Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio

The National Assembly for Wales
Audit Committee

The National Health Service in Wales
Y Gwasanaeth Iechyd Gwladol yng Nghymru

Cwestiynau 1-86
Questions 1-86

Dydd Iau 6 Ebrill 2000
Thursday 6 April 2000

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Lorraine Barrett, Peter Black, Alun Cairns, Geraint Davies, Brian Gibbons, Alison Halford, Dafydd Wigley.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Phil Gray, Swyddog Cydymffurfiaeth Cynulliad Cenedlaethol Cymru; Jon Shortridge, Ysgrifennydd Parhaol Cynulliad Cenedlaethol Cymru; Ian Summers, Swyddfa Archwilio Genedlaethol Cymru.

Tystion: Sarah Beaver, Pennaeth Is-adran Cyllid yr NHS, Cynulliad Cenedlaethol Cymru; Peter Gregory, Cyfarwyddwr, NHS Cymru.

Assembly Members present: Janet Davies (Chair), Lorraine Barrett, Peter Black, Alun Cairns, Geraint Davies, Brian Gibbons, Alison Halford, Dafydd Wigley.

Officials present: Sir John Bourn, the Auditor General for Wales; Phil Gray, Compliance Officer of the National Assembly for Wales; Jon Shortridge, Permanent Secretary of the National Assembly for Wales; Ian Summers, National Audit Office.

Witnesses: Sarah Beaver, Head NHS Finance Division, National Assembly for Wales; Peter Gregory, Director, NHS Wales.

Dechreuodd y cyfarfod am 9.33 a.m.
The meeting began at 9.33 a.m.

[1] **Janet Davies:** I welcome everyone to this meeting. The purpose of the meeting is to take evidence in connection with the report by the Comptroller and Auditor General, *NHS (Wales) Summarised Accounts 1998-99*, published on 19 March 2000. This report went to Parliament but the Public Accounts Committee decided to refer it to us as the Assembly's Audit Committee. I particularly welcome a new member of the Committee, Lorraine Barrett. Jane Davidson has also joined the Committee, but is unable to attend today. She sends her apologies. Dafydd Wigley is expected shortly.

[1] **Janet Davies:** Croesawaf bawb i'r cyfarfod hwn. Diben y cyfarfod yw cymryd tystiolaeth ynglŷn ag adroddiad y Rheolwr ac Archwilydd Cyffredinol, C*yfrifon Cryno NHS (Cymru) 1998-99*, a gyhoeddwyd ar 19 Mawrth 2000. Cyflwynwyd yr adroddiad hwn gerbron y Senedd ond penderfynodd y Pwyllgor Cyfrifon Cyhoeddus ei gyfeirio atom ni fel Pwyllgor Archwilio'r Cynulliad. Hoffwn estyn croeso arbennig i aelod newydd o'r Pwyllgor, Lorraine Barrett. Mae Jane Davidson hefyd wedi ymuno â'r Pwyllgor, ond nid yw'n gallu bod yn bresennol heddiw. Mae'n ymddiheuro am hynny. Disgwylir y bydd Dafydd Wigley yn cyrraedd ymhen ychydig amser.

I welcome our witnesses. Will you introduce yourselves?

Croesawaf ein tystion. A wnewch gyflwyno eich hunain?

Mr Gregory: I am Peter Gregory, Director of NHS Wales. Consequently, I am also the accounting officer for moneys voted to the NHS by Parliament—in the case of these accounts—and, in the case of the last and current financial year, by the Assembly. I am also head of the NHS Directorate in the National Assembly for Wales.

Mr Gregory: Peter Gregory, Cyfarwyddwr NHS Cymru wyf fi. O ganlyniad, fi hefyd yw'r swyddog cyfrifo ar gyfer unrhyw arian y mae'r Senedd—yn achos y cyfrifon hyn—a'r Cynulliad, yn achos y flwyddyn ariannol ddiwethaf a'r flwyddyn ariannol gyfredol, yn cytuno ei roi i'r NHS. Fi hefyd yw pennaeth Cyfarwyddiaeth yr NHS yng Nghynulliad Cenedlaethol Cymru.

Ms Beaver: I am Sarah Beaver, head of the Assembly's NHS Finance Division.

[2] **Janet Davies:** We will now have a demonstration of how to use the translation facilities.

There are five parts to this report. The first is concerned with the overall financial health of the NHS in Wales. We have an awful lot to get through in this session, and hope to have a coffee break in the middle, so we will get started straight away.

