not been signed off. This was because we were not prepared to sign them off until we were confident that they were deliverable. We have worked endlessly, meeting with the finance directors and checking what they are doing. There is now a real sense of belief in Wales that if you take out a loan you have to repay it. I think that the culture has definitely changed. We have now had the SAFF process for at least two or three years. Just putting this structure in place and now having regional officers to support the monitoring has made a huge difference. I

Dr Daws: Hoffwn ychwanegu, os caf, drwy gael tair swyddfa ranbarthol i'm cynorthwyo i fonitro'r sefyllfa ariannol yn rheolaidd, a chael cyfarfodydd â'r cyfarwyddwyr cyllid—y rheiny a oedd yn dweud bod arnynt angen benthyciad—ein bod wedi gweithio'n galed iawn i sicrhau bod unrhyw gynlluniau ad-dalu i leihau'r benthyciadau yn effeithiol. Nid ydym wedi eu llofnodi i gyd, ac fe sylwch fod sylwadau am y ffaith nad yw rhai o'r cynlluniau newid ac effeithlonrwydd gwasanaeth wedi eu llofnodi. Y rheswm am hyn oherwydd oedd ein bod ym amharod i'w llofnodi nes oeddem yn hyderus ei bod yn bosibl eu cyflawni. Yr ydym wedi gweithio'n ddiflino, gan gyfarfod â chyfarwyddwyr cyllid a gwirio'r hyn a wnânt. Mae yna gred wirioneddol bellach yng Nghymru fod yn rhaid i chi ei ad-dalu os cewch fenthyciad. Credaf fod y diwylliant yn bendant wedi newid. Mae'r broses SAFF wedi bod gyda ni ers o leiaf ddwy neu dair blynedd bellach. Mae rhoi'r strwythur hwn ar waith a chael swyddogion rhanbarthol bellach i gefnogi'r

think that you will start to see a big change in results, particularly in the 2003-04 position, especially given the service improvements that have been made and improvements to waiting lists. You can always take money out, but the problem is that you do not get service improvements, and I think that that has been an absolutely critical issue.

gwaith monitro wedi gwneud gwahaniaeth enfawr. Credaf y byddwch yn dechrau gweld newid mawr mewn canlyniadau, yn enwedig yn sefyllfa 2003-04, yn arbennig o gofio'r gwelliannau sydd wedi eu gwneud yn y gwasanaeth a gwelliannau mewn rhestrau aros. Gallwch fenthyg arian bob amser, ond y broblem yw nad ydych yn cael gwelliannau yn y gwasanaeth, a chredaf fod hynny wedi bod yn fater hollol allweddol.

[7] **Leighton Andrews:** Turning to paragraphs 2.17 and 2.18, the deficit that is forecast for 2003-04—the financial year that has just concluded—is estimated at around £20.7 million, which is clearly down on the previous year. Does that suggest that we are going to see a continued eradication of deficits this year and next year? Are we going to see them dropping off?

[7] **Leighton Andrews:** Gan droi at baragraffau 2.17 a 2.18, amcangyfrifwyd bod y diffyg am 2003-04—y flwyddyn ariannol sydd newydd orffen—tua £20.7 miliwn, sy'n amlwg yn ostyngiad ers y flwyddyn flaenorol. A yw hynny'n awgrymu ein bod yn mynd i weld gostyngiad parhaus mewn diffygion eleni a'r flwyddyn nesaf? A ydym yn mynd i'w gweld yn lleihau?

Ms Lloyd: Yes, it actually fell at the end, on the audited accounts, to £14.2 million.

Ms Lloyd: Ydym. Bu gostyngiad mewn gwirionedd tua'r diwedd, yn y cyfrifon sydd wedi eu harchwilio, i £14.2 miliwn.

Dr Daws: No, we are forecasting that.

Dr Daws: Na, rhagweld hynny yr ydym.

Ms Lloyd: Sorry.

Ms Lloyd: Mae'n ddrwg gennyf.

Dr Daws: For 2003-04, we are forecasting that—we are literally in the process of going through the 2003-04 accounts now. We have received the unaudited versions from the service, but the forecast is that, for 2003-04, it will be £14.2 million.

Dr Daws: Am 2003-04, yr ydym yn rhagweld hynny—yr ydym yn llythrennol yng nghanol y broses o fynd drwy gyfrifon 2003-04 ar hyn o bryd. Yr ydym wedi cael y fersiynau sydd heb eu harchwilio gan y gwasanaeth, ond y rhagolygon yw y bydd yn £14.2 miliwn am 2003-04.

[8] **Leighton Andrews:** Sorry, I just want to be clear about that. The forecast for 2003-04, for last year, is £14.2 million rather than £20.7 million?

[8] **Leighton Andrews:** Mae'n ddrwg gennyf, yr wyf am fod yn siŵr am hynny. Y rhagolygon am 2003-04, y llynedd, yw £14.2 miliwn yn hytrach nag £20.7 miliwn?

Dr Daws: Yes.

Dr Daws: Ie.

Ms Lloyd: Also, we have had some repayments of debt from Ceredigion and Mid Wales NHS Trust and Pembrokeshire and Derwen NHS Trusts, and from the ambulance service this year.

Ms Lloyd: Yr ydym hefyd wedi cael rhai taliadau i ad-dalu dyledion gan Ymddiriedolaeth GIG Ceredigion a'r Canolbarth ac Ymddiriedolaeth GIG Sir Benfro a Derwen, a chan y gwasanaeth ambiwlans eleni.

Dr Daws: LHBs.

Dr Daws: Byrddau Iechyd Lleol.

Ms Lloyd: Yes.

Ms Lloyd: Ie.

Dr Daws: The two LHBs—Ceredigion and Pembrokeshire—and the ambulance trust have repaid a loan. It is very encouraging to see this starting to happen.

Dr Daws: Mae'r ddau BILl—Ceredigion a Sir Benfro—a'r ymddiriedolaeth ambiwlans wedi ad-dalu benthyciad. Mae'n galonogol iawn gweld hyn yn dechrau digwydd.

[9] **Leighton Andrews:** In your answers to Janet Davies and David Melding you referred to the strategic change and efficiency programmes. Can you explain what, specifically, they cover?

[9] **Leighton Andrews:** Yn eich atebion i Janet Davies a David Melding cyfeiriech at y rhaglenni newid ac effeithlonrwydd strategol. A allwch egluro beth yn benodol maent yn ei gwmpasu?

Ms Lloyd: They cover the whole of the service. The way in which they are adjudged involves the trust or the LHB having to describe the financial pressures within its system, how it will cope with them and the changes that it will make. So, it might be looking at changing all its back-office functions to release resources to plough back into services. It might be reorganising some staff to meet needs more. It will be looking at how it is going to change the delivery of a service and what this means in terms of meeting either the activity or the financial deficit. So, they are all quite different, but they are all tested absolutely rigorously, because we expect a service to live within its financial and other resources, and, therefore, it has to look at how it meets the needs of its population and at the amount of activity that is required through its service and financial framework to meet the targets set for it from within the resources, both in terms of workforce and finance. They have to come forward with a plan that shows us how they are going to do that, and, if they are not able to do that, what changes they are going to make in the services and what consequences for activity or output would arise from any change so that we can get a balance within the system. It is really a major drive for efficiency.

Ms Lloyd: Maent yn cwmpasu'r gwasanaeth i gyd. Mae'r modd y cânt eu dyfarnu yn golygu bod yn rhaid i'r ymddiriedolaeth neu'r BILl ddisgrifio'r pwysau ariannol o fewn ei system, sut y bydd yn ymdopi â hynny a'r newidiadau y bydd yn eu gwneud. Felly, efallai mai newid ei holl swyddogaethau swyddfa-gefn i ryddhau adnoddau i'w trosglwyddo'n ôl i wasanaethau y bydd. Efallai mai ad-drefnu rhai o'r staff a wnaiff i ddiwallu anghenion yn well. Bydd yn edrych ar y ffordd y bydd yn newid y modd y darperir y gwasanaeth, a beth mae hynny'n ei olygu o ran bodloni naill ai'r gweithgarwch neu'r diffyg ariannol. Felly, maent i gyd yn wahanol iawn, ond cânt i gyd eu profi'n hollol drylwyr, oherwydd yr ydym yn disgwyl i wasanaeth weithredu o fewn ei adnoddau ariannol ac adnoddau eraill, ac felly rhaid iddo edrych ar y ffordd mae'n diwallu anghenion ei boblogaeth ac ar faint o weithgarwch sy'n angenrheidiol drwy ei fframwaith gwasanaeth a chyllid i gyrraedd y targedau a osodwyd ar ei gyfer o fewn yr adnoddau sydd ar gael, o ran gweithlu a chyllid. Rhaid iddynt gyflwyno cynllun sy'n dangos i ni sut y bwriadant wneud hynny, ac os na allant wneud hynny, pa newidiadau y byddant yn eu gwneud yn y gwasanaethau, a beth fyddai canlyniadau unrhyw newid i weithgarwch neu allbwn fel y gallwn sicrhau cydbwysedd yn y system. Mae'n ymgais fawr wirioneddol i sicrhau effeithlonrwydd.

[10] **Leighton Andrews:** In a previous answer, Dr Daws said that you had not agreed to sign off a number of these until you were absolutely satisfied. Does that entirely answer the point from the Audit Commission that some of these programmes have not yet been agreed, or are there still a number outstanding?

[10] **Leighton Andrews:** Mewn ateb blaenorol, dywedodd Dr Daws nad oeddech wedi cytuno i lofnodi nifer o'r rhain nes i chi fod yn gwbl fodlon. A yw hynny'n ateb yn llwyr y pwynt gan y Comisiwn Archwilio nad yw rhai o'r rhaglenni hyn wedi eu cytuno hyd yn hyn, neu a oes nifer o hyd heb eu cytuno?

Dr Daws: There are three organisations where I have not finally signed them off, but all three do have plans that I need to have a final discussion with them about in order for me to sign them off. The regional offices have been through them and are reasonably satisfied; we need to make a final check. I think that the important issue around that is the rigour with which we are tackling it. That is not to say that they have not made savings during the year and have not maintained their position. However, in terms of agreeing a loan and a repayment profile with them, that is quite critical, because it is one thing to say, 'Yes, we need to borrow this much money', but the other thing for me was being able to identify which years they were going to repay and how much they were going to repay each year.

Dr Daws: Mae tri sefydliad lle nad wyf wedi eu llofnodi'n derfynol, ond mae gan y tri gynlluniau y mae angen i mi gael trafodaeth derfynol gyda hwy yn eu cylch er mwyn i mi eu llofnodi. Mae'r swyddfeydd rhanbarthol wedi edrych arnynt ac maent yn weddol fodlon; mae angen i ni wneud archwiliad terfynol. Credaf mai'r mater pwysig am hynny yw pa mor drwyadl yr ydym yn mynd i'r afael â hyn. Nid yw hynny'n golygu nad ydynt wedi gwneud arbedion yn ystod y flwyddyn a heb gynnal eu sefyllfa. Fodd bynnag, o ran cytuno ar fenthyciad a phroffil ad-dalu gyda hwy, mae hynny'n hollbwysig, oherwydd un peth yw dweud, 'Mae angen i ni fenthyg hyn a hyn o arian', ond y peth arall i mi oedd gallu nodi yn ystod pa flynyddoedd y byddent yn ad-dalu a faint y byddent yn ei ad-dalu bob blwyddyn.

[11] **Leighton Andrews:** When did you expect all of these programmes to have been signed off by?

[11] **Leighton Andrews:** Erbyn pryd yr oeddech yn disgwyl i'r holl raglenni hyn gael eu llofnodi?

Dr Daws: The service and financial framework position was agreed at about September time, and, arising out of that, we started to have different discussions with different organisations. Ideally, it would have been better to have signed them off in the middle of the financial year, but, as I say, to be honest, I would rather sign off something that is robust than just sign something off to hit a deadline. I think that that is important, because this is not a quick fix; this is about ensuring that we have something that is sustainable and has minimal impact on patient care. We will sign them off before the accounts are audited for 2003-04. There is no question about that, because they are that close to being sign-offable, as it were. However, it would have been better if we could have signed them off earlier in the year. I am happy to admit that, but I would rather get them right than hit a deadline.

Dr Daws: Cytunwyd ar y system fframwaith gwasanaeth a chyllid tua mis Medi, ac yn sgil hynny dechreuwyd cynnal trafodaethau gwahanol gyda sefydliadau gwahanol. Yn ddelfrydol, byddai wedi bod yn well eu llofnodi yng nghanol y flwyddyn ariannol, ond fel yr oeddwn yn dweud, a bod yn onest byddai'n well gennyf lofnodi rhywbeth cadarn na llofnodi unrhyw beth i gadw at ddyddiad cau. Credaf fod hyn yn bwysig, oherwydd nid ateb dros dro yw hwn; mae hyn yn ymwneud â sicrhau bod gennym rywbeth sy'n gynaliadwy ac sy'n cael yr effaith leiaf posibl ar ofal cleifion. Byddwn yn eu llofnodi cyn i'r cyfrifon gael eu harchwilio ar gyfer 2003-04. Nid oes dwywaith am hynny, oherwydd maent mor agos â hynny i allu cael eu llofnodi, fel petai. Fodd bynnag, byddai'n well pe baem wedi gallu eu llofnodi yn gynharach yn y flwyddyn. Yr wyf yn fodlon cyfaddef hynny, ond byddai'n well gennyf sicrhau eu bod yn gywir na chadw at ddyddiad cau.

[12] **Leighton Andrews:** In what you have just said, is there any suggestion then that the capacity does not exist within any of the local organisations to provide you with the necessary information within the timescale

[12] **Leighton Andrews:** O'r hyn yr ydych newydd ei ddweud, a oes unrhyw awgrym, felly, nad oes gan unrhyw un o'r sefydliadau lleol y gallu i roi i chi y wybodaeth angenrheidiol o fewn yr amserlen a oedd

that you were looking for?

Dr Daws: I do not know whether it is a matter of the necessary capacity, or, in some cases—two of the organisations are local health boards, which, obviously, were brand-new organisations, and, therefore, there was an issue about experience and gaining the necessary skills and working through some of the issues around identifying, benchmarking, and working out a correct plan. If those organisations had been health authorities in the past, I suspect that it would not have taken so long. One of the others was a trust where we have had substantial problems for a number of years, and, again, it was about ensuring and bringing in external consultants to look at and advise it, because, in a sense, it had run out of ideas. That process took some time. There is then an issue about getting ownership within the organisation. It is no good the director of finance saying, 'Yes, we can deliver these savings'; you have to work something through your organisation and be confident that your clinicians are on board and that the changes are deliverable.

[13] **Leighton Andrews:** Was the trust to which you referred Camarthenshire?

Dr Daws: Yes.

Ms Lloyd: Yes.

[14] **Leighton Andrews:** Okay. That takes me to my next question, then. I will move on to Camarthenshire NHS Trust and paragraph 2.10, which explains the position in that Camarthenshire did not achieve its statutory financial break-even target or gain Assembly approval. You have just referred to having to bring in the external consultants because, in your words, it ran out of ideas. Going back to my earlier question, does that not illustrate a situation in which perhaps it did not have the right capacity at the local level to be able to implement the strategic change and efficiency programme?

gennych mewn golwg?

Dr Daws: Ni wn ai mater o'r gallu angenrheidiol ydyw, neu, mewn rhai achosion—byrddau iechyd lleol yw dau o'r sefydliadau a oedd, yn amlwg, yn sefydliadau newydd sbon, ac felly yr oedd yna fater o brofiad a meithrin y sgiliau angenrheidiol a gweithio drwy rai o'r materion ynghylch nodi, meincnodi a dyfeisio cynllun priodol. Pe bai'r sefydliadau hynny wedi bod yn awdurdodau iechyd yn y gorffennol, yr wyf yn amau na fyddai wedi cymryd cyhyd. Ymddiriedolaeth oedd un o'r lleill, lle yr ydym wedi cael problemau sylweddol ers nifer o flynyddoedd, ac eto, mater o sicrhau a defnyddio ymgynghorwyr allanol i edrych arni a'i chynghori ydoedd oherwydd, ar ryw ystyr, nid oedd ganddi ragor o syniadau. Bu'r broses honno yn un hir. Yna mae mater ynglŷn â sicrhau perchnogaeth yn y sefydliad. Gwastraff amser yw i'r cyfarwyddwr cyllid ddweud, 'Gallwn gyflawni'r arbedion hyn, gallwn'; rhaid i chi weithio rhywbeth drwy eich sefydliad a bod yn hyderus bod eich clinigwyr yn cytuno a bod y newidiadau yn bosibl eu sicrhau.