This question is to Peter Gregory. Part 4 of the Comptroller and Auditor General's report sets out the worsening financial position in the national health service in Wales. Why is it that overall deficits of around £20 million have occurred in each of the last few financial years?

Mr Gregory: Thank you, Chair. I realise that we have a lot to cover, but this is central to much of what we have to discuss this morning, and as a consequence perhaps I could spend a little time on that question because it is so fundamental. In doing so, I draw the Committee's attention to the NHS stocktake report, published in July last year. I asked that that be made available to Committee members. I am not sure whether they have received it. They have? Good. I think that it would be helpful for Committee members to refer to that document. It was a requirement of the then First Secretary that we examine independently—this was done by the Assembly's Policy Unit—the circumstances by which this situation had arisen. The document is a pretty exhaustive account of the reasons and in much of what I have to say I will be relying on the evidence adduced in the stocktake.

The first thing to be said about the general context is that the situation in Wales in respect of financial pressure is not unique in the developed world. Most healthcare systems have come under increasing pressure over the last few years, and we have seen the effects of that in other European countries in terms of turbulence between government and

Ms Beaver: Sarah Beaver, pennaeth Is-adran Cyllid yr NHS y Cynulliad wyf fi.

[2] **Janet Davies:** Byddwn yn awr yn cael cyfarwyddyd ar sut i ddefnyddio'r cyfleusterau cyfieithu.

Mae pum rhan i'r adroddiad hwn. Mae'r rhan gyntaf yn ymwneud ag iechyd ariannol cyffredinol yr NHS yng Nghymru. Mae gennym lawer o waith i'w wneud yn y sesiwn hon, a gobeithiwn gael egwyl goffi yn y canol, felly fe ddechreuwn yn awr.

Mae'r cwestiwn hwn ar gyfer Peter Gregory. Mae rhan 4 o adroddiad y Rheolwr a'r Archwilydd Cyffredinol yn amlinellu'r sefyllfa ariannol ddirywiol yn y gwasanaeth iechyd gwladol yng Nghymru. Pam y cafwyd diffygion cyffredinol o tua £20 miliwn ym mhob un o'r ychydig flynyddoedd ariannol diwethaf?

Mr Gregory: Diolch, Gadeirydd. Yr wyf yn ymwybodol bod gennym lawer i'w wneud, ond mae hyn yn ganolog i lawer o'r hyn y mae'n rhaid inni ei drafod y bore yma, ac o'r herwydd efallai y gallwn dreulio ychydig o amser ar y cwestiwn hwnnw gan ei fod mor sylfaenol. Wrth wneud hyn, tynnaf sylw'r Pwyllgor at adroddiad cloriannu'r NHS, a gyhoeddwyd ym mis Gorffennaf y llynedd. Gofynnais iddo fod ar gael i aelodau'r Pwyllgor. Nid wyf yn siŵr a ydynt wedi ei dderbyn. Ydynt? Da iawn. Credaf y byddai o gymorth i aelodau o'r Pwyllgor gyfeirio at y ddogfen honno. Fe'i gwnaethpwyd yn ofynnol gan y Prif Ysgrifennydd bryd hynny inni gynnal ymchwiliad annibynnol—gwnaethpwyd hyn gan Uned Bolisi'r Cynulliad—i'r amgylchiadau a arweiniodd at y sefyllfa hon. Mae'r ddogfen yn rhoi adroddiad eithaf cynhwysfawr o'r rhesymau a byddaf yn dibynnu ar y dystiolaeth a gyflwynwyd yn yr adroddiad cloriannu ar gyfer llawer o'r hyn y byddaf yn ei ddweud.

Y peth cyntaf i'w nodi ynglŷn â'r cyd-destun cyffredinol yw nad yw'r sefyllfa yng Nghymru o ran pwysau ariannol yn unigryw yn y byd datblygedig. Mae'r rhan fwyaf o systemau gofal iechyd wedi dod o dan bwysau cynyddol yn ystod yr ychydig flynyddoedd diwethaf, ac yr ydym wedi gweld effeithiau hynny mewn gwledydd

healthcare professionals. That is occasioned by both rising public expectations of what should be available, a number of cost drivers—which will doubtless come out during the course of this discussion—and a natural desire on the part of Government to drive efficiency and effectiveness in healthcare. In the United Kingdom the situation has reflected all of that and the NHS in Wales is not unique in being confronted with financial difficulty or even with the creation of deficits. There have been deficits in other NHS systems over the last few years. I think that it is true to say that all four national health services in the UK last year recorded or are forecasting income and expenditure deficits.