[13] **Leighton Andrews:** Ai sir Gaerfyrddin oedd yr ymddiriedolaeth y cyfeiriech ati?

Dr Daws: Ie.

Ms Lloyd: Ie.

[14] **Leighton Andrews:** O'r gorau. Mae hynny'n fy arwain at fy nghwestiwn nesaf, felly. Af ymlaen at Ymddiriedolaeth GIG Sir Gaerfyrddin a pharagraff 2.10, sy'n egluro'r sefyllfa am na chyrhaeddodd sir Gaerfyrddin ei tharged ariannol statudol i ad-dalu costau na chael cymeradwyaeth y Cynulliad. Yr ydych newydd gyfeirio at orfod defnyddio'r ymgynghorwyr allanol oherwydd, yn eich geiriau chi, nad oedd ganddi fwy o syniadau. I ddychwelyd at fy nghwestiwn cynharach, onid yw hynny'n enghraifft o sefyllfa lle nad oedd ganddi'r gallu priodol yn lleol, efallai, i allu gweithredu'r rhaglen newid ac effeithlonrwydd strategol?

Ms Lloyd: I think that our action by taking in external consultants to assist it indicates that we were not convinced that it did have the capability any more to wrestle with the problem facing it. It is being helped considerably by the regional office, and the Teamwork team was very helpful to it in taking an outside view of where the problems might lie. Nevertheless, it has a significant problem of a £4.9 million deficit, and our concern was that it had managed to hold relatively steady, but with a number of short-term measures that we did not think were sustainable over a longer term. A much more radical look was required—which is why we have the independent financial review—not in the context of being there to beat it up, but actually helping it through with its problems and looking at different ways in which it could try to gain a little more efficiency out of the system so that it would therefore be able to release resources.

Ms Lloyd: Credaf fod y ffaith i ni ddefnyddio ymgynghorwyr allanol i'w chynorthwyo yn dangos nad oeddem wedi'n hargyhoeddi bod ganddi'r gallu mwyach i fynd i'r afael â'r broblem a oedd yn ei hwynebu. Mae'n cael cymorth sylweddol gan y swyddfa ranbarthol, a bu tîm Teamwork o gymorth mawr iddi wrth roi barn o'r tu allan ar ble allai'r problemau fod. Serch hyn, mae ganddi broblem sylweddol o ddiffyg o £4.9 miliwn, a'n pryder oedd ei bod wedi llwyddo i ddal yn gymharol sefydlog, ond gyda nifer o fesurau byrdymor nad oeddent yn gynaliadwy dros gyfnod hwy yn ein barn ni. Yr oedd angen dull llawer mwy radical—a dyna'r rheswm pam mae gennym yr adolygiad ariannol annibynnol—nid yn y cyd-destun o fod yno i ladd arni, ond mewn gwirionedd i'w helpu gyda'i phroblemau ac edrych ar ffyrdd gwahanol y gallai geisio sicrhau system ychydig yn fwy effeithiol, fel y byddai modd iddi felly ryddhau adnoddau.

[15] **Leighton Andrews:** In this process, Carmarthenshire did not follow its obligation to inform the Assembly of the problems that it was experiencing. Is that right?

[15] **Leighton Andrews:** Yn y broses hon, ni chyflawnodd sir Gaerfyrddin ei rhwymedigaeth i roi gwybod i'r Cynulliad am y problemau a oedd ganddi. A yw hynny'n gywir?

Ms Lloyd: It did not, but our performance management system is now so close to the service that we were able to pick up the problems and act.

Ms Lloyd: Ni wnaeth, ond mae ein system rheoli perfformiad bellach mor agos at y gwasanaeth fel yr oedd modd i ni nodi'r problemau a gweithredu.

[16] **Leighton Andrews:** I am glad to hear that. However, there was a specific obligation on it to seek Assembly approval for an extension to its break-even timescale, and it did not follow that through. What, therefore, were the sanctions that followed in that situation?

[16] **Leighton Andrews:** Yr wyf yn falch o glywed hynny. Fodd bynnag, yr oedd yno rwymedigaeth benodol i wneud cais am gymeradwyaeth y Cynulliad ar gyfer estyniad yn yr amserlen ad-dalu costau, ac ni chyflawnodd y rhwymedigaeth honno. Beth, felly, oedd y sancsiynau a ddilynodd yn y sefyllfa honno?

Ms Lloyd: It was brought into what were two extremely difficult meetings for it,

Ms Lloyd: Cafodd ei galw i'r hyn a oedd yn ddau gyfarfod hynod anodd iddi, ac yn

and, basically, it was not given any capacity to quibble about the action that we were therefore going to take.

[17] **Leighton Andrews:** Why do you assess that Carmarthenshire did not achieve its statutory financial target?

Ms Lloyd: It has been an organisation with a number of problems for some time. You will probably recall that there was a change of chief executive back in 2001-02. Also, it was a trust merger, where there were loads and loads of difficulties, and I do not think that sufficiently robust action has been taken by the organisation to look at the spread of the service that it delivers and to, not rationalise it, but to make it more logical. That is the work that it is undertaking at the moment. There was really no clinical redesign of services, which you would expect when mergers come about, because there is an economy of scale that is available to it then.

So I think that the leadership has been renewed and the clinical redesign of services is being pursued. I think that it also had a difficult relationship with its health authority at that time. Now, it has gone through a little turbulence with the local health board, as it has been established, but we are now in the position whereby the trust and the local health board together are signing off that service change and efficiency plan. This was, therefore, one of the trusts that I had the gravest concerns for, and we felt that better benefit would be given to the patients and the staff at the end of the day if we worked constructively with them rather than removing the authority from them.

[18] **Leighton Andrews:** Are you now satisfied, if we take Carmarthenshire, if you like, as the worst case—I am not

y bôn ni roddwyd unrhyw le iddi ddadlau am y camau yr oeddem felly yn mynd i'w cymryd.

[17] **Leighton Andrews:** Pam na chyflawnodd sir Gaerfyrddin ei tharged ariannol statudol yn eich barn chi?

Ms Lloyd: Bu gan y sefydliad nifer o broblemau ers cryn amser. Fe gofiwch, mae'n debyg, iddi gael prif weithredwr newydd yn ôl yn 2001-02. Hefyd, cafodd ymddiriedolaethau eu huno, lle yr oedd anawsterau di-ben-draw, ac ni chredaf fod camau gweithredu digon cadarn wedi eu cymryd i edrych ar gwmpas y gwasanaeth a ddarpara, ac nid i'w resymoli ond i'w wneud yn fwy rhesymegol. Dyna'r gwaith yr ydym yn ei wneud ar hyn o bryd. Ni chafodd gwasanaethau eu hailgynllunio'n glinigol a dweud y gwir, fel y byddech yn disgwyl pan fydd uno'n digwydd, oherwydd fod yna arbedion maint sydd ar gael iddi wedyn.

Felly, credaf fod yr arweinyddiaeth honno wedi ei hadnewyddu ac ailgynllunio gwasanaethau'n glinigol yn mynd yn ei flaen. Credaf hefyd fod y berthynas rhyngddi a'i hawdurdod iechyd yn anodd bryd hynny. Yn awr, mae wedi cael rhai anawsterau gyda'r bwrdd iechyd lleol, fel y mae wedi ei sefydlu, ond yr ydym bellach yn y sefyllfa lle mae'r ymddiriedolaeth a'r bwrdd iechyd lleol yn llofnodi'r cynllun newid ac effeithlonrwydd gwasanaeth gyda'i gilydd. Yr oedd hon, felly, yn un o'r ymddiriedolaethau yr oeddem yn poeni fwyaf amdani, ac yr oeddem o'r farn y byddai'n fwy buddiol i'r cleifion a'r staff yn y pen draw pe baem yn gweithio'n gadarnhaol gyda hwy yn hytrach na chymryd yr awdurdod oddi wrthynt.

[18] **Leighton Andrews:** A ydych yn fodlon bellach, os cymerwn sir Gaerfyrddin, os hoffech chi, fel yr achos

saying necessarily that it is absolutely the worst case, but let us say for the sake of argument that it is—that, on the basis of the work going on between you and Carmarthenshire, it will be able to live within its means?

gwaethaf—nid wyf yn dweud mai dyna'r achos gwaethaf un o reidrwydd, ond gadewch i ni ddweud mai hi yw'r gwaethaf er mwyn dadl—ar sail y gwaith sy'n digwydd rhyngoch chi a sir Gaerfyrddin, y bydd yn gallu talu ei ffordd?

Ms Lloyd: I think that the jury is still out on that. I think that we will have to give it this year to see what progress it makes. The regional office has this as its number one priority, to help it through. We have had the external report. There is a change in approach between the local health board and the trust, and they are working much more collectively together. So, movements have been made, but I think that we still need to keep a very close watch and some control over this trust to help it through the difficulties that it has faced.

Ms Lloyd: Credaf mai amser a ddengys ynglŷn â hynny o hyd. Credaf fod yn rhaid i ni roi'r flwyddyn bresennol iddi i weld pa gynnydd a wna. Dyma yw prif flaenoriaeth y swyddfa ranbarthol, ei chynorthwyo drwy hyn. Yr ydym wedi cael yr adroddiad allanol. Mae yna newid ymagwedd rhwng y bwrdd iechyd lleol a'r ymddiriedolaeth, ac maent yn gweithio lawer yn agosach gyda'i gilydd. Felly, mae newidiadau wedi eu gwneud, ond credaf fod angen i ni gadw llygad barcud ar yr ymddiriedolaeth hon a chadw rhywfaint o reolaeth drosti o hyd i'w chynorthwyo drwy'r anawsterau y mae wedi eu hwynebu.

Dr Daws: Can we be clear too that recovery plans are not necessarily over one year? We have agreed recovery plans over two or three years, depending on the extent of the problem, and then a repayment profile of, again, three years. So, it would be wrong to say that it will be in financial balance at the end of this financial year. It will, hopefully, have moved in line with the strategic change and efficiency plan, and will hit the target of that. That would be the important thing for me—that that would be what we were measuring.

Dr Daws: A allwn hefyd fod yn glir nad am flwyddyn y mae cynlluniau adfer o reidrwydd yn para? Yr ydym wedi cytuno ar gynlluniau adfer dros ddwy neu dair blynedd, gan ddibynnu ar faint y broblem, ac yna proffil ad-dalu, unwaith eto, o dair blynedd. Felly, anghywir fyddai dweud y bydd mewn balans ariannol ar ddiwedd y flwyddyn ariannol hon. Fe fydd, gobeithio, wedi symud yn unol â'r cynllun newid ac effeithlonrwydd strategol, ac yn cyrraedd y targed hwnnw. Dyna fyddai'r peth pwysig i mi—mai dyna y byddem yn ei fesur.

Ms Lloyd: Could I just say finally about Carmarthenshire NHS Trust, that there is a huge willingness now, and energy, there to address this problem productively.

Ms Lloyd: A gaf fi ddweud yn olaf am Ymddiriedolaeth GIG Sir Gaerfyrddin fod yna barodrwydd enfawr bellach, ac egni, i fynd i'r afael â'r broblem hon yn gynhyrchiol.

[19] **Leighton Andrews:** Okay. Is the jury still out on any other trusts or LHBs in respect of either break-even or, as you put it, a recovery plan over a couple of years?

[19] **Leighton Andrews:** O'r gorau. A oes amheuaeth o hyd am unrhyw ymddiriedolaethau neu BILl eraill o ran naill ai ad-dalu costau neu, yn eich geiriau chi, gynllun adfer dros flwyddyn neu ddwy?

Ms Lloyd: We still have two LHBs to sign off. So I am not saying that we do not have the confidence that they are going to succeed and achieve what they have set out to do, but we have not signed it off yet.

[20] **Leighton Andrews:** Okay. Finally, paragraph 2.11 points out that concerns were raised by the Audit Commission with the Welsh Assembly Government in relation to its arrangements with individual trusts, which the commission saw as potentially conflicting with the trusts' statutory requirement to break even. Could you explain that, please?

Dr Daws: I think that we have now reached agreement over that issue. There is a difference between trying to incentivise people to manage to a target without actually handing them the money. I think that we have reached an agreement now that, where trusts have a deficit, we did not want to just give them the money. It needed to be a loan, but we needed to identify that they had a problem. I did not want to mislead the public in the sense of saying that this organisation did not have a deficit and had not received a loan. That was the issue that we were facing, between the management of their financial position and the statutory legal responsibility around hitting audited targets. I think that we have a similar issue. We have just issued a circular on statutory break-even duty, and we met with the Audit Commission yesterday to agree how we could manage that. It is an issue about the intent rather than the law, as it were, in that sense, and I think that we have come to an accommodation on how we can manage that.

[21] **Janet Davies:** Thank you. If those targets are not met, what sanctions do you have, and, more importantly, do you have

Ms Lloyd: Mae dau BILl i'w llofnodi o hyd. Felly, nid wyf yn dweud nad ydym yn hyderus y byddant yn llwyddo ac yn cyflawni'r hyn y maent yn ceisio'i wneud, ond nid ydym wedi llofnodi hynny hyd yn hyn.

[20] **Leighton Andrews:** O'r gorau. Yn olaf, mae paragraff 2.11 yn dweud i'r Comisiwn Archwilio fynegi pryderon wrth Lywodraeth Cynulliad Cymru ynglŷn â'i threfniant gydag ymddiriedolaethau unigol, a allai, ym marn y Comisiwn, wrthdaro â gofyniad statudol yr ymddiriedolaethau i ad-dalu costau. A allwch egluro hynny, os gwelwch yn dda?

Dr Daws: Credaf ein bod bellach yn gytûn ar y mater hwnnw. Mae gwahaniaeth rhwng ceisio cymell pobl i reoli yn ôl targed heb, mewn gwirionedd, roi'r arian iddynt. Credaf ein bod wedi dod i gytundeb bellach, sef nad oeddem am roi'r arian i ymddiriedolaethau yn syml pan fyddai ganddynt ddiffyg. Yr oedd angen iddo fod yn fenthyciad, ond yr oedd angen i ni nodi bod ganddynt broblem. Nid oeddwn am gamarwain y cyhoedd drwy ddweud nad oedd gan y sefydliad hwn ddiffyg ac nad oedd wedi cael benthyciad. Dyna'r mater yr oeddem yn ei wynebu, rhwng rheoli eu sefyllfa ariannol a'r cyfrifoldeb cyfreithiol statudol o ran cyrraedd targedau sy'n cael eu harchwilio. Credaf fod gennym broblem debyg. Yr ydym newydd gyhoeddi cylchlythyr am y dyletswydd statudol i dalu'r ffordd, a chawsom gyfarfod gyda'r Comisiwn Archwilio ddoe i gytuno sut y gallem reoli hynny. Mater o'r bwriad yw hyn, yn hytrach na'r gyfraith, fel petai, yn yr ystyr hwnnw, a chredaf ein bod wedi dod i gytundeb sut y gallwn reoli hynny.

[21] **Janet Davies:** Diolch. Os na chyrhaeddir y targedau hynny, pa sancsiynau sydd gennych, ac yn

a contingency plan in place?

bwysicach, a oes gennych gynllun wrth gefn ar waith?

Ms Lloyd: That will be contained in the sanctions and incentives proposals that the Minister will put into the public forum in July.

Ms Lloyd: Bydd hynny wedi ei gynnwys yn y cynigion ar sancsiynau a chymhellion y bydd y Gweinidog yn eu cyflwyno i'r fforwm cyhoeddus ym mis Gorffennaf.

[22] **Janet Davies:** Right, thank you. Christine, you have something that you want to ask on this section before we move on to the next one?

[22] **Janet Davies:** Iawn, diolch. Christine, y mae gennych rywbeth yr hoffech ei ofyn am yr adran hon cyn i ni symud ymlaen i'r un nesaf?