Ewropeaidd eraill o ran y tyndra rhwng llywodraethau a gweithwyr proffesiynol mewn gofal iechyd. Mae hynny'n digwydd o ganlyniad i ddisgwyliadau cynyddol ymhlith y cyhoedd o'r hyn a ddylai fod ar gael, nifer o ffactorau sydd yn llywio cost—a fydd yn dod i'r amlwg, yn ddiau, yn ystod y drafodaeth hon—ac awydd naturiol ar ran Llywodraeth i wthio effeithlonrwydd ac effeithiolrwydd mewn gofal iechyd ymlaen. Mae'r sefyllfa yn y Deyrnas Unedig wedi adlewyrchu hyn oll ac nid yw'r NHS yng Nghymru yn unigryw yn y ffaith ei fod yn wynebu anawsterau ariannol neu hyd yn oed ei fod yn cynhyrchu diffygion. Bu diffygion mewn systemau NHS eraill dros yr ychydig flynyddoedd diwethaf. Credaf ei bod yn gywir dweud bod pob un o'r pedwar gwasanaeth iechyd gwladol yn y DU y llynedd wedi cofnodi diffygion incwm a gwariant neu eu bod yn eu rhagweld.

That is the general picture. To turn to specifics, the NHS in Wales has been confronted with financial difficulty for some time. This is not a new phenomenon. Back in the 1980s there were serious financial difficulties in both Gwynedd and Mid Glamorgan district health authorities, which had to be tackled by effective action by the then Welsh Office. What is, I think, special about the situation with which we are confronted, is that the financial pressures have had such a significant impact at the national level. That is a distinguishing feature. I also think that it is true to say that the protracted nature of that pressure is also distinctive. In preparation for this hearing I did a little research into the surplus deficit position of the NHS in Wales over the years, and although it has become most acute most recently—and that is partly to do with the degree to which liquidity in the system has been absorbed by the need to tackle deficits—deficits can be traced back for several years. In other words, the NHS has found it difficult to come to terms with a number of cost drivers in the system.

Dyna'r sefyllfa gyffredinol. I droi at faterion penodol, bu'r NHS yng Nghymru yn wynebu anawsterau ariannol ers tro. Nid ffenomenon newydd mohoni. Yn ôl yn y 1980au, bu anawsterau ariannol difrifol yn awdurdodau iechyd dosbarth Gwynedd a Morgannwg Ganol ac yr oedd yn rhaid i'r Swyddfa Gymreig ar y pryd gymryd camau effeithiol i fynd i'r afael â'r rhain. Yr hyn sydd yn arbennig am y sefyllfa yr ydym yn ei hwynebu, yn fy marn i, yw bod y pwysau ariannol wedi cael effaith mor sylweddol ar y lefel genedlaethol. Mae honno'n nodwedd unigryw. Yr wyf hefyd o'r farn ei bod yn gywir dweud bod natur estynedig y pwysau hwnnw hefyd yn nodwedd unigryw. Wrth baratoi ar gyfer y gwrandawiad hwn, gwneuthum ychydig o ymchwil i sefyllfa gwarged diffyg yr NHS yng Nghymru dros y blynyddoedd, ac er mai yn ddiweddar iawn y bu'r sefyllfa fwyaf difrifol—ac mae hynny'n rhannol oherwydd y graddau y mae'r angen i fynd i'r afael â diffygion wedi amsugno hylifedd y system —gellir olrhain diffygion ers sawl blwyddyn. Hynny yw, bu'r NHS yn ei chael yn anodd i ddod i delerau â nifer o ffactorau sydd yn llywio cost yn y system.

I will not, Chair, go through all the issues that arise out of the stocktake at this juncture, as I am sure that Committee members will want to tease them out. Suffice it to say that the stocktake's analysis is that the origins of the

Ni fyddaf, Gadeirydd, yn trafod pob un o'r materion sydd yn deillio o'r adroddiad cloriannu yn awr, gan fy mod yn siŵr y bydd aelodau'r Pwyllgor am eu harchwilio fesul un. Digon yw dweud mai dadansoddiad yr

problem and the difficulties of successfully addressing it are the consequences of a complex matrix of issues that iterate and interact with one another. There is no single distinguishing feature that you can pluck out and say, 'well, if only they had done that, it would have solved the problem'. There are up to 18 to 20 elements that have resulted in this outcome. What we have here is a broad context of financial pressure and something of a history of difficulty in tackling the problem, which has become more acute in recent years. It is a pretty sophisticated causation. Perhaps I could stop at that juncture, and allow other questions.

adroddiad cloriannu yw bod gwreiddiau'r broblem a'r anawsterau o fynd i'r afael â hi yn llwyddiannus yn deillio o gyfuniad cymhleth o faterion sydd yn ailadrodd ac yn rhyngweithio â'i gilydd. Nid oes un ffactor unigryw y gallwch ei dynnu allan a dweud, 'wel, pe byddent wedi gwneud hynny, byddai wedi datrys y broblem.' Mae hyd at 18 i 20 o elfennau sydd wedi arwain at y canlyniad hwn. Yr hyn sydd gennym yma yw cyd-destun cyffredinol o bwysau ariannol ynghyd â rhyw hanes o anhawster wrth fynd i'r afael â'r broblem, sydd wedi dod yn fwy difrifol yn y blynyddoedd diweddar. Mae'n broses achos eithaf cymhleth. Efallai y caf dewi yn y man hwnnw, a chaniatáu cwestiynau eraill.

[3] **Janet Davies:** Having talked about complex factors, to what extent do you think that inadequate funding is the root cause of these recurring deficits? Or are they due to poor financial management? You have said that it is a far more complex issue, but do you think that these are two important parts of that complex problem?

[3] **Janet Davies:** Gan eich bod wedi cyfeirio at ffactorau cymhleth, i ba raddau y credwch fod ariannu annigonol wrth wraidd y diffygion hyn sydd yn ailddigwydd? Neu ai rheoli ariannol gwael sydd wedi eu hachosi? Yr ydych wedi dweud ei fod yn fater llawer mwy cymhleth, ond a ydych yn credu bod y rhain yn ddwy ran bwysig o'r broblem gymhleth honno?

Mr Gregory: I think that it is important for me to say, when talking about inadequate funding, that whatever the level of funding, the NHS must manage within it. At one level, in terms of financial management, the issue of inadequacy is irrelevant. Government—the Assembly in the current situation—takes decisions about the allocation of resources between programmes and those programmes are expected to keep within their cash limits. At the all-Wales level that is in fact what we have done. However, there is then the issue of the relationship between the resources provided and need and cost in the healthcare system. That is a very big debate and it is one that can only really be satisfactorily answered through the kind of review of the resource allocation process upon which the Health and Social Services Committee is just about to embark. We can elaborate on that, Chair, but it is pretty deep water.

Mr Gregory: Credaf ei bod yn bwysig imi ddweud, wrth siarad am ariannu annigonol, waeth beth fo lefel yr ariannu, mae'n rhaid i'r NHS reoli o fewn y lefel honno. Ar un lefel, o ran rheoli ariannol, nid yw'r mater o ariannu annigonol yn berthnasol. Mae'r Llywodraeth—y Cynulliad yn y sefyllfa bresennol—yn gwneud penderfyniadau ynghylch dyrannu adnoddau rhwng rhaglenni a disgwylir i'r rhaglenni hynny gadw o fewn eu terfynau arian. Ar y lefel Cymru gyfan, dyna yr ydym wedi ei wneud mewn gwirionedd. Fodd bynnag, yna mae'r mater yn codi o'r berthynas rhwng yr adnoddau a ddarparwyd a'r angen a'r gost yn y system gofal iechyd. Mae honno'n ddadl fawr iawn ac yn un nad ellir ei datrys yn foddhaol ond drwy gynnal arolwg o'r broses dyrannu adnoddau o'r math y mae'r Pwyllgor Iechyd a Gwasanaethau Cymdeithasol ar fin ei gynnal. Gallwn ymhelaethu ar hynny, Gadeirydd, ond mae'n bwnc eithaf dyrys.