[23] **Christine Gwyther:** Yes, thank you; I have a slight change of focus, Chair, if I may. It is to explore the relationship between NHS Wales and those companies that provide goods and services. I am referring to paragraphs 2.13 to 2.16, and table 3, about the public sector payment policy and performance, and how well various trusts are complying with them. It is a CBI prompt payments code, tied in with UK Government accounting rules. I note that, in 2002-03, there was a slight improvement on the previous year. In 2001-02, prompt payments—that is, within 30 days—were only 83.1 per cent overall; last year's figures are 85.2 per cent, so there is a slight improvement, which I accept. However, can you tell me what structures and mechanisms you are putting in place to ensure that all trusts comply with that 95 per cent benchmark target that we are looking for?

[23] **Christine Gwyther:** Oes, diolch; yr wyf am newid cyfeiriad ychydig, Gadeirydd, os caf, sef archwilio'r berthynas rhwng GIG Cymru a'r cwmnïau hynny sy'n darparu nwyddau a gwasanaethau. Cyfeiriaf at baragraffau 2.13 i 2.16, a thabl 3, ynglŷn â pholisi a pherfformiad talu'r sector cyhoeddus a pha mor dda y mae amrywiol ymddiriedolaethau yn cydymffurfio â hwy. Cod taliadau prydlon CBI, ynghlwm wrth reolau cyfrifyddu Llywodraeth y DU, yw hyn. Sylwaf, yn 2002-03, fod mymryn o welliant o'i gymharu â'r flwyddyn flaenorol. Yn 2001-02, yr oedd taliadau prydlon—hynny yw, cyn pen 30 diwrnod—yn ddim ond 83.1 y cant ar y cyfan; mae ffigurau'r llynedd yn 85.2 y cant, felly, mae mymryn o welliant, a derbyniaf hynny. Fodd bynnag, a allwch ddweud wrthyf pa strwythurau a mecanweithiau yr ydych yn eu rhoi ar waith i sicrhau bod pob ymddiriedolaeth yn cydymffurfio â'r targed meincnod o 95 y cant yr ydym yn anelu ato?

Ms Lloyd: Some trusts, in 2003-04, have now met that target. What we have done over this past year is to ensure that this, again, goes up the agenda, because it is so important to the businesses that provide goods and services to them that we are benchmarking their performance against the national norms so that they each know how they are performing against

Ms Lloyd: Mae rhai ymddiriedolaethau, yn 2003-04, bellach wedi cyrraedd y targed hwnnw. Yr hyn yr ydym wedi ei wneud yn ystod y flwyddyn ddiwethaf hon yw sicrhau bod hyn, eto, yn dringo i fyny'r agenda, oherwydd ei bod mor bwysig i'r busnesau sy'n darparu nwyddau a gwasanaethau iddynt ein bod yn meincnodi eu perfformiad yn erbyn y

each other. Some of them have done well. In fact, the number of bills paid as a percentage in 2003-04 went up to nearly 91 per cent, and the value to 93.5 per cent. So there is a distinct improvement there. However, Christine is taking forward this whole issue, as part of the professional performance management responsibilities that she now has, with the NHS finance directors in Wales, to ensure that they are very mindful of this and realise that they are being measured against this very directly.

normau cenedlaethol, er mwyn iddynt wybod sut maent yn perfformio yn erbyn ei gilydd. Mae rhai ohonynt wedi gwneud yn dda. A dweud y gwir, cynyddodd nifer y biliau a dalwyd fel canran yn 2003-04 i bron 91 y cant, a'r gwerth i 93.5 y cant. Felly, mae gwelliant amlwg yn y fan honno. Fodd bynnag, mae Christine yn datblygu'r holl fater hwn, fel rhan o'r cyfrifoldebau rheoli perfformiad proffesiynol sydd ganddi bellach, gyda chyfarwyddwyr cyllid y GIG yng Nghymru, i sicrhau eu bod yn ymwybodol iawn o hyn ac yn sylweddoli eu bod yn cael eu mesur yn erbyn hyn yn uniongyrchol iawn.

Dr Daws: I have instituted a development programme with the finance directors in the trusts in Wales, and we have just done a benchmarking exercise of all of the finance functions, understanding all sorts of issues around the costs of their finance function, their processes, and we are now setting up a project across Wales on a consistent basis to develop better methods for processing the transactions within the organisations. I think that we need to almost re-engineer the way that things have been done on the back of the fact that 12 of the organisations now have the Oracle financial system, and we believe that we could greatly improve the way that the finances, the process, and so forth, are taking place. That will take a bit of time because we have to work through all of the different processes, but it should make a difference in terms of small improvements and we should see a radical change, I think, probably in the next two years.

Dr Daws: Yr wyf wedi sefydlu rhaglen ddatblygu gyda'r cyfarwyddwyr cyllid yn yr ymddiriedolaethau yng Nghymru, ac yr ydym newydd gwblhau ymarfer meincnodi o'r holl swyddogaethau cyllid, gan ddeall pob math o faterion ynglŷn â chost eu swyddogaeth gyllid, eu prosesau, ac yr ydym bellach yn sefydlu prosiect yn gyson ledled Cymru i ddatblygu dulliau gwell o brosesu'r trafodion o fewn y sefydliadau. Credaf fod angen i ni fwy neu lai ail-lunio'r modd y mae pethau wedi eu gwneud ar sail y ffaith bod gan 12 o'r sefydliadau system ariannol Oracle erbyn hyn, a chredwn y gallai hyn wella'n sylweddol y modd y mae cyllidau, y broses, ac yn y blaen, yn digwydd. Bydd hynny'n cymryd cryn amser oherwydd rhaid i ni weithio drwy'r holl brosesau gwahanol, ond dylai wneud gwahaniaeth o ran mân welliannau, a dylem weld newid radical, yn fy marn i, yn y ddwy flynedd nesaf yn ôl pob tebyg.

[24] **Christine Gwyther:** It is surprising and disappointing that there was such a wide variation in payment performance. It was 56.7 per cent for North Glamorgan NHS Trust and 99 per cent for Bro Taf Health Authority. Can you explain to us why all trusts are not taking up the Oracle

[24] **Christine Gwyther:** Mae'n syndod ac yn siom fod cymaint o wahaniaeth wedi bod mewn perfformiad talu. Yr oedd yn 56.7 y cant ar gyfer Ymddiriedolaeth GIG Gogledd Morgannwg ac yn 99 y cant ar gyfer Awdurdod Iechyd Bro Taf. A allwch

payments system?

Dr Daws: Twelve of the 15 have; the other three are going to be reviewing that for April 2006. It was a function of where they were in terms of the provision of their ledger when that procurement went through. However, as part of this process, we have now set up, or the trusts themselves have set up, a central team to take forward the Oracle developments, and with that we will be encouraging the other three to take on that system when they go out for the procurement of their new ledger in the next year or so.

[25] **Christine Gwyther:** Are the other three poor performers at the moment, or are they meeting the 95 per cent target anyway?

Ms Lloyd: No. One of them is meeting the 95 target.

Dr Daws: One of them is meeting it. What we found, of course, is that, with those that have kept their systems, we have not seen much change in performance. With those that have taken the Oracle system, their performance plummeted as they implemented the system, and we are now beginning to see a much better improvement. However, there is almost a step change in that, in order to deliver this in large organisations, you really need to have almost a different way of approaching the way that you procure. That is one of the things that we are now looking at, to build on the Oracle system in that way.

[26] **Christine Gwyther:** Finally, the Chair mentioned sanctions earlier on; if people do not meet their targets, what sanctions exist, and will you be applying them?

egluro wrthym pam nad yw pob ymddiriedolaeth yn mabwysiadu'r system taliadau Oracle?

Dr Daws: Mae 12 o'r 15 wedi gwneud hynny; bydd y tair arall yn adolygu hynny ar gyfer Ebrill 2006. Yr oedd yn fater o ble yr oeddynt arni o ran darparu eu cyfriflyfr pan ddigwyddodd y caffael hwnnw. Fodd bynnag, fel rhan o'r broses hon, bellach yr ydym ni, neu'r ymddiriedolaethau eu hunain, wedi sefydlu tîm canolog i weithredu'r datblygiadau Oracle, a chyda hynny byddwn yn annog y tair arall i fabwysiadu'r system honno pan fyddant yn mynd ati i gaffael eu cyfriflyfr newydd yn y flwyddyn neu ddwy nesaf.

[25] **Christine Gwyther:** A yw'r tair arall yn perfformio'n wael ar hyn o bryd, neu a ydynt yn cyrraedd y targed o 95 y cant beth bynnag?

Ms Lloyd: Na. Mae un ohonynt yn cyrraedd y targed o 95.

Dr Daws: Mae un ohonynt yn ei gyrraedd. Yr hyn a welsom, wrth gwrs, yn achos y rheiny sydd wedi cadw eu systemau, yw nad ydym wedi gweld llawer o newid mewn perfformiad. Gyda'r rheiny sydd wedi mabwysiadu'r system Oracle, dirywiodd eu perfformiad wrth iddynt weithredu'r system, ac yr ydym yn dechrau gweld llawer mwy o welliant erbyn hyn. Fodd bynnag, mae yma newid sylweddol bron, oherwydd i gyflawni hyn mewn sefydliadau mawr, mae angen i chi mewn gwirionedd gael ffordd wahanol bron o fynd ati i gaffael. Dyna un o'r pethau yr ydym yn edrych arno yn awr, i adeiladu ar y system Oracle fel yna.

[26] **Christine Gwyther:** Yn olaf, soniodd y Cadeirydd am sancsiynau yn gynharach: os nad yw pobl yn cyrraedd eu targedau, pa sancsiynau sy'n bodoli, ac a fyddwch yn eu defnyddio?

Dr Daws: There are, of course, sanctions through the CBI in the sense that interest can be charged, although we are fortunate that, to date, no interest has been charged. For me, it is a question of professionalism, and that is the route that I am going down with the finance directors. I have a one-to-one meeting with them every year, and I would be saying to them that they have a professional responsibility and we would be expecting to look to that, and, to some extent, there is an element of peer pressure on organisations to hit this target. It is a question of priorities. I do not think that I could give them a specific sanction if they did not hit that. I think that the issue is one of trying to look for improvements and changes in the way that we deliver things.

Dr Daws: Wrth gwrs, mae yna sancsiynau drwy CBI yn yr ystyr y gellir codi llog, er ein bod yn ffodus nad oes llog wedi ei godi hyd yma. I mi, mae'n fater o broffesiynoldeb, a dyna'r llwybr y byddaf yn ei gymryd gyda'r cyfarwyddwyr cyllid. Caf gyfarfod un i un gyda hwy bob blwyddyn, a byddwn yn dweud wrthynt fod ganddynt gyfrifoldeb proffesiynol ac y byddem yn disgwyl dibynnu ar hynny, ac i ryw raddau mae yna elfen o bwysau gan gyfoedion ar sefydliadau i gyrraedd y targed hwn. Mater o flaenoriaethau ydyw. Ni chredaf y gallwn osod sancsiwn penodol arnynt pe baent yn methu cyrraedd y targed. Credaf fod hyn yn fater o geisio chwilio am welliannau a newidiadau yn y modd yr ydym yn cyflawni pethau**.**

[27] **Christine Gwyther:** Thank you very much.

[27] **Christine Gwyther:** Diolch yn fawr iawn.

[28] **Janet Davies:** Denise is going to go on to look at the restructuring of the NHS.

[28] **Janet Davies:** Mae Denise yn mynd i edrych ar ailstrwythuro'r GIG.

[29] **Denise Idris Jones:** As we have heard from the Chair, we are now turning to section 3 of the report—the restructuring of NHS Wales. As you know, Mrs Lloyd, the Health and Social Care (Community Health and Standards) Act 2003 has provided the Assembly with inspection powers to review the standards of healthcare provided for the people of Wales. Can you tell me what progress has been made in implementing these inspection powers?

[29] **Denise Idris Jones:** Fel y clywsom gan y Cadeirydd, yr ydym yn awr yn troi at adran 3 yn yr adroddiad—ailstrwythuro GIG Cymru. Fel y gwyddoch, Mrs Lloyd, mae Deddf Iechyd a Gofal Cymdeithasol (Iechyd Cymunedol a Safonau) 2003 wedi rhoi i'r Cynulliad bwerau arolygu i adolygu safonau'r gofal iechyd a ddarperir i bobl Cymru. A allwch ddweud wrthyf pa gynnydd sydd wedi ei wneud yn y gwaith o weithredu'r pwerau arolygu hyn?

Ms Lloyd: The new Healthcare Inspectorate Wales came into being on 1 April, and a new chief executive has been appointed, plus a support team. The project team that has been working on this for the past year has been working very closely with the new healthcare inspectorate unit that has been established for England, which also has powers in Wales to

Ms Lloyd: Daeth yr Arolygiaeth Gofal Iechyd Cymru newydd i rym ar 1 Ebrill, a phenodwyd prif weithredwr newydd, ynghyd â thîm cefnogi. Mae'r tîm prosiect sydd wedi bod yn gweithio ar hyn dros y flwyddyn ddiwethaf wedi gweithio'n agos iawn gyda'r uned arolygiaeth gofal iechyd newydd sydd wedi ei sefydlu ar gyfer Lloegr ac sydd hefyd

look at national studies, like cancer services and so on, and is to produce, in July of each year, a sort of state of the nation report. The team has been working particularly closely with the unit on the revision of the standards against which healthcare will be measured, because it was felt that it was very important indeed that we should be able to measure and benchmark our service outcomes against a wider scope than just Wales.

â phwerau yng Nghymru i edrych ar astudiaethau cenedlaethol, megis gwasanaethau canser ac yn y blaen, a bydd yn cynhyrchu, ym mis Gorffennaf bob blwyddyn, adroddiad ar gyflwr y wlad fel petai. Mae'r tîm wedi bod yn gweithio'n arbennig o agos gyda'r uned ar adolygu'r safonau a ddefnyddir i fesur gofal iechyd, oherwydd teimlid ei bod yn bwysig iawn dros ben i ni allu mesur a meincnodi ein canlyniadau gwasanaeth yn erbyn ardal ehangach na Chymru'n unig.

The project team has also been working very closely with the inspection units in Scotland, which have been separate for a number of years, to make sure that we can ensure that our standards are very comparable. It has had a lot of work to do on that. It has also been working closely with SSIW and the Audit Commission, looking at the potential for joint audits of a whole community in terms of its health and social care services for the future. Much of its work over the next year will be to finalise that with SSIW in particular, so that it can undertake joint audits. There have been such audits in the past two years with the former Commission for Health Audit and Inspection, which was the England-and-Wales body that the healthcare inspectorate for England and Healthcare Inspectorate Wales have now replaced. There were pilot projects undertaken with SSIW to look at issues like mental health services for a particular community. We want to build on that, because that is really important and it is one of the advantages that we have in Wales that the work can be done closely and in a unified way between CSIW, SSIW and the healthcare inspectorates.

Mae'r tîm prosiect hefyd wedi bod yn gweithio'n agos iawn gyda'r unedau arolygu yn yr Alban, a fu'n annibynnol ers blynyddoedd lawer, i fod yn siŵr ein bod yn gallu sicrhau bod ein safonau yn debyg iawn. Mae wedi gwneud llawer o waith ar hynny. Mae hefyd wedi bod yn gweithio'n agos gydag AGCC a'r Comisiwn Archwilio, gan edrych ar bosibilrwydd cyd-archwiliadau o gymuned gyfan o ran ei gwasanaethau iechyd a gofal cymdeithasol ar gyfer y dyfodol. Llawer o'i waith yn ystod y flwyddyn nesaf fydd cwblhau'r gwaith hwnnw gydag AGCC yn arbennig, fel y gall wneud cyd-archwiliadau. Gwnaed archwiliadau o'r fath yn ystod y ddwy flynedd diwethaf gyda'r Comisiwn Archwilio ac Arolygu Iechyd gynt, sef y corff yng Nghymru a Lloegr y mae arolygiaeth gofal iechyd Lloegr ac Arolygiaeth Gofal Iechyd Cymru bellach wedi ei ddisodli. Gwnaed prosiectau peilot gydag AGCC i edrych ar faterion fel gwasanaethau iechyd meddwl ar gyfer cymuned benodol. Yr ydym am ddatblygu hynny, oherwydd mae'n wirioneddol bwysig ac yn un o'r manteision sydd gennym yng Nghymru, sef y gall y gwaith gael ei wneud yn agos ac mewn modd unedig rhwng ASGC, AGCC a'r arolygiaethau gofal iechyd.

The programme that we used to have from the Commission for Health Improvement was that each organisation would be inspected every four years, but it was also able to undertake short-term reviews, and it did a couple of those last year. The aim of Healthcare Inspectorate Wales is to undertake 10 inspections a year, both of local health boards and our trusts, and to build in their outcomes into our balanced scorecard, so that

Y rhaglen a gaem gynt gan y Comisiwn Gwella Iechyd oedd y byddai pob sefydliad yn cael ei arolygu bob pedair blynedd. Ond yr oedd hefyd yn gallu ymgymryd ag adolygiadau tymor byr, a chynhaliodd rai o'r rheini y llynedd. Nod Arolygiaeth Gofal Iechyd Cymru yw gwneud 10 arolygiad y flwyddyn, o fyrddau iechyd lleol ac o'n hymddiriedolaethau, a chynnwys eu canlyniadau yn ein cerdyn sgôr cytbwys, fel

we are not beset by a number of regulatory inspections which stand aside from the whole performance management of the service. So their outputs will be built into there. The team is coming together well, the standards are coming together well with the new CHAI back in London, and it is due to start its first inspections in October. The first five will be pilots, just to ensure that the methodology is effective, and, in that, we will be working with the new CHAI, because it is also testing its new inspection models, but it is going more for self-assessment.

na fyddwn yn cael ein boddi gan nifer o arolygiadau rheoleiddio sy'n annibynnol ar holl reolaeth perfformiad y gwasanaeth. Felly, bydd eu canlyniadau'n cael eu cynnwys yn y fan honno. Mae'r tîm yn dod at ei gilydd yn dda, mae'r safonau'n dod at ei gilydd yn dda gyda'r CHAI newydd draw yn Llundain, ac mae disgwyl iddo ddechrau ei arolygiadau cyntaf ym mis Hydref. Arolygiadau peilot fydd y pump cyntaf, dim ond i sicrhau bod y fethodoleg yn effeithiol, a thrwy hynny byddwn yn gweithio gyda'r CHAI newydd, oherwydd bod hwnnw hefyd yn treialu ei fodelau arolygu newydd, ond mae'n rhoi mwy o bwyslais ar hunan-asesu.

[30] **Denise Idris Jones:** So are you quite happy that your standards have therefore provided a more joined-up and efficient approach to inspection within NHS Wales?

[30] **Denise Idris Jones:** Felly a ydych yn eithaf bodlon bod eich safonau o'r herwydd wedi rhoi dull mwy cydgysylltiedig ac effeithlon o arolygu o fewn GIG Cymru?

Ms Lloyd: Yes, because the health service is inspected by a large number of bodies—you have royal colleges inspecting and deaneries inspecting—so we aim to gather, collectively, the information on which those bodies have inspected, to ensure they inform the healthcare inspectorate's work.

Ms Lloyd: Ydw, oherwydd caiff y gwasanaeth iechyd ei arolygu gan nifer fawr o gyrff—mae gennych golegau brenhinol yn arolygu a deoniaethau'n arolygu—felly yr ydym yn bwriadu casglu, ar y cyd, y wybodaeth y mae'r cyrff hynny wedi eu harolygu ar ei sail, i sicrhau eu bod yn llywio gwaith yr arolygiaeth gofal iechyd.

[31] **David Lloyd:** We are still on restructuring the NHS in Wales, and we are in paragraph 3.6. We are talking about the performance framework that you are introducing—that you have introduced, presumably. Has this framework been completed and implemented?

[31] **David Lloyd:** Yr ydym yn sôn am ailstrwythuro'r GIG yng Nghymru o hyd, ac yr ydym ym mharagraff 3.6. Yr ydym yn sôn am y fframwaith perfformiad yr ydych yn ei gyflwyno—yr ydych wedi ei gyflwyno, yn ôl pob tebyg. A yw'r fframwaith hwn wedi ei gwblhau a'i roi ar waith?

Ms Lloyd: It has. The first results are now being formulated by the regional offices. It is quite complicated.

Ms Lloyd: Ydy. Mae'r canlyniadau cyntaf yn cael eu fformiwleiddio gan y swyddfeydd rhanbarthol ar hyn o bryd. Mae'n eithaf cymhleth.

[32] **David Lloyd:** That leads me neatly into the follow-up question. With the NHS restructuring, the whole business has become extremely complex with loads of new bodies—there is a range of new bodies at different levels, from local health boards upwards. Can you give me some specific examples of how these performance measures are instituted at the different levels in the different bodies

[32] **David Lloyd:** Mae hynny'n fy arwain yn daclus at y cwestiwn dilynol. Wrth i'r GIG gael ei ailstrwythuro, mae'r holl beth wedi mynd yn hynod gymhleth gyda llawer o gyrff newydd—mae amrywiaeth o gyrff newydd ar lefelau gwahanol, o fyrddau iechyd lleol i fyny. A allwch roi rhai enghreifftiau penodol i mi sut y caiff y mesurau perfformiad hyn eu sefydlu ar y gwahanol lefelau yn y

to give you a co-ordinated approach to assess your performance across the piste?

Ms Lloyd: That is why we felt that it was important that there was a common baseline upon which you could look at the performance of organisations. We did not want to just look at how well they use their money, or what their outputs of work were. We wanted to look at how they were using their whole resource, and how they were relating to the patients and the patients' experience. The scorecard at the moment is in four parts, and we do not expect everyone to get green right around the circle. It is looking at health gain and prevention. As we are now measuring health need assessment on a year-by-year basis and we have health gain targets, those will be built into this. It is also looking at what the health service is doing for the health of the population, its access, and the quality of care, which is where you feed in its resources. It looks at resource utilisation right across the board: how it is using its workforce, and what the estate utilisation is. You have been here before testing me on how we are using our estate. It looks at the whole management process and how effective management is in terms of planning and delivery, and in its clinical and corporate governance. So that ties up another set of regulations to which we have been subjected. Then it looks at learning and improving. That is a much more nebulous area, but it is important in looking at how well this organisation treats its staff: what sort of good practice it has, what the leadership is like, whether it is a learning organisation, and what it is doing in terms of research and development. All of these quadrants have to be tested thoroughly. Some are not as well developed as others because some of them are more nebulous than others, but we should be able to build up a comparative picture right across Wales of how well the organisations are serving

cyrff gwahanol i roi dull cydlynol o asesu eich perfformiad ar draws y maes i chi?

Ms Lloyd: Dyna pam yr oeddem o'r farn ei bod yn bwysig bod llinell sylfaen gyffredin y gallech ei defnyddio i edrych ar berfformiad sefydliadau. Yr oeddem am wneud mwy nag ystyried pa mor dda y maent yn defnyddio eu harian, neu beth oedd eu canlyniadau gwaith. Yr oeddem am edrych ar sut yr oeddent yn defnyddio eu hadnoddau i gyd, a sut yr oeddent yn uniaethu â'r cleifion a phrofiad y cleifion. Mae pedair rhan i'r cerdyn sgorio ar hyn o bryd, ac nid ydym yn disgwyl i bawb wneud yn dda ym mhob rhan. Mae'n edrych ar gynnydd ac atal ym maes iechyd. Gan ein bod bellach yn mesur asesiad o angen iechyd fesul blwyddyn a bod gennym dargedau cynnydd mewn iechyd, bydd y rheini'n cael eu cynnwys yn hyn. Mae hefyd yn edrych ar beth y mae'r gwasanaeth iechyd yn ei wneud ar gyfer iechyd y boblogaeth, cael mynediad ato, ac ansawdd y gofal, sef lle yr ydych yn bwydo'i adnoddau. Mae'n edrych ar sut y mae'r adnoddau'n cael eu defnyddio drwy'r gwasanaeth: sut y mae'n defnyddio ei weithlu, a beth yw'r defnydd o'r ystâd. Yr ydych wedi bod yma o'r blaen yn fy holi ynghylch sut yr ydym yn defnyddio ein hystâd. Mae'n edrych ar y broses reoli gyfan a pha mor effeithiol yw'r rheolaeth o ran cynllunio a darparu, ac o ran ei lywodraethu clinigol a chorfforaethol. Felly mae hynny'n delio â set arall o reoliadau yr ydym yn ddarostyngedig iddynt. Wedyn mae'n edrych ar ddysgu a gwella. Mae hwnnw'n faes llawer mwy niwlog, ond mae'n bwysig o ran ystyried pa mor dda y mae'r sefydliad hwn yn trin ei staff: pa fath o arferion da sydd ganddo, pa fath o arweiniad sydd ganddo, a yw'n sefydliad sy'n dysgu ai peidio, a beth y mae'n ei wneud o ran ymchwil a datblygu. Rhaid profi'r pedair elfen hyn i gyd yn drwyadl. Mae rhai yn llai datblygedig nag eraill oherwydd bod rhai ohonynt yn fwy

their communities for the functions that they are required to provide. The first results should be out by the end of July, because we are going through them to ensure that they are on a common standard. One of our big problems is information and the information base and its interpretation. So this first pilot set of data is being tested very thoroughly for that.

niwlog na'i gilydd, ond dylai fod modd i ni greu darlun cymharol ledled Cymru ynghylch pa mor dda y mae'r sefydliadau yn gwasanaethu eu cymunedau o ran y swyddogaethau y mae gofyn iddynt eu darparu. Dylai'r canlyniadau cyntaf gael eu cyhoeddi erbyn diwedd mis Gorffennaf, oherwydd yr ydym yn mynd drwyddynt i sicrhau eu bod ar safon gyffredin. Un o'n problemau mawr yw gwybodaeth a'r sylfaen wybodaeth a sut y mae'n cael ei dehongli. Felly mae'r set beilot gyntaf hon o ddata yn cael ei phrofi'n drwyadl iawn ar gyfer hynny.

[33] **David Lloyd:** Following on from that, are these performance measures—the information that you want—all directly coming from you here nationally, or is there some scope for input from patients or from patients' groups, seeing as we still have community health councils in Wales? Are we using them to input into these performance measures?

[33] **David Lloyd:** A dilyn hynny, a yw'r mesurau perfformiad hyn—y wybodaeth y mae arnoch ei hangen—i gyd yn dod yn uniongyrchol gennych chi yma yn genedlaethol, neu a oes rhywfaint o gyfle i gleifion neu grwpiau cleifion gyfrannu, o ystyried bod gennym gynghorau iechyd cymuned o hyd yng Nghymru? A ydym yn eu defnyddio i gyfrannu at y mesurau perfformiad hyn?

Ms Lloyd: Yes. The community health councils are very important, as are the patient advocacy groups. You will know that the community health councils are already undertaking our patient environment work for us, and that is part of the work that comes in. They are being asked for their objective opinion on a variety of factors. So they are undertaking some of this work for us.

Ms Lloyd: Ydym. Mae'r cynghorau iechyd cymuned yn bwysig iawn, yn ogystal â'r grwpiau eiriolaeth cleifion. Gwyddoch fod y cynghorau iechyd cymuned eisoes yn cyflawni ein gwaith amgylchedd cleifion ar ein rhan, ac mae hwnnw'n rhan o'r gwaith sy'n berthnasol. Gofynnir iddynt am eu barn wrthrychol ar amrywiaeth o ffactorau. Felly maent yn cyflawni rhywfaint o'r gwaith hwn ar ein rhan.

[34] **David Lloyd:** Finally, having set up these performance measures and this framework, how are you going to measure improvement?

[34] **David Lloyd:** Yn olaf, ar ôl sefydlu'r mesurau perfformiad hyn a'r fframwaith hwn, sut yr ydych yn mynd i fesur gwelliant?

Ms Lloyd: Because it is measured on a year-by-year basis, the way in which the scorecard operates is that you start to test—it is all about performance

Ms Lloyd: Oherwydd ei fod yn cael ei fesur fesul blwyddyn, y modd y mae'r cerdyn sgorio yn gweithio yw eich bod yn dechrau cynnal profion—mae'n

improvement. So you identify the areas where the organisations are doing well and you start to concentrate on the areas where they are not doing so well to encourage them through that. Again, it is about sharing good practice and helping them to improve, rather than condemning them because their performance is poor.

ymwneud yn llwyr â gwella perfformiad. Felly yr ydych yn nodi'r meysydd lle y mae'r sefydliadau yn gwneud yn dda ac yr ydych yn dechrau canolbwyntio ar y meysydd lle nad ydynt yn gwneud cystal i'w hannog drwy hynny. Eto, mae'n ymwneud â rhannu arferion da a'u cynorthwyo i wella, yn hytrach na lladd arnynt oherwydd eu bod yn perfformio'n wael.

[35] **David Lloyd:** When I said 'final', I did not actually mean 'final'—

[35] **David Lloyd:** Pan ddywedais mai hwnnw oedd fy nghwestiwn terfynol, nid oeddwn yn golygu 'terfynol' mewn gwirionedd—

[36] **David Melding:** Did you say Euro final?

[36] **David Melding:** Gêm derfynol Ewrop ddywedasoch chi?

[37] **David Lloyd:** Absolutely. [*Laughter.*] So, if they are not improving, are you going to penalise them financially?

[37] **David Lloyd:** Yn hollol. [Chwerthin.] Felly, os nad ydynt yn gwella, a fyddwch yn eu cosbi'n ariannol?

Ms Lloyd: That is where the sanctions and incentive schemes that the Minister will announce in July will come in.

Ms Lloyd: Dyna lle y bydd y cynlluniau sancsiynau a chymhelliad y bydd y Gweinidog yn eu cyhoeddi ym mis Gorffennaf yn berthnasol.

[38] **Janet Davies:** I am sure that we will all look forward to that. David, you wanted to take this on as well?

[38] **Janet Davies:** Yr wyf yn siŵr y byddwn i gyd yn edrych ymlaen at hynny. David, yr oeddech chithau am holi am hyn hefyd?

[39] **David Melding:** I refer you to paragraphs 3.15 to 3.17. We know that the NHS in Wales has been through a major restructuring—a fundamental one, let us face it. The Assembly was assured that the running costs of the new structures would be no more than the existing running costs, which were £71.1 million. We do not have the first year's accounts yet—they will be coming through shortly—and with that, presumably, you will have some indication as to future performance and whether it will be within that envelope. Now, the auditor general has said, as we do not have the final accounts, that he will continue to monitor the position and comment in future reports. I think that that has an appropriate and delicious sense of menace about it, which I

[39] **David Melding:** Yr wyf yn eich cyfeirio at baragraffau 3.15 i 3.17. Gwyddom fod y GIG yng Nghymru wedi ei ailstrwythuro'n helaeth—yn sylfaenol, rhaid i ni gydnabod. Rhoddwyd sicrwydd i'r Cynulliad na fyddai costau cynnal y strwythurau newydd yn uwch na'r costau cynnal cyfredol, sef £71.1 miliwn. Nid yw cyfrifon y flwyddyn gyntaf gennym hyd yma—byddant ar gael yn fuan—ac yn sgîl hynny, byddwn yn tybio, bydd gennych ryw syniad am y perfformiad yn y dyfodol ac a fydd o fewn yr amlen honno ai peidio. Yn awr, mae'r archwilydd cyffredinol wedi dweud, gan nad yw'r cyfrifon terfynol gennym, y bydd yn parhau i fonitro'r sefyllfa a rhoi sylwadau yn adroddiadau'r dyfodol. Credaf fod gan hynny ryw naws briodol a bendigedig o fygythiad yn ei gylch, yr wyf yn

am sure he will be aware of. Given that time has passed between the preparation of this report and your preparation for today's meeting, are you still confident that the figure of £71.1 million will not be exceeded?

sicr ei fod yn ymwybodol ohoni. O ystyried bod amser wedi mynd heibio rhwng paratoi'r adroddiad hwn a'ch paratoad chi ar gyfer y cyfarfod heddiw, a ydych yn hyderus o hyd na fydd y costau'n uwch na £71.1 miliwn?

Ms Lloyd: Yes, I am.

Ms Lloyd: Ydw, yr wyf.

[40] **David Melding:** Do you have any indication of whether there have been savings? Do you have a rough figure of whether it is exactly £71.1 million, or are we talking about £65 million? What are we looking at?

[40] **David Melding:** A oes gennych unrhyw syniad a fu arbedion ai peidio? A oes gennych ffigur bras a yw'n £71.1 miliwn ar ei ben, neu a ydym yn sôn am £65 miliwn? Am faint yr ydym yn sôn?