Looking at what the stocktake has said, and from my experience of this situation, I think that, in terms of adequacy, the allocations made to the NHS in recent years—not last year or this year, but in previous years—have

Gan ystyried yr hyn y mae'r adroddiad cloriannu wedi ei ddweud, ac o'm profiad innau o'r sefyllfa hon, yr wyf o'r farn, o ran arian digonol, y bu'r dyraniadau a wnaethpwyd i'r NHS yn y blynyddoedd

generally been tighter than hither to. There was a definite tightening of the financial environment in the mid to late 1990s. Allied to that was a requirement, which goes back several years, for the NHS to achieve cash releasing efficiency savings. Those savings were at levels—3 per cent for two years, and 2.7 per cent for the following year, in the mid 1990s—that the NHS found extremely difficult to achieve in year.

diweddar—nid y llynedd nac eleni, ond yn ystod y blynyddoedd blaenorol—yn dynnach yn gyffredinol na'r hyn a gafwyd cyn hynny. Bu tynhau pendant yn yr amgylchedd ariannol rhwng canol a diwedd y 1990au. At hynny, yr oedd yn ofynnol i'r NHS—a hynny ers nifer o flynyddoedd—gyflawni arbedion effeithlonrwydd er rhyddhau arian. Yr oedd yr NHS yn ei chael yn anodd tu hwnt i gyflawni'r lefelau hynny o arbedion yn ystod y flwyddyn—3 y cant mewn dwy flynedd, a 2.7 y cant yn y flwyddyn ganlynol yng nghanol y 1990au.

I think that the final element, in talking about adequacy, is that the relationship between the NHS and the Welsh Office during most of the 1990s—certainly until the mid to late 1990s—was founded on the operation of an internal market in healthcare. That, for reasons which I am happy to elaborate on, made it more difficult to establish an open and mutual assessment of real cost. In other words, it was not very easy to establish between ourselves and the NHS a clear notion of what the true level of cost was in the NHS. If you add it all up—tightening financial allocations, relatively high levels of assumed efficiency plus differences of view about the realism of cost assumptions made in the allocations—you have a pretty formidable set of challenges in terms of financial management. I think that, if you look at the levels of efficiency expected, look at the way the deficits arose and add in all the other factors, you will see a degree of correlation between those factors and the way in which the deficits occurred.

Credaf mai'r elfen olaf i'w nodi, wrth drafod digonolrwydd, yw bod y berthynas rhwng yr NHS a'r Swyddfa Gymreig yn ystod y rhan fwyaf o'r 1990au—yn bendant hyd at ganol a diwedd y 1990au—yn seiliedig ar weithredu marchnad fewnol mewn gofal iechyd. Yr oedd hynny, am resymau yr wyf yn fodlon ymhelaethu arnynt, yn ei gwneud yn anos pennu asesiad agored o'r naill ochr a'r llall o'r costau gwirioneddol. Hynny yw, nid oedd yn hawdd iawn inni a'r NHS bennu amcan clir o lefel wirioneddol costau yn yr NHS. Os ydych yn ystyried pob peth—tynhau dyraniadau ariannol, lefelau cymharol uchel o effeithlonrwydd tybiedig ynghyd â gwahaniaeth barn ynglŷn â realaeth y tybiannau cost a gafwyd yn y dyraniadau—dyna ichi gyfres o heriau eithaf anodd o ran rheoli ariannol. Yn fy marn i, os ystyriwch y lefelau effeithlonrwydd a ddisgwyliwyd, edrych ar y modd y cynyddodd y diffygion ac ychwanegu'r holl ffactorau eraill, byddwch yn gweld rhywfaint o gydberthynas rhwng y ffactorau hynny a'r modd y cafwyd y diffygion.

[4] **Janet Davies:** Would you say then that the new structure helps to overcome some of the factors?

[4] **Janet Davies:** A fyddech yn dweud felly bod y strwythur newydd yn cynorthwyo i oresgyn rhai o'r ffactorau?

Mr Gregory: I think that it goes a very substantial way towards doing so. I want to make it clear, Chair, that I am not making a party political point in saying this. I believe that although there were the difficulties that I described with the internal market, it brought some benefits in terms of focusing operational responsibility at the local level. However, I am quite clear that the complexity of the financial management arrangements created by the internal market—particularly,

Mr Gregory: Credaf ei fod yn mynd gryn dipyn o'r ffordd tuag at wneud hynny. Hoffwn ei gwneud yn eglur, Gadeirydd, nad wyf yn gwneud pwynt gwleidyddol pleidiol wrth ddweud hyn. Credaf i'r farchnad fewnol, er gwaethaf yr anawsterau a ddisgrifiais yn ei chylch, ddod â rhai manteision o ran canolbwyntio cyfrifoldeb gweithredol ar y lefel leol. Fodd bynnag, yr wyf yn gwbl sicr bod cymhlethdod y trefniadau rheoli ariannol a grëwyd gan y

if I may say so, a contracting relationship, which by its nature is likely to be competitive, but also the creation and development of general practitioner fundholding and the way in which that took responsibility for financial allocation away from health authorities to an extent, but without giving fundholders responsibility for the totality of the expenditure—inevitably had the effect of making financial management more difficult and more complex to achieve.