Ms Lloyd: There will have been some savings in this first year because they were unable to fill all the posts immediately. However, they are non-recurring savings and they have been reinvested with agreement. I think that it is a mistake if we believe that cheap management is good management. It was really important, where the gaps were, particularly in the national public health service, that we did fill them so that the judgment that had been taken about what was necessary to run these sorts of organisations was available to the organisations.

Ms Lloyd: Bydd rhai arbedion wedi bod yn y flwyddyn gyntaf hon oherwydd na lwyddasant i lenwi'r swyddi i gyd ar unwaith. Fodd bynnag, arbedion anghylchol ydynt ac maent wedi eu hailfuddsoddi gyda chydsyniad. Credaf mai camgymeriad ydyw i ni gredu bod rheoli rhad yn rheoli da. Yr oedd yn bwysig iawn, lle yr oedd y bylchau, yn enwedig yn y gwasanaeth iechyd cyhoeddus cenedlaethol, i ni eu llenwi fel bod y penderfyniad a oedd wedi ei wneud ynghylch yr hyn a oedd ei angen i gynnal y mathau hyn o sefydliadau ar gael i'r sefydliadau.

[41] **David Melding:** So, for future years, you expect it, more or less, to cost exactly the same as the old structure, which was £71.1 million?

[41] **David Melding:** Felly, ar gyfer y blynyddoedd i ddod, yr ydych yn disgwyl iddo gostio, fwy neu lai, yr un faint yn union â'r hen strwythur, sef £71.1 miliwn?

Ms Lloyd: It might not; it depends on the management task. We are also doing some work, particularly with the business services centre, which we had put on a flat basis knowing that savings could be achieved later on down the line, to look at how it can improve its efficiency in delivering services. That might mean that we save money for reinvestment, but we are definitely looking this year and next year at the back-office functions that it carries out, and also the back-office functions undertaken by trusts, to make sure that we are not using resources unnecessarily in those areas that can be diverted back into patient care.

Ms Lloyd: Efallai na fydd; mae'n dibynnu ar y dasg reoli. Yr ydym hefyd yn gwneud rhywfaint o waith, yn enwedig gyda'r ganolfan gwasanaethau busnes, yr oeddem wedi ei rhoi ar sail wastad gan wybod y gellid gwneud arbedion maes o law, i edrych ar sut y gall wella ei heffeithlonrwydd wrth ddarparu gwasanaethau. Gallai hynny olygu ein bod yn arbed arian i'w ailfuddsoddi, ond yr ydym yn sicr yn edrych eleni a'r flwyddyn nesaf ar y swyddogaethau swyddfa-gefn y mae'n eu cyflawni, a hefyd y swyddogaethau swyddfa-gefn a gyflawnir gan ymddiriedolaethau, i sicrhau nad ydym yn defnyddio'n ddiangen yn y meysydd hynny adnoddau y gellir eu cyfeirio'n ôl i ofal cleifion.

[42] **David Melding:** I suppose that what I

[42] **David Melding:** Tybiaf mai'r hyn yr

am getting at is that it is slightly suspicious that the figure for the new structure is so exactly like the figure for the old structure. You would expect some sort of variation. So if you have a system that is more efficient, then it is costing £65 million. However, to come in and say that it is actually going to cost bang on what it used to cost, it seems that there have been some sort of preconceptions about what the outcome will be.

wyf yn ceisio ei ddweud yw ei bod braidd yn amheus bod y ffigur ar gyfer y strwythur newydd mor debyg i'r ffigur ar gyfer yr hen strwythur. Byddech yn disgwyl gwahaniaeth o ryw fath. Felly os oes gennych system sy'n fwy effeithiol, yna mae'n costio £65 miliwn. Fodd bynnag, wrth ddweud ei bod yn mynd i gostio yr un faint yn union mewn gwirionedd ag yr oedd yn arfer ei gostio, mae'n ymddangos bod rhyw fath o ragdybiaethau wedi bod ynghylch beth fydd y canlyniad.

Ms Lloyd: In undertaking these reforms, the Minister took the view that the management structure should cost no more—and I think that she was quite clear about this—than the existing structure. That meant that a cap was placed on it, because people will always ask for more. The test is the evaluation that we are undertaking in terms of the effectiveness of the structure that has resulted. We have had to make some adjustments, for example, Health Commission Wales. However, that has meant a switch between budgets, and not an increase, because of the balance of the responsibility that it had with the additional functions that it was asked to undertake and the sort of work programme that it was left with. And so the cap was deliberately placed on. The important thing will be the evaluation of how effectively those organisations are operating within that cap. Many of them have chosen to use their money on sharing very scarce staff between them.

Ms Lloyd: Wrth wneud y diwygiadau hyn, yr oedd y Gweinidog o'r farn na ddylai'r strwythur rheoli gostio mwy—a chredaf ei bod yn hollol ddiamwys am hyn—na'r strwythur cyfredol. Golygai hynny fod terfyn yn cael ei roi arno, oherwydd bydd pobl bob amser yn gofyn am fwy. Y prawf yw'r gwerthusiad yr ydym yn ei gynnal o ran effeithiolrwydd y strwythur a grewyd o ganlyniad. Bu'n rhaid i ni wneud rhai addasiadau, er enghraifft, Comisiwn Iechyd Cymru. Fodd bynnag, mae hynny wedi golygu newid rhwng cyllidebau, ac nid cynnydd, oherwydd cydbwysedd y cyfrifoldeb a oedd ganddo gyda'r swyddogaethau ychwanegol y gofynnwyd iddo eu gwneud a'r math o raglen waith a oedd ganddo o ganlyniad. Ac felly gosodwyd y terfyn yn fwriadol. Y peth pwysig fydd y gwerthusiad ynghylch pa mor effeithiol y mae'r sefydliadau hynny yn gweithredu o fewn y terfyn hwnnw. Mae llawer ohonynt wedi dewis gwario eu harian ar rannu staff hynod brin rhyngddynt.

[43] **David Melding:** If I can just look, as we have dealt with the running costs, at the transitional costs—which of course appeared later; they were not in the original announcement—there was then a concession, or whatever, that we would be facing transitional costs, which, in a sense, are part of the cost of restructuring. Incidentally, these costs are perhaps a little lower than certainly the upper limit that was first mentioned. So, there has been a reasonable improvement on the figures presented to us here. I just want to check, as I am not an accountant, whether the £12.57 million is a net or a gross figure? For example, we have not been saving money by selling off surplus assets and then offsetting them against this

[43] **David Melding:** Gan ein bod wedi ymdrin â'r costau cynnal, a gaf fi edrych ar y costau trosiannol—a ymddangosodd yn ddiweddarach wrth gwrs; nid oeddent yn y cyhoeddiad gwreiddiol—bu consesiwn wedyn, neu beth bynnag y bo, y byddem yn wynebu costau trosiannol, sydd, ar ryw ystyr, yn rhan o gost ailstrwythuro. Gyda llaw, mae'r costau hyn o bosibl ychydig yn is na'r terfyn uchaf y soniwyd amdano ar y dechrau yn sicr. Felly, bu gwelliant rhesymol o gymharu â'r ffigurau a gyflwynir i ni yn y fan hon. Yr wyf am ofyn, gan nad wyf yn gyfrifydd, ai ffigur net neu grynswth yw'r £12.57 miliwn? Er enghraifft, nid ydym wedi bod yn arbed arian drwy werthu asedau dros ben, ac yna'u gosod yn erbyn y ffigur hwn, a

figure, have we? How is it calculated?

Ms Lloyd: It is calculated, basically, according to how much it costs to project manage and recruit, what the training and development and accommodation was—some of it had to be shadow-running because two organisations were going at the same time—how much it cost us on our extended employment scheme, and things like that.

[44] **David Melding:** And staff redundancies?

Ms Lloyd: The extended employment scheme includes those. So, it is a balance; nothing is offset.

[45] **David Melding:** Any change in the use of the capital estate, then, would appear in others?

Ms Lloyd: Yes, in others. We did not offset; this is the pure cost.

[46] **Janet Davies:** Alun, I believe that you wanted to ask a brief question on this?

[47] **Alun Cairns:** Yes. I want to return to the £71.1 million, which may or may not be a coincidence. Can you assure me that no duties have been moved or rolled from one section of the NHS to another section in order to fit that £71.1 million cap?

Ms Lloyd: No, the duties that were outlined in the proposals for structural reform are those that are still vested on those organisations. The only change has been in the movement of some of the commissioning responsibilities from the local health boards to Health Commission Wales. That was, basically, among the health authority's functions.

ydym? Sut y'i cyfrifir?

Ms Lloyd: Caiff ei gyfrifo, yn y bôn, yn ôl faint y mae'n ei gostio i reoli'r prosiect a recriwtio, beth oedd yr hyfforddi a'r datblygu a'r adeiladau—yr oedd yn rhaid i rywfaint o'r gwaith fod yn gysgodol oherwydd bod dau sefydliad yn mynd ar yr un pryd—faint oedd yn ei gostio i ni ar ein cynllun cyflogaeth estynedig, a phethau felly.

[44] **David Melding:** A diswyddo staff?

Ms Lloyd: Mae'r cynllun cyflogaeth estynedig yn cynnwys hynny. Felly, mater o gael cydbwysedd ydyw: ni chaiff dim ei wrthbwyso.

[45] **David Melding:** Byddai unrhyw newid yn y defnydd o'r ystâd gyfalafol, felly, yn ymddangos mewn eraill?

Ms Lloyd: Byddai, mewn eraill. Ni wnaethom wrthbwyso; dyma'r wir gost.

[46] **Janet Davies:** Alun, credaf eich bod am ofyn cwestiwn byr am hyn?

[47] **Alun Cairns:** Ydw. Yr wyf am ddychwelyd at y £71.1 miliwn, sydd efallai'n gyd-ddigwyddiad neu efallai nad yw'n gyd-ddigwyddiad. A allwch fy sicrhau nad oes dyletswyddau wedi eu symud o un rhan o'r GIG i un arall er mwyn cydymffurfio â'r terfyn hwnnw o £71.1 miliwn?

Ms Lloyd: Na, y dyletswyddau a amlinellwyd yn y cynigion ar gyfer diwygio strwythurol yw'r rhai sy'n perthyn i'r sefydliadau hynny o hyd. Yr unig newid fu symud rhai o'r cyfrifoldebau comisiynu o'r byrddau iechyd lleol i Gomisiwn Iechyd Cymru. Yr oedd hynny, yn ei hanfod, ymhlith swyddogaethau'r awdurdod iechyd.

[48] **Janet Davies:** To continue with the restructuring, Mick, I think that you wanted to come in?

[48] **Janet Davies:** A pharhau â'r ailstrwythuro, Mick, credaf eich bod am gyfrannu?

[49] **Mick Bates:** Yes. Paragraphs 3.18 to 3.22 relate to the review of health and social care, published by Derek Wanless. The Minister has confirmed that local health boards would be required to produce local Wanless action plans for submission by 30 April 2004. Have all these local plans now been submitted and approved?

[49] **Mick Bates:** Ydw. Mae paragraffau 3.18 i 3.22 yn ymwneud â'r adolygiad o iechyd a gofal cymdeithasol, a gyhoeddwyd gan Derek Wanless. Mae'r Gweinidog wedi cadarnhau y byddai gofyn i'r byrddau iechyd lleol gynhyrchu cynlluniau gweithredu Wanless lleol i'w cyflwyno erbyn 30 Ebrill 2004. A yw'r cynlluniau lleol hyn i gyd bellach wedi eu cyflwyno a'u cymeradwyo?

Ms Lloyd: No, they have not been approved for going through; they have all been submitted, and were all submitted on time. One of the positive features was that all, but one of them, by that date, were jointly signed by the local authority as well, which was good because we wanted a partnership approach, and the last one was then signed.

Ms Lloyd: Nac ydynt, nid ydynt wedi eu cymeradwyo i'w gweithredu; maent i gyd wedi eu cyflwyno, a chyflwynwyd hwy oll mewn pryd. Un o'r nodweddion cadarnhaol oedd eu bod i gyd, ac eithrio un, erbyn y dyddiad hwnnw, wedi eu cydlofnodi gan yr awdurdod lleol hefyd, a oedd yn beth da oherwydd bod arnom eisiau dull partneriaeth, a llofnodwyd yr un olaf wedyn.

We are going through an evaluation of these proposals, looking, in particular, at the three challenges that the Minister set the local health boards and their local authority and voluntary care sector partners. They were: how they were managing their delayed transfers of care, what they were doing about the increasing demand from the primary care sector into the secondary care sector, and the reconfiguration of services in line with the Wanless recommendations and a framework that was sent out about community resource—the moving of patients more into the primary care and social care sector and away from secondary care—which Wanless, as you know, said was unsustainable.

Yr ydym yn gwerthuso'r cynigion hyn, gan edrych, yn arbennig, ar y tair her a roddodd y Gweinidog i'r byrddau iechyd lleol a'u partneriaid mewn awdurdodau lleol ac yn y sector gofal gwirfoddol. Y tair her oedd: sut yr oeddent yn rheoli eu hachosion o oedi wrth drosglwyddo gofal, beth yr oeddent yn ei wneud am y galw cynyddol gan y sector gofal sylfaenol yn y sector gofal eilaidd, ac ailgyflunio'r gwasanaethau yn unol ag argymhellion Wanless a fframwaith a anfonwyd allan am adnoddau cymunedol—symud cleifion fwyfwy i'r sector gofal sylfaenol a gofal cymdeithasol ac i ffwrdd o ofal eilaidd—nad yw'n gynaliadwy yn ôl Wanless, fel y gwyddoch.

The evaluation is comprehensive and will be completed at the end of this month. A submission will go to the Minister to advise her on whether or not all of these plans can be signed off. I think that we had envisaged,

Mae'r gwerthusiad yn gynhwysfawr a bydd yn cael ei gwblhau ddiwedd y mis. Rhoddir cyflwyniad i'r Gweinidog i'w hysbysu a ellir llofnodi'r cynlluniau hyn i

in the first instance, that some plans would be very well-developed—and, indeed, that is the case—some plans would need a little more work and a little more of an evidence base, and some would need a little more work again. So, I do not think that we would ever determine that perfection would be available on the first cut. However, I think that there is sufficient content to these plans for them to clearly indicate a change of direction—to clearly indicate to us that they recognise that the status quo is no longer an option. We are working with them, particularly on some of the themes of chronic disease management—which is one of the major changes in the way in which care will be delivered—to ensure that those that have not yet thought about how they might improve that can learn from the ones that have been doing a huge amount of work on it. We have identified additional work that we would like them to undertake. Some of them have not been quite as sharp as they might have been on changes to the workforce that will result in their plans, and so five of the LHBs will be taking forward the workforce pilots. We are also asking some of them for more information on the outcome of the changes that they anticipate, and the figures behind it, and how they are using the whole of the resource, not just the additional resource that was allocated. So they are coming.

gyd ai peidio. Credaf ein bod wedi rhagweld, yn y lle cyntaf, y byddai rhai cynlluniau yn hynod ddatblygedig—ac, yn wir, felly y mae hi—byddai angen ychydig yn rhagor o waith a mymryn yn rhagor o sail tystiolaeth ar gynlluniau eraill, a byddai angen mymryn yn rhagor o waith eto ar rai. Felly, ni chredaf y byddem byth yn disgwyl y byddent yn berffaith y tro cyntaf. Fodd bynnag, credaf fod y cynlluniau hyn yn cynnwys digon i roi arwydd clir o newid cyfeiriad—i ddangos yn glir i ni eu bod yn cydnabod nad yw'r status quo yn opsiwn bellach. Yr ydym yn gweithio gyda hwy, yn enwedig ar rai o'r themâu'n ymwneud â rheoli clefydau cronig—sy'n un o'r newidiadau mwyaf yn y modd y darperir gofal—i sicrhau y gall y rhai sydd heb feddwl hyd yn hyn am sut y gallant wella hynny ddysgu gan y rhai sydd wedi gwneud llawer iawn o waith arno. Yr ydym wedi nodi gwaith ychwanegol y byddem am iddynt ei wneud. Mae rhai ohonynt heb fod mor effro ag y gallasent fod o ran y newidiadau i'r gweithlu a fydd yn dilyn yn eu cynlluniau, ac felly bydd pump o'r BILlau yn datblygu'r cynlluniau gweithlu peilot. Yr ydym hefyd yn gofyn i rai ohonynt am ragor o wybodaeth am ganlyniadau'r newidiadau a ragwelant, a'r ffigurau sy'n sail iddynt, a sut y maent yn defnyddio'r adnoddau i gyd, nid yr adnoddau ychwanegol a ddyrannwyd yn unig. Felly maent yn dod.