farchnad fewnol—yn enwedig, os caf ddweud, o ran perthynas gontractio, sydd yn ei hanfod yn debygol o fod yn gystadleuol, ond hefyd o ran creu a datblygu dal cronfeydd gan feddygon teulu a'r modd yr oedd hynny'n mynd â'r cyfrifoldeb dros ddyrannu arian oddi wrth yr awdurdodau iechyd i raddau, ond heb roi cyfrifoldeb i ddeiliaid cronfeydd dros y gwariant crynswth—wedi arwain yn anochel at wneud rheoli ariannol yn anos a mwy cymhleth i'w gyflawni.

We are still working out the present arrangements. I will not pretend that we have everything buttoned down. However, I am quite clear that there has been a very significant transformation in the relationship between what is now the Assembly and the NHS in respect of the openness and candour with which we look at the real level of cost in the NHS. I am quite confident that, if directors of finance in the NHS and Sarah Beaver were to compare notes on the levels of cost implied by current levels of activity, drug increases and so on, their estimates would be pretty close. In fact, we have done such an exercise. I think that we were a couple of million out—it was at that sort of level.

Yr ydym yn parhau i weithio ar y trefniadau presennol. Ni honnaf ein bod wedi datrys popeth. Fodd bynnag, yr wyf yn gwbl sicr bod y berthynas rhwng y NHS a'r Cynulliad, fel y mae bellach, wedi cael ei thrawsnewid yn sylweddol yn y modd yr ydym yn ystyried lefel wirioneddol costau yn yr NHS mewn ffordd agored a gonest. Yr wyf yn eithaf ffyddiog y byddai amcangyfrifon cyfarwyddwyr cyllid yn yr NHS o lefelau cost y mae lefelau gweithgaredd cyfredol, cynnydd mewn cyffuriau ac ati yn eu hawgrymu yn eithaf tebyg i amcangyfrifon Sarah Beaver petaent yn cymharu eu ffigurau. Yn wir, yr ydym wedi cynnal ymarfer o'r fath. Credaf mai ychydig o filiynau oedd rhyngom—yr oedd ar y math hwnnw o lefel.

That changes the nature of the relationship in two ways. First, it means that we are all using the same information to make an appreciation about the choices that have to be made. It makes a very significant transformation to prioritisation between programmes—between meeting real cost or putting money into service development. However, it also means that, if we are looking at cost in a more open and realistic way, that has consequences for the extent to which we can make decisions about finance. That may seem a slightly arcane point. However, the truth of the matter is, I think, that in the past there has been a sense in which Government—and I am talking about UK national Government—has had its own calculations, for instance, about inflation related to gross domestic product, and has made its own assumptions about inflation in the NHS, which have not been sufficiently sensitive to local variation. There is significant variation in cost pressures

Mae hynny'n newid natur y berthynas mewn dwy ffordd. Yn gyntaf, mae'n golygu bod pawb yn defnyddio'r un wybodaeth i bwyso a mesur y dewisiadau y mae'n rhaid eu gwneud. Mae'n trawsnewid y modd y caiff blaenoriaethau rhwng rhaglenni eu pennu yn sylweddol—rhwng cwrdd â chost wirioneddol neu ddyrannu arian i ddatblygu gwasanaethau. Fodd bynnag, mae'n golygu hefyd bod goblygiadaau ynghylch i ba raddau y gallwn wneud penderfyniadau ynglŷn ag arian os ydym yn ystyried cost mewn ffordd fwy agored a realistig. Efallai bod hynny i'w glywed yn bwynt braidd yn astrus. Fodd bynnag, y gwir amdani, yn fy marn i, yw y bu ymdeimlad yn y gorffennol bod y Llywodraeth—a chyfeirio yr wyf at Lywodraeth genedlaethol y DU—yn gwneud ei chyfrifon ei hun, er enghraifft, ynghlych chwyddiant yn ymwneud â chynnyrch mewnwladol crynswth, a bu'n dod i'w chasgliadau ei hun ynglŷn â chwyddiant yn

within the NHS. What we have now, I believe, is a very much more open dialogue with the NHS, which exposes those costs much more effectively and allows us to have much greater confidence that we are reflecting the real pressure inside the NHS when we come to make decisions about allocation. It does have the consequence of limiting, to an extent, the money that is then available for service development and central initiatives.