[50] **Mick Bates:** Thank you very much for that pretty comprehensive reply. What have you done to ensure, however, that these responses are robust and address the four themes of the Government's response, particularly when it comes to accountability and performance? I would be quite interested to hear in what way you are looking at benchmarking in comparison with England.

[50] **Mick Bates:** Diolch yn fawr iawn am yr ateb cynhwysfawr iawn hwnnw. Beth yr ydych wedi ei wneud i sicrhau, fodd bynnag, fod yr ymatebion hyn yn gadarn ac yn mynd i'r afael â phedair thema ymateb y Llywodraeth, yn enwedig mewn perthynas ag atebolrwydd a pherfformiad? Byddai'n ddiddorol i mi glywed sut yr ydych yn edrych ar feincnodi o gymharu â Lloegr.

Ms Lloyd: Well, we did not require them in these plans to come forward with their proposals for performance and benchmarking, because we are doing that separately anyway, and that is now

Ms Lloyd: Wel, nid oeddem yn gofyn iddynt gyflwyno eu cynigion ar berfformiad a meincnodi yn y cynlluniau hyn, oherwydd ein bod yn gwneud hynny ar wahân beth bynnag, ac mae hynny bellach yn rhan o brif

mainstreamed into the service. On benchmarking, as I said, it is really important that we have a set of performance indicators that we can cross-manage, both with Scotland and England, so that we have a proper benchmarking system operating within the NHS in Wales as part of that scorecard. So that work is going on through the scorecard.

ffrwd y gwasanaeth. O ran meincnodi, fel y soniais, mae'n bwysig iawn bod gennym set o ddangosyddion perfformiad y gallwn eu trawsreoli, gyda'r Alban a chyda Lloegr, fel bod gennym system feincnodi briodol ar waith yn y GIG yng Nghymru fel rhan o'r cerdyn sgorio hwnnw. Felly mae'r gwaith hwnnw'n mynd yn ei flaen drwy'r cerdyn sgorio.

[51] **Mick Bates:** Fine. The reason that I was interested in England, with this cross-border situation, is that these reports really have to take into account how those LHBs and trusts down the borders operate with so many English hospitals. Has that been a factor at all in your discussions with them, to ensure that these plans are robust?

[51] **Mick Bates:** Iawn. Y rheswm yr oedd gennyf ddiddordeb yn Lloegr, gyda'r sefyllfa drawsffiniol hon, yw bod yn rhaid i'r adroddiadau hyn mewn gwirionedd ystyried sut y mae'r BILlau a'r ymddiriedolaethau hynny yn y gororau yn gweithredu gyda chynifer o ysbytai Lloegr. A yw hynny wedi bod yn ffactor yn eich trafodaethau o gwbl, i sicrhau bod y cynlluniau hyn yn gadarn?

Ms Lloyd: That has been a factor that has been the subject of considerable debate over the past six months, and, as you might know, a considerable amount of work has been undertaken by my department and the LHB and trust chairs on the borders about managing the difference that arises, managing the advent of foundation trusts and the type of service that they will offer, over this year particularly. So that is reflected in part in the plans but, basically, it has been an important piece of work that has been taken out to be dealt with by those who are most concerned.

Ms Lloyd: Mae hynny wedi bod yn ffactor sydd wedi bod yn destun llawer o ddadlau yn ystod y chwe mis diwethaf, ac, fel y gwyddoch o bosibl, mae fy adran i a chadeiryddion yr ymddiriedolaethau a'r BILlau yn y gororau wedi gwneud llawer o waith ar reoli'r gwahaniaeth sy'n codi, rheoli dyfodiad ymddiriedolaethau sefydledig a'r math o wasanaeth y byddant yn ei gynnig, yn enwedig eleni. Felly adlewyrchir hynny yn rhannol yn y cynlluniau ond, yn y bôn, mae wedi bod yn waith pwysig sydd wedi ei dynnu allan er mwyn i'r rhai sy'n poeni fwyaf yn ei gylch fynd i'r afael ag ef.

[52] **Mick Bates:** But these plans will really address local concerns so the plans themselves will be very different. Following that up, do you have any minimum standards to ensure consistency through the plans?

[52] **Mick Bates:** Ond bydd y cynlluniau hyn yn mynd i'r afael â phryderon lleol mewn gwirionedd, felly bydd y cynlluniau eu hunain yn dra gwahanol. Yn sgîl hynny, a oes gennych unrhyw safonau gofynnol i sicrhau cysondeb ar draws y cynlluniau?

Ms Lloyd: Yes, there was a framework established, against which the plans would be tested. We described, basically, what a modern, community-orientated service would look like, because the service was saying, 'can we have some guidance'. They have 'Access and Excellence' and its revision in terms of secondary care. Now that we have described what the overarching framework was, the Minister was most concerned that, given the themes within Wanless, she wanted, for this first cut, the local response to

Ms Lloyd: Oes, sefydlwyd fframwaith, y byddai'r cynlluniau'n cael eu profi yn ei erbyn. Bu i ni ddisgrifio, yn sylfaenol, sut y byddai gwasanaeth modern sy'n canolbwyntio ar y gymuned yn edrych, oherwydd bod y gwasanaeth yn dweud, 'a allwn gael rhywfaint o ganllawiau'. Mae 'Mynediad a Rhagoriaeth' ganddynt a'i ddiwygio o ran gofal eilaidd. Gan ein bod bellach wedi disgrifio beth oedd y fframwaith cyffredinol, yr oedd y Gweinidog yn awyddus iawn, o gofio'r themâu yn Wanless,

it set within this national framework. That is the way in which she believed there would be better local ownership, and so it has proved so far, with both the local authorities and the LHBs signing them off, which is a good indication of partnership.

i'r ymateb lleol iddo gael ei osod o fewn y fframwaith cenedlaethol hwn, ar gyfer y cam cyntaf hwn. Dyna'r ffordd y byddai perchenogaeth leol well, yn ôl ei barn hi, ac felly y mae wedi bod hyd yma, gyda'r awdurdodau lleol a'r BILlau yn eu llofnodi, sy'n arwydd da o bartneriaeth.

[53] **Mick Bates:** Okay. Thank you.

[53] **Mick Bates:** O'r gorau. Diolch.

[54] **Janet Davies:** You wish to take up another facet of restructuring, Carl?

[54] **Janet Davies:** Yr ydych am holi am agwedd arall ar ailstrwythuro, Carl?

[55] **Carl Sargeant:** Thank you, Chair. I refer to paragraph 3.23 regarding the business services centre. It notes that there were a number of concerns, including the adequacy of staff to deliver accounts and other things. What improvements have you made to address the findings of the independent review of the internal controls of the business services centre?

[55] **Carl Sargeant:** Diolch, Gadeirydd. Cyfeiriaf at baragraff 3.23 ynglŷn a'r ganolfan gwasanaethau busnes. Mae'n nodi bod nifer o bryderon, gan gynnwys pa mor gymwys oedd y staff i gyflawni cyfrifon a phethau eraill. Pa welliannau yr ydych wedi eu gwneud i ymateb i gasgliadau'r adolygiad annibynnol o fesurau rheoli mewnol y ganolfan gwasanaethau busnes?

Dr Daws: The business services centre has had a project specifically looking at the way forward, but there has also been quite a lot of discussion with it around the staffing issues, and how it overcomes those problems. The business services centre put in new structures, incorporating a regional structure, and has then been out recruiting staff specifically against those regional structures. Where it was not able to recruit in time, it brought in temporary staff. However, I am pleased to say that we have had all of the accounts in on time and, at present, what we are going through is trying to identify the quality and any shortcomings. However, the concern at the time when the report was done was that they would not be able to deliver to the time on the accounts. It brought in a project manager to lead the closing of the accounts process, and managed it as a separate project. That has been successful in at least achieving the deadline of the submissions.

Dr Daws: Yr oedd gan y ganolfan gwasanaethau busnes brosiect i edrych yn benodol ar y ffordd ymlaen, ond bu llawer o drafod hefyd gyda'r ganolfan am faterion yn ymwneud â'r staffio, a sut y mae'n goresgyn y problemau hynny. Rhoddodd y ganolfan gwasanaethau busnes strwythurau newydd ar waith, gan ymgorffori strwythur rhanbarthol, ac wedi hynny mae wedi bod yn recriwtio staff yn benodol yn ôl y strwythurau rhanbarthol hynny. Lle yr oedd yn methu recriwtio mewn pryd, cyflogodd staff dros dro. Fodd bynnag, yr wyf yn falch o ddweud ein bod wedi cael y cyfrifon i gyd mewn pryd ac, ar hyn o bryd, yr hyn yr ydym yn ei wneud yw ceisio nodi'r ansawdd ac unrhyw wendidau. Fodd bynnag, y pryder adeg ysgrifennu'r adroddiad oedd na fyddai modd iddynt gyflawni'r cyfrifon mewn pryd. Daeth â rheolwr prosiect i mewn i arwain y gwaith o gau'r broses gyfrifon, a'i reoli fel prosiect ar wahân. Mae hynny wedi bod yn llwyddiannus o leiaf o ran bodloni'r dyddiad cau ar gyfer cyflwyno.

[56] **Carl Sargeant:** Okay. Just to be clear, all the accounts have been submitted on time?

[56] **Carl Sargeant:** O'r gorau. Er mwyn bod yn glir, mae'r cyfrifon i gyd wedi eu cyflwyno mewn pryd?

Dr Daws: Yes, that is right.

Dr Daws: Ydynt, mae hynny'n gywir.

[57] **Alun Cairns:** I want to look at the challenges facing NHS Wales, specifically relating to corporate governance. It is highlighted that only seven of the 15 trusts achieved full compliance with the five core standards of the Welsh risk management standards. What assistance is being offered by the Welsh Assembly Government in order to help these bodies achieve the standards?

[57] **Alun Cairns:** Yr wyf am edrych ar yr heriau sy'n wynebu GIG Cymru, yn benodol yr her sy'n ymwneud â rheolaeth gorfforaethol. Tynnir sylw at y ffaith mai dim ond saith o'r 15 ymddiriedolaeth a lwyddodd i gydymffurfio'n llawn â phum safon graidd safonau rheoli risg Cymru. Pa gymorth a gynigir gan Lywodraeth Cynulliad Cymru i helpu'r cyrff hyn i fodloni'r safonau?

Dr Daws: There has been quite an impact. The Welsh Risk Pool has people who have provided specific support. For example, in Swansea NHS Trust, there was a project and a piece of work where the Welsh Risk Pool worked with the trust to identify the problems that it was having, and then provided support and advice to get it to comply. That has been very much a process of support and development, and the Welsh Risk Pool has a team of people who work to support that.

Dr Daws: Cafwyd cryn effaith. Mae gan Gronfa Risg Cymru bobl sydd wedi rhoi cymorth penodol. Er enghraifft, yn Ymddiriedolaeth GIG Abertawe, yr oedd prosiect a gwaith lle y bu Cronfa Risg Cymru yn gweithio gyda'r ymddiriedolaeth i nodi'r problemau a oedd ganddi, ac yna bu'n rhoi cymorth a chyngor i sicrhau ei bod yn cydymffurfio. Mae honno wedi bod yn broses o gefnogi a datblygu i raddau helaeth, ac mae gan Gronfa Risg Cymru dîm o bobl sy'n gweithio i gefnogi hynny.

[58] **Alun Cairns:** The Treasury has issued guidance that expects full compliance with the standards for 2003-04. Will we achieve that requirement?

[58] **Alun Cairns:** Mae'r Trysorlys wedi cyhoeddi canllawiau sy'n disgwyl cydymffurfiaeth lwyr â'r safonau ar gyfer 2003-04. A fyddwn yn cyflawni'r gofyniad hwnnw?

Dr Daws: No.

Dr Daws: Na. fyddwn

[59] **Alun Cairns:** Why?

[59] **Alun Cairns:** Pam?

Ms Lloyd: Because they have been unable to do it, which is why we are working with them. That is the answer.

Ms Lloyd: Oherwydd eu bod wedi methu â gwneud hynny, a dyna pam yr ydym yn gweithio gyda hwy. Dyna'r ateb.

[60] **David Melding:** There is terrible tautology here.

[60] **David Melding:** Mae tawtoleg ofnadwy yma.

Ms Lloyd: I know. We sent out revised guidance to the NHS in September 2003, because we were concerned that it would not be able to, certainly, comply against these five main features. These five core standards are assessed by either the Welsh Risk Pool externals, or our external auditors. It is really important that the organisations do reach compliance, so we have done quite a few things. We realised that some of them would not be able to reach that standard—they would not be far away, but they would need to do a bit more. So, each LHB has now had risk facilitators to heighten that; there has

Ms Lloyd: Gwn. Bu i ni gyhoeddi canllawiau diwygiedig i'r GIG ym mis Medi 2003, oherwydd ein bod yn pryderu na fyddai'n sicr o allu cydymffurfio â'r pum prif nodwedd hyn. Asesir y pum safon graidd hyn naill ai gan archwilwyr allanol Cronfa Risg Cymru, neu gan ein harchwilwyr allanol ni. Mae'n hynod bwysig i'r sefydliadau gydymffurfio, felly yr ydym wedi gwneud amryw byd o bethau. Sylweddolasom na fyddai rhai ohonynt yn gallu cyrraedd y safon honno—ni fyddent ymhell ar ei hôl hi, ond byddai angen iddynt wneud ychydig yn rhagor. Felly, mae pob BILl erbyn hyn wedi

been risk management training for all of them; and there has been a huge amount of work done by the Welsh Risk Pool in training both trust non-execs and local health board non-execs of the importance of risk management and governance in particular. Therefore, we expect to see, as they are going through their review of the three core standards now, a considerable improvement, but we did feel that we had to put in extra help to help them through.

cael hwyluswyr risg i wella hynny; rhoddwyd hyfforddiant rheoli risg i bob un ohonynt; ac mae Cronfa Risg Cymru wedi gwneud llawer iawn o waith i hyfforddi swyddogion anweithredol yr ymddiriedolaethau a swyddogion anweithredol y byrddau iechyd lleol ynghylch pwysigrwydd rheoli a llywodraethu risg yn arbennig. Felly, wrth iddynt gael eu harolygiad o'r tair safon graidd ar hyn o bryd, disgwyliwn weld gwelliant sylweddol, ond yr oeddem o'r farn bod yn rhaid i ni roi cymorth ychwanegol i'w cynorthwyo.

Dr Daws: By March 2004 they will all have achieved those standards, so that for the 2004-05 accounts they can say 'fully' throughout the year. The issue is that, in 2003-04, they would not be able to say that those standards had been applied throughout the year. However, the point is that, by March 2004, all but one body has provided us with assurance that they would meet the standards. The one that did not was Swansea, and that is where we put in a particular approach of extra support over and above what the others were receiving in terms of training. It has now been able to say that it is able to comply. So it is one other process of ensuring that these things are properly embedded.

Dr Daws: Byddant oll wedi cyflawni'r safonau hynny erbyn mis Mawrth 2004, fel y gallant ddweud 'yn llawn' drwy gydol y flwyddyn ar gyfer cyfrifon 2004-05. Y broblem yw na fyddent yn gallu dweud bod y safonau hynny wedi eu rhoi ar waith drwy gydol y flwyddyn yn 2003-04. Fodd bynnag, y pwynt yw, erbyn mis Mawrth 2004, mae pob corff ar wahân i un wedi rhoi sicrwydd i ni y byddent yn bodloni'r safonau. Yr un na wnaeth oedd Abertawe, a dyna lle yr aethom ati'n benodol i roi mwy o gymorth ychwanegol o ran hyfforddiant na'r hyn yr oedd y lleill yn ei dderbyn. Mae bellach wedi gallu dweud ei bod yn gallu cydymffurfio. Felly mae'n un broses arall o sicrhau bod y pethau hyn wedi eu sefydlu'n briodol.

[61] **Alun Cairns:** Thank you, Dr Daws. Mrs Lloyd, you mentioned that some trusts or bodies are almost there, or there or thereabout. Do you mean that they are almost there because compliance is deemed to be the achievement of 75 per cent of each of the core standards, or do you mean 100 per cent?

[61] **Alun Cairns:** Diolch, Dr Daws. Mrs Lloyd, soniasoch fod rhai ymddiriedolaethau neu gyrff o fewn cyrraedd, neu'n weddol agos. A ydych yn golygu eu bod o fewn cyrraedd oherwydd tybio mai cydymffurfiaeth yw cyflawni 75 y cant o bob un o'r safonau craidd, neu a ydych yn golygu 100 y cant?

Ms Lloyd: Seventy-five per cent, and they are all there.

Ms Lloyd: Saith deg pump y cant, ac maent i gyd wedi ei gyrraedd.

[62] **Alun Cairns:** So we are not, effectively, at the 75 per cent spot?

[62] **Alun Cairns:** Felly nid ydym, i bob pwrpas, wedi cyrraedd y 75 y cant?

Ms Lloyd: They are all there now.

Ms Lloyd: Maent i gyd wedi ei gyrraedd erbyn hyn.

[63] **Alun Cairns:** Okay. You mentioned that Swansea asked for support. Did any other trust ask for support?

[63] **Alun Cairns:** O'r gorau. Soniasoch fod Abertawe wedi gofyn am gymorth. A ofynnodd unrhyw ymddiriedolaeth arall am gymorth?

Ms Lloyd: No.

[64] **Alun Cairns:** I will move on specifically to the Welsh Risk Pool. In 2001-02 to 2002-03, payments dropped from £49 million to £43 million, although claims rose from 136 to 246. Can you offer some rationale behind that? Or is it that we just have better lawyers?

Ms Lloyd: I will not comment on the quality of the lawyers. However, as you will recall, we had a considerable problem in 2001-02, when a number of claims that were not anticipated came through at the end of the year and we, therefore, had a deficit of £40 million. The Minister has asked me to establish a review into why that has occurred and what we could do in the future. That went on during 2002-03.

One of the great differences, I think, that we have found is that we have strengthened the accountability arrangements for the Welsh Risk Pool and put in additional support there. However, I believe that what has made the greatest difference from this report is that we have appointed professional actuaries to help with the projection of costs for the Welsh Risk Pool. The way in which they have undertaken their job has given us a great deal of increased confidence, in terms of knowing what is coming through and even in terms of the cases that have happened and have not yet been reported in. They are able to make a judgment on that. We are getting much better at identifying critical incidents and potential cases. The whole of the NHS has got much better at that, so it is able to feed the Welsh Risk Pool with more accurate information. I think that it is the advent of the actuaries, the increased accountability arrangements and the health service getting better at reporting that has allowed us to improve. Although the liabilities in the future are rising, as they are throughout the United Kingdom, we are much better able to manage the year-by-year effects of that.

One of the difficulties for us is the obstetric and gynaecology cases that might take years

Ms Lloyd: Naddo.

[64] **Alun Cairns:** Symudaf ymlaen yn benodol at Gronfa Risg Cymru. Rhwng 2001-02 a 2002-03, disgynnodd y taliadau o £49 miliwn i £43 miliwn, er i'r hawliadau gynyddu o 136 i 246. A allwch gynnig rhyw reswm am hynny? Neu ai cyfreithwyr gwell sydd gennym?

Ms Lloyd: Ni chyflwynaf sylwadau ar safon y cyfreithwyr. Fodd bynnag, fel y cofiwch, cawsom broblem sylweddol yn 2001-02, pan wnaethpwyd nifer o hawliadau nad oeddent wedi eu rhagweld ar ddiwedd y flwyddyn ac, o'r herwydd, yr oedd gennym ddiffyg o £40 miliwn. Mae'r Gweinidog wedi gofyn i mi sefydlu adolygiad i ddarganfod pam y digwyddodd hynny a beth y gallem ei wneud yn y dyfodol. Digwyddodd hynny yn ystod 2002-03.

Yn fy marn i, un o'r gwahaniaethau mawr yr ydym wedi ei ganfod yw ein bod wedi gwella'r trefniadau atebolrwydd ar gyfer Cronfa Risg Cymru a rhoi cymorth ychwanegol yno. Fodd bynnag, credaf mai'r hyn sydd wedi gwneud y gwahaniaeth mwyaf yn sgîl yr adroddiad hwn yw ein bod wedi penodi actiwarïaid proffesiynol i gynorthwyo i flaenamcanu costau Cronfa Risg Cymru. Mae'r modd y maent wedi cyflawni eu gwaith wedi rhoi llawer mwy o hyder i ni, o ran gwybod beth sy'n dod drwodd a hyd yn oed o ran yr achosion sydd wedi digwydd ac nad oes adroddiad amdanynt hyd yn hyn. Maent yn gallu gwneud dyfarniad ar hynny. Yr ydym yn gwella ein gallu i nodi digwyddiadau difrifol ac achosion posibl. Mae'r GIG cyfan wedi gwella yn y maes hwnnw, felly mae'n gallu bwydo gwybodaeth fwy cywir i Gronfa Risg Cymru. Credaf mai dyfodiad yr actiwarïaid, y cynnydd mewn trefniadau atebolrwydd a'r gwelliant yn y gwasanaeth iechyd o ran adrodd sydd wedi ein galluogi i wella. Er bod y rhwymedigaethau yn y dyfodol yn cynyddu, fel y maent ledled y Deyrnas Unedig, yr ydym yn gallu rheoli effeithiau blwyddyn ar ôl blwyddyn hynny yn well.

Un o'r anawsterau i ni yw'r achosion obstetrig a gynaecoleg a all gymryd

to reach a resolution. We are also going for structured settlements, which help flatten out any peaks and troughs. We have been discussing, with the legal profession, alternative disputes resolution as well, which we were going to take forward as pilots at the end of last year, but we wished to defer because the Chief Medical Officer in England had then produced a report on their approach for alternative disputes resolution. So, we wanted to have a look at what their system would be like before finally deciding on the option that Ministers would wish to pursue. So, there is a very great heightened awareness of the importance of risk management and in claims management, and I certainly think that the actuaries have been excellent.

blynyddoedd i'w datrys. Yr ydym hefyd am gyflwyno setliadau strwythuredig, sy'n helpu i lefelu unrhyw uchafbwyntiau ac isafbwyntiau. Yr ydym hefyd wedi bod yn trafod, gyda'r proffesiwn cyfreithiol, ddulliau eraill o ddatrys anghydfodau, yr oeddem yn mynd i'w datblygu fel cynlluniau peilot ddiwedd y llynedd, ond yr oeddem am ohirio oherwydd bod y Prif Swyddog Meddygol yn Lloegr wedi cynhyrchu adroddiad ar eu hagwedd hwy at ddulliau eraill o ddatrys anghydfodau. Felly, yr oeddem am weld pa fath o system fyddai ganddynt hwy cyn penderfynu'n derfynol pa opsiwn y byddai'r Gweinidogion am ei weithredu. Felly, mae llawer mwy o ymwybyddiaeth o bwysigrwydd rheoli risg a rheoli hawliadau, ac yr wyf yn sicr o'r farn bod yr actiwarïaid wedi bod yn wych.

[65] **Alun Cairns:** That is useful. Can you provide me with some detail of the nature of the pattern of claims and the high cost between 2001-02 and 2002-03?

[65] **Alun Cairns:** Mae hynny'n ddefnyddiol. A allwch roi i mi rai manylion am natur patrwm yr hawliadau a'r gost uchel rhwng 2001-02 a 2002-03?

Ms Lloyd: This is very complicated and there are many of them. Can I give you a broad note on that? That would probably be more helpful.

Ms Lloyd: Mae hyn yn gymhleth iawn ac mae llawer ohonynt. A allaf roi nodyn bras i chi am hynny? Byddai hwnnw'n fwy defnyddiol yn ôl pob tebyg.

[66] **Alun Cairns:** Please do. My final questions relate to prescription fraud. It is pleasing to note that, I suspect following the Auditor General's and the committee's previous reports, prescription fraud has dropped from £15 million to £7 million. It might be simplistic, but does that mean that there is an extra £8 million for the NHS?

[66] **Alun Cairns:** Os gwelwch chi'n dda. Mae fy nghwestiynau olaf yn ymwneud â thwyll presgripsiynau. Mae'n galonogol nodi bod twyll presgripsiynau wedi disgyn o £15 miliwn i £7 miliwn, yn sgîl adroddiadau blaenorol yr Archwilydd Cyffredinol a'r pwyllgor, fe dybiaf. Efallai ei fod yn or-syml, ond a yw hynny'n golygu bod £8 miliwn ychwanegol i'r GIG?

Ms Lloyd: Yes. Whatever we recover, we reinvest.

Ms Lloyd: Ydy. Beth bynnag yr ydym yn ei adennill, yr ydym yn ei ailfuddsoddi.

[67] **Alun Cairns:** Why, then, has prescription income risen from £26 million to just £28 million?

[67] **Alun Cairns:** Pam, felly, y mae incwm presgripsiynau wedi codi o £26 miliwn i ddim ond £28 miliwn?

Dr Daws: Because of the changes in policy in the Assembly in terms of the exemptions, more people have been exempted from payment. It is very good news because the total estimated potential fraud figure for 2003-04—which will be

Dr Daws: Oherwydd y newidiadau polisi yn y Cynulliad o ran yr eithriadau, mae mwy o bobl wedi eu heithrio rhag talu. Mae'n newyddion da iawn oherwydd y mae cyfanswm y ffigur amcan o dwyll posibl ar gyfer 2003-04—sef blwyddyn lawn gyntaf yr uned cadarnhau ar ôl gwneud taliadau—wedi

the first full year of the post payment verification unit—is down to £2.5 million.

disgyn i £2.5 miliwn.

[68] **Janet Davies:** That is very gratifying.

[68] **Janet Davies:** Mae hynny'n rhoi boddhad mawr.

[69] **Carl Sargeant:** I have a brief question on prescription fraud—is it highlighted in particular on border constituencies as opposed to nationally?

[69] **Carl Sargeant:** Mae gennyf gwestiwn byr am dwyll presgripsiynau—a yw'n fwy cyffredin yn etholaethau'r gororau yn arbennig nag yn genedlaethol?

Ms Lloyd: I do not think that I can answer that; I do not know. We could give you a spread of what it is like.

Ms Lloyd: Ni chredaf y gallaf ateb hwnnw; ni wn. Gallem roi syniad bras i chi ohono.

[70] **Carl Sargeant:** Yes, that would be interesting.

[70] **Carl Sargeant:** O'r gorau, byddai hynny'n ddiddorol.

[71] **Janet Davies:** Yes, thank you, if you could send a note on that. Val, you have a question on a different issue, but within the challenges facing the NHS?

[71] **Janet Davies:** Byddai, diolch, pe gallech anfon nodyn am hynny. Val, mae gennych gwestiwn ar fater gwahanol, ond sy'n ymwneud â'r heriau sy'n wynebu'r GIG?

[72] **Val Lloyd:** Yes. Mrs Lloyd, the cost of agency staff has been raised in previous years, but I note from paragraph 4.9 that the cost continues to rise year on year. Could you tell us why there has not been more success in dealing with it?

[72] **Val Lloyd:** Oes. Mrs Lloyd, mae cost staff asiantaeth wedi codi yn y gorffennol, ond gwelaf yn ôl paragraff 4.9 fod y gost yn parhau i godi flwyddyn ar ôl blwyddyn. A allech ddweud wrthym pa na chafwyd mwy o lwyddiant wrth fynd i'r afael â hynny?

Ms Lloyd: I think that it is because there is an increasing requirement for staff within the NHS, and we simply have not been 100 per cent effective in the HR practices that we have pursued, although they are showing valuable gains now, with an increased emphasis on recruitment and retention and return to work. As the Auditor General points out, there have been increasing commissions on the numbers of staff in training but, of course, they do not come through straight away, and we have been very successful in terms of our overseas recruitment, but this is just holding the line at the moment. In terms of agency nursing, this has been highlighted particularly in such places as Cardiff and Gwent, where there were such significant rises that we put in a special team to look, with the trusts, at how that might be managed. In fact, in Cardiff, although it had expected it to flatten, there was a small increase last year, but that was largely because it increased its ITU beds from 14 to 21, which, as you can imagine, is a

Ms Lloyd: Credaf mai oherwydd bod galw cynyddol am staff yn y GIG, ac, yn syml, nid ydym wedi bod yn effeithiol 100 y cant yn yr arferion adnoddau dynol yr ydym wedi eu dilyn, er eu bod yn dangos gwelliannau gwerth chweil bellach, gyda mwy o bwyslais ar recriwtio a chadw staff a dychwelyd i'r gwaith. Fel y noda'r Archwilydd Cyffredinol, bu comisiynau cynyddol ar niferoedd y staff mewn hyfforddiant ond, wrth gwrs, nid ydynt yn dod drwodd ar unwaith, ac yr ydym wedi bod yn llwyddiannus iawn o ran ein recriwtio dramor, ond dim ond cadw pen uwchlaw'r dŵr yw hyn ar hyn o bryd. O ran nyrsio asiantaeth, mae hyn wedi ei amlygu'n arbennig mewn lleoedd fel Caerdydd a Gwent, lle y cafwyd cynnydd mor sylweddol fel y bu i ni roi tîm arbennig yno i edrych ar sut y gellid rheoli hynny, ar y cyd â'r ymddiriedolaethau. A dweud y gwir, yng Nghaerdydd, er bod disgwyl y byddai'n lefelu, cafwyd cynnydd bach y llynedd, ond yr oedd hynny'n bennaf oherwydd iddo gynyddu ei welyau Gofal Dwys o 14 i 21,

significant increase. It had to cover that increase with agency staff pending this being put into the baseline contract with its local health boards, and there are many of those for ITU. Therefore, we expect to see that falling again. In fact, it has made a £1 million saving, but that was absorbed because it increased the number of staff.

sydd, fel y gallwch dybio, yn gynnydd sylweddol. Bu'n rhaid iddo ddefnyddio staff asiantaeth oherwydd y cynnydd hwnnw tan iddo gael ei gynnwys yn y contract llinell sylfaen gyda'i fyrddau iechyd lleol, ac mae llawer o'r rheini ar gyfer yr Uned Gofal Dwys. Felly, yr ydym yn disgwyl gweld hynny'n lleihau eto. Mewn gwirionedd, mae wedi arbed £1 miliwn, ond llyncwyd hwnnw oherwydd iddo gynyddu nifer y staff.

I do not think that you can ever get away from having these temporary types of staff, but we are encouraging the organisations to employ their own bank staff rather than rely on expensive agencies. We considered, at one time, going in with the agency service that was running in England, but it got into some difficulties, so we could not pursue that line and we do not think that it would be right to have an agency for Wales.

Ni chredaf y gallwch byth osgoi defnyddio'r staff dros dro hyn, ond yr ydym yn annog y sefydliadau i gyflogi eu staff cronfa eu hunain yn hytrach na dibynnu ar asiantaethau drud. Bu i ni ystyried, ar un adeg, ymuno â'r gwasanaeth asiantaeth a oedd yn gweithredu yn Lloegr, ond aeth hwnnw i drafferthion, felly nid oedd modd i ni wneud hynny ac ni chredwn y byddai'n briodol cael asiantaeth ar gyfer Cymru.

Our biggest concern at the moment is Gwent, but it is not particularly within the hospital service, it is very much about the continuing care side where it runs the continuing care services for the local health boards. There is a need to rely on agency staff there, but we have disseminated good practice and we really have worked hard with Gwent in terms of trying to ensure that at least it does not employ unqualified agency staff, but it should have sufficient staff in its own bank system to be able to manage the unqualified part of its need. It is, however, a concern, and we are putting pressure on it.

Ein gofid mwyaf ar hyn o bryd yw Gwent, ond nid o fewn y gwasanaeth ysbyty yn arbennig y mae hynny, mae'n ymwneud i raddau helaeth â'r elfen gofal parhaus lle y mae'n gyfrifol am y gwasanaethau gofal parhaus dros y byrddau iechyd lleol. Mae angen dibynnu ar staff asiantaeth yno, ond yr ydym wedi lledaenu arferion da ac yr ydym wedi gweithio'n hynod galed gyda Gwent o ran ceisio sicrhau nad yw'n cyflogi staff asiantaeth heb gymwysterau o leiaf, ond dylai fod â digon o staff yn ei system gronfa ei hun i allu rheoli'r rhan ddigymwysterau o'i anghenion. Mae'n ofid, serch hynny, ac yr ydym yn rhoi pwysau arno.

[73] **Val Lloyd:** Thank you for that comprehensive reply. In view of the fact that you seem to indicate that measures have been put in place, and that they are successful to a degree, do you have targets incorporated into the performance framework so that you can monitor and control the usage of such staff?

[73] **Val Lloyd:** Diolch am yr ateb cynhwysfawr hwnnw. Yn sgîl y ffaith eich bod fel pe baech yn awgrymu bod mesurau wedi eu rhoi ar waith, a'u bod yn llwyddiannus i ryw raddau, a oes gennych dargedau wedi eu hymgorffori yn y fframwaith perfformiad fel y gallwch fonitro a rheoli'r modd y mae staff o'r fath yn cael eu defnyddio?

Dr Daws: In the balanced scorecard, we have identified a target and would be trying to identify a reduction with it, yes.

Dr Daws: Yn y cerdyn sgorio cytbwys, yr ydym wedi nodi targed a byddem yn ceisio canfod lleihad gydag ef, byddem.

[74] **Janet Davies:** Thank you, Val. I was going to finish up—and I will in a minute—

[74] **Janet Davies:** Diolch, Val. Yr oeddwn yn mynd i orffen—a gwnaf mewn munud—

by asking you a more general question about fraud. In the meantime, David would like to come in with a particular question, again, on the issue of prescription fraud.

drwy ofyn cwestiwn mwy cyffredinol am dwyll i chi. Yn y cyfamser, hoffai David ofyn cwestiwn penodol, eto, ar dwyll presgripsiynau.

[75] **David Melding:** It is really about the fact that it has been at a significant level in the past, so there have been excellent measures put in place no doubt to reduce it by the amount that it has been reduced. Given that much of this fraud is presumably by people who were not exempt claiming exemptions—and I accept that there are other sources of fraud also—and that not all of them would have paid for their drugs, they would simply not have taken the treatment presumably, have we any idea about the likely effect of providing prescriptions free on demand? It seems to me to indicate that there may be some pent-up demand. It was given this fraudulent expression before, but now, of course, it would be legit and will be accepted. Also, are you preparing any sort of calculations for future budget lines for an increase in, basically, the cost of drugs due to prescriptions being freely available?

[75] **David Melding:** Mae'n ymwneud, a dweud y gwir, â'r ffaith ei fod wedi bod yn digwydd ar raddfa sylweddol yn y gorffennol, felly nid oes amheuaeth nad oes mesurau gwych wedi eu rhoi ar waith i'w leihau i'r graddau y mae wedi ei leihau. O ystyried bod llawer o'r twyll hwn, yn ôl pob tebyg, yn cael ei gyflawni gan bobl nad oeddent wedi eu heithrio yn hawlio eithriadau—a derbyniaf fod mathau eraill o dwyll hefyd—ac na fyddai pob un ohonynt wedi talu am eu cyffuriau, byddent, yn syml, heb gymryd y driniaeth am a wn i, a oes gennym unrhyw syniad am effaith debygol rhoi presgripsiynau am ddim ar gais? Mae'n ymddangos i mi ei fod yn awgrymu efallai fod rhywfaint o alw cronedig. Yr oedd yn cyfrif fel twyll o'r blaen, ond bellach, wrth gwrs, byddai'n gyfreithlon a bydd yn dderbyniol. Hefyd, a ydych yn paratoi unrhyw fath o gyfrifiadau ar gyfer llinellau cyllideb y dyfodol ar gyfer cynnydd, yn y bôn, yng nghost cyffuriau oherwydd y bydd presgripsiynau ar gael i bawb?

Ms Lloyd: Yes, we have done some work on this. We must remember that, at the moment, we spend, in primary care—this is in primary care, not secondary care—£0.5 billion a year, and 85 per cent of the prescriptions are repeat prescriptions. So we do believe that there will be an increase in demand, and that goes with the increase in the resource that is believed would be needed to manage free prescriptions. However, we are also putting in other methods to ensure that prescription costs are managed much more effectively. Yesterday, we launched the medicines management collaborative, and a lot of work has been done, as I know that you know, on that, to ensure that patients are better able to manage their prescriptions and that we do prescribe more effectively, and manage these repeat prescriptions much more effectively and overcome some of the

Ms Lloyd: Ydym, yr ydym wedi gwneud rhywfaint o waith mewn perthynas â hyn. Rhaid i ni gofio ein bod, ar hyn o bryd, yn gwario, mewn gofal sylfaenol—mewn gofal sylfaenol y mae hyn, nid gofal eilaidd—£0.5 biliwn y flwyddyn, ac amlbresgripsiynau yw 85 y cant o'r presgripsiynau. Felly yr ydym o'r farn y bydd cynnydd yn y galw, ac mae hynny'n mynd law yn llaw â'r cynnydd yn yr adnoddau y credir y byddai eu hangen i reoli presgripsiynau am ddim. Fodd bynnag, yr ydym hefyd yn rhoi dulliau eraill ar waith i sicrhau bod costau presgripsiwn yn cael eu rheoli'n llawer mwy effeithiol. Ddoe, bu i ni lansio'r cydweithredu ar reoli meddyginiaethau, ac mae llawer o waith wedi ei wneud, fel y gwn eich bod yn gwybod, ar hynny, i sicrhau bod cleifion yn gallu rheoli eu presgripsiynau yn well a'n bod yn rhagnodi'n fwy effeithiol, ac yn rheoli'r

issues of polypharmacy. So there has been work done on the consequences of removing prescription charges, and we will just have to track it when it comes about.

amlbresgripsiynau hyn yn llawer mwy effeithiol ac yn goresgyn rhai o broblemau defnyddio amryw o gyffuriau. Felly mae llawer o waith wedi ei wneud ar ganlyniadau diddymu taliadau presgripsiwn, a bydd angen i ni gadw golwg arno pan fydd yn digwydd.

[76] **David Melding:** Do you feel confident that it will give you the flexibility to improve practice enough to offset any increase in demand that you may experience?

[76] **David Melding:** A ydych yn hyderus y bydd yn rhoi'r hyblygrwydd i chi i wella digon ar arferion i wrthbwyso unrhyw gynnydd yn y galw y gallech ei gael?

Ms Lloyd: We have allowed for an increase in demand in the estimates set to date.

Ms Lloyd: Yr ydym wedi rhoi ystyriaeth i gynnydd yn y galw yn yr amcangyfrifon sydd wedi eu gwneud hyd yn hyn.

[77] **David Melding:** Of how much?

[77] **David Melding:** Cynnydd o faint?

Dr Daws: We think that it could be as much as 30 per cent, but we are working that figure down through the incentives.

Dr Daws: Credwn y gallai fod yn gymaint â 30 y cant, ond yr ydym yn lleihau'r ffigur hwnnw drwy'r cymhellion.

[78] **David Melding:** Crikey, that is quite a challenge, is it not?

[78] **David Melding:** Esgob, onid yw hynny'n dipyn o her?

Dr Daws: It is a challenge, yes. Well, that is 30 per cent of the figure—the income—not 30 per cent of the budget, I am sorry. At the moment, we get, I forget what the figure is in income terms—

Dr Daws: Mae'n her, ydy. Wel, mae'n 30 y cant o'r ffigur—yr incwm—nid 30 y cant o'r gyllideb, mae'n ddrwg gennyf. Ar hyn o bryd, yr ydym yn cael, nid wyf yn cofio beth yw'r ffigur yn nhermau incwm—

[79] **Alun Cairns:** It is £28.54 million in 2002-03.

[79] **Alun Cairns:** Mae'n £28.54 miliwn yn 2002-03.

Dr Daws: Yes, so potentially the risk is about £10 million more. At the moment, though, one of the big things around the recovery plans, and one of the things that we have seen in the LHBs' performance for 2003-04, has been that the prescribing incentive schemes that they have been working on and the work that they have been doing with their GPs, has made quite a significant progress in that the level of the reduction of prescriptions has fallen in that sense. So I suspect that that

Dr Daws: Ydy, felly gallai'r risg fod tua £10 miliwn yn fwy. Serch hynny, ar hyn o bryd, un o'r materion pwysig ynghylch y cynlluniau adennill, ac un o'r pethau yr ydym wedi eu gweld ym mherfformiad y BILlau yn 2003-04, yw bod y cynlluniau cymhellion rhagnodi y maent wedi bod yn gweithio arnynt a'r gwaith y maent wedi bod yn ei wneud gyda'u Meddygon Teulu, wedi gwneud cynnydd eithaf sylweddol o ran bod lefel y gostyngiad mewn presgripsiynau wedi lleihau yn yr

will have to kick in as the free prescriptions come in.

ystyr hwnnw. Felly yr wyf yn amau y bydd yn rhaid i hynny ddechrau wrth i'r presgripsiynau am ddim gael eu cyflwyno.

[80] **Janet Davies:** The story of fraud does seem to be one of improvement and success, and it is very gratifying to see that that is happening. However, clearly, you need to maintain a profile and keep up the importance of combating fraud in the NHS. What are you doing to maintain the new situation that we have?

[80] **Janet Davies:** Mae'n ymddangos bod gwelliant a llwyddiant yn digwydd o ran twyllo, ac mae gweld bod hynny'n digwydd yn rhoi boddhad mawr. Fodd bynnag, yn amlwg, mae angen i chi gynnal proffil a dal ati i bwysleisio pwysigrwydd mynd i'r afael â thwyll yn y GIG. Beth yr ydych yn ei wneud i gynnal y sefyllfa newydd sydd gennym?

Ms Lloyd: The next area that is being tackled is ophthalmology fraud, and a lot of work is being done there. We have fraud teams in the organisations too so that there is a much greater focus on this area than there was previously. Do you want to add anything, Christine?

Ms Lloyd: Y maes nesaf sy'n cael ei drafod yw twyll ym maes offthalmoleg, ac mae llawer o waith yn cael ei wneud yn y maes hwnnw. Mae gennym dimau twyll yn y sefydliadau hefyd fel bod llawer mwy o ffocws ar y maes hwn nag a oedd o'r blaen. A ydych am ychwanegu unrhyw beth, Christine?

Dr Daws: Only that what we have been trying to do, because with 22 LHBs it is much harder for them to pursue cases—there are upfront costs associated with that—is that we have arrangements now where we are pooling the resource in order to be more effective in following up fraud cases and challenging them.

Dr Daws: Dim ond mai'r hyn yr ydym wedi bod yn ceisio ei wneud, oherwydd gyda 22 BILl mae'n llawer anos iddynt fynd ar ôl achosion—mae costau ymlaen llaw yn gysylltiedig â hynny—yw bod gennym drefniadau bellach lle yr ydym yn cyfuno'r adnoddau er mwyn bod yn fwy effeithiol wrth fynd ar drywydd achosion o dwyll a'u herio.

[81] **Janet Davies:** Right. I think that we have come to the end of this session. Thank you, Ms Lloyd and Dr Daws, for your very informative answers. I have certainly found that this session has given me a bit of extra insight into management in the NHS, and I look forward to seeing the results in the next two or three years, if I am still around. As you know, you will get a draft transcript before the committee report is published so that you can check it for accuracy. Thank you very much.

[81] **Janet Davies:** O'r gorau. Credaf ein bod wedi cyrraedd diwedd y sesiwn hon. Diolch, Ms Lloyd a Dr Daws, am eich atebion llawn gwybodaeth. Yr wyf yn sicr o'r farn bod y sesiwn hon wedi rhoi ychydig o oleuni pellach i mi ar reoli yn y GIG, ac edrychaf ymlaen at weld y canlyniadau yn y ddwy neu dair blynedd nesaf, os byddaf yma o hyd. Fel y gwyddoch, byddwch yn cael trawsgrifiad drafft cyn i adroddiad y pwyllgor gael ei gyhoeddi fel y gallwch edrych a yw'n gywir. Diolch yn fawr iawn.

Annex A

Daeth y sesiwn cymryd tystiolaeth i ben am 10.57 a.m.
The evidence-taking session ended at 10.57 a.m.

(1) Hoffai'r tystion ei gwneud yn glir mai £14.2 miliwn yw'r rhagolwg presennol.

(1) The witnesses wish to clarify that the current forecast is £14.2 million.

Clinical Negligence and Personal Injury Claims

1. During discussion at the Audit Committee meeting on 17 June 2004 on the report by the National Audit Office on behalf of the Auditor General for Wales on "Finances of NHS Wales 2004", the committee requested a note on the pattern of claims for clinical negligence and personal injury against NHS Wales between 2001-02 and 2002-03.

2. The table below shows the number and value of claims reimbursed by the Welsh Risk Pool during 2001-02 and 2002-03 by speciality. The speciality has been determined based upon the lead clinician, although there may have been other specialities involved. Individual cases of clinical negligence or personal injury may have involved more than one reimbursement. Those specialities involving more than 10 claims or totalling over £1 million in either year have been listed separately.

Table 1

Number and Value of Clinical Negligence and Personal Injury Claim Reimbursements 2001-02 and 2002-03

Description	2001-02		2002-03	
	Number of Claims	Amount £	Number of Claims	Amount £
Clinical Negligence				
Obstetrics/Gynaecology	32	19,597,878	58	13,603,742
Orthopaedics	29	5,222,642	43	6,828,014
Paediatrics	2	128,298	9	5,644,322
General Medicine	13	5,107,665	10	2,515,060
Pathology	1	272,230	18	1,839,826
Anaesthetics	0	-	2	1,807,041
Mental Health	1	2,494,797	4	1,464,609
General Surgery	24	6,689,209	18	1,286,009
Neurology	0	-	4	1,221,294
Cardiology	2	187,527	4	1,166,163
A&E	1	145,871	13	987,880
Dental	1	1,387,797	0	-
Other	12	1,275,393	43	3,056,588
Sub Total	118	42,509,307	226	41,420,322

Personal Injury	27	6,122,547	37	2,834,105
TOTAL	**145**	**48,631,854**	**263**	**44,369,157**

3. The increase in the number of claims paid to 263 in 2002-03 from 145 in 2001-02 is due to the introduction of revised claims reimbursement procedures operated by the Welsh Risk Pool and not to a significant increase in the incidence of clinical negligence cases.

4. The number of medical negligence claims reimbursed was 81% in 2001-02 and increased to 86% in 2002-03. The total value reimbursed was £48.6 million in 2001-02, of which 87% related to clinical negligence and 13% personal injury cases. In 2002-03, the total value of disbursements declined to £44.4 million, of which 93% related to clinical negligence and 7% personal injury cases.

5. In both years the speciality representing the highest number and value of claims was obstetrics/gynaecology. In terms of value of claim, orthopaedics (in both years), general medicine and general surgery (in 2001-02) and paediatrics (in 2002-03) featured strongly. In terms of the number of claims, obstetrics/gynaecology, orthopaedics and general surgery had the highest number of claims in both years.

Prescription Income Losses in NHS Wales

1 During discussion at the Audit Committee meeting on 17 June 2004 on the report by the National Audit Office on behalf of the Auditor General for Wales on "Finances of NHS Wales 2004", the committee requested a note on whether the value of prescription income lost across NHS Wales is highlighted in particular on border constituencies as opposed to nationally.

2 Recent work has been undertaken, based upon the results of the Post Payment Verification Unit (PPVU), to estimate the value of prescription income lost within the system of prescriptions dispensed by pharmacies. PPVU is responsible for checking, on a sample basis, certain categories of prescriptions, to establish the validity of exemptions and to follow up any cases where no valid exemption can be demonstrated.

3 Estimates were provided of the potential level of prescription income lost in each Local Health Board (LHB) area. The maximum amount of loss on prescriptions dispensed by pharmacies in Wales in 2003-04 was £2.49 million. This figure is likely to be the maximum loss since assumptions made probably mean that the figures quoted represent the "worst case scenario".

4 In terms of geographic spread, the four LHBs bordering England, Flintshire, Wrexham, Powys and Monmouth, all recorded lower than the average for Wales when losses from prescription income were compared on a per capita basis.