yr NHS, heb fod yn ddigon sensitif i amrywiadau lleol. Mae cryn amrywiaeth o ran pwysau costau yn yr NHS. Yr hyn sydd gennym yn awr, yn fy marn i, yw dialog llawer mwy agored â'r NHS, sydd yn amlygu'r costau hynny'n llawer mwy effeithiol ac sydd yn ein galluogi i fod yn llawer mwy ffyddiog ein bod yn adlewyrchu'r pwysau gwirioneddol o fewn yr NHS pan fyddwn yn gwneud penderfyniadau ynglyn â dyrannu arian. Un o oblygiadau hyn yw ei bod yn cyfyngu, i raddau, ar yr arian sydd ar gael wedyn i ddatblygu gwasanaethau a mentrau canolog.

[5] **Janet Davies:** I realise that we are spending a lot of time on this question, but I think that it is so crucial that we need to establish—

[5] **Janet Davies:** Yr wyf yn ymwybodol ein bod yn treulio llawer o amser ar y cwestiwn hwn, ond credaf ei fod mor bwysig fel bod angen inni sefydlu—

Mr Gregory: It is quite fundamental.

Mr Gregory: Mae'n eithaf sylfaenol.

[6] **Janet Davies:** There are two Members who want to ask something else. Brian will ask his questions first, then Peter.

[6] **Janet Davies:** Mae dau Aelod am holi ynglŷn â rhywbeth arall. Bydd Brian yn gofyn ei gwestiynau'n gyntaf, ac yna Peter.

[7] **Brian Gibbons:** Yes, two things. The one thing that you did not mention is the impact of capital charges on the NHS, because that is all part of the internal market. I wonder if you would like to say what effect you thought capital charges had. Did they serve a useful function? Do they still serve a useful function? And to whom do capital charges—the money—go back? The second thing is that the stocktake said that one of the criticisms was that the Welsh Office at the time was not sufficiently equipped to be able to monitor what was going on because of the downsizing of the activities going on there. Do you think that the ability of the Assembly centrally to do that has improved and, if so, how has that been achieved?

[7] **Brian Gibbons:** Ie, dau beth. Un mater na chyfeiriasoch ato yw effaith taliadau cyfalaf ar yr NHS, gan fod hynny oll yn rhan o'r farchnad fewnol. Tybed a hoffech ddweud pa effaith a gafodd taliadau cyfalaf yn eich barn chi? A oedd ganddynt ddiben defnyddiol? A oes ganddynt ddiben defnyddiol o hyd? Ac at bwy mae taliadau cyfalaf—yr arian—yn dychwelyd? Yr ail fater yw bod yr adroddiad cloriannu wedi nodi mai un o'r beirniadaethau oedd nad oedd y Swyddfa Gymreig ar y pryd â digon o adnoddau i ymgymryd â'r gwaith o fonitro'r hyn a oedd yn digwydd oherwydd bod gweithgareddau yn cael eu cwtogi yno. A gredwch fod gallu'r Cynulliad yn ganolog i wneud hynny wedi gwella ac, os felly, sut y cafodd hynny ei gyflawni?

Mr Gregory: If capital charges work efficiently, their impact should be neutral. It is only to the extent that they do not operate neutrally that they cause difficulties. I think that it is entirely appropriate that the NHS should be required to take decisions about expenditure, particularly about investment, and the utilisation of physical resources. It should be required to do that on the basis of a proper economic appraisal and appreciation

Mr Gregory: Os yw taliadau cyfalaf yn gweithio'n effeithlon, dylent gael effaith niwtral. Dim ond pan nad ydynt yn gweithredu'n niwtral y maent yn achosi anawsterau. Credaf ei bod yn gwbl briodol y dylid ei gwneud yn ofynnol i'r NHS wneud penderfyniadau ynglŷn â gwariant, yn enwedig ym maes buddsoddi, a defnyddio adnoddau ffisegol. Dylai fod yn ofynnol iddo wneud hynny ar sail gwerthusiad

of what those decisions and what that utilisation mean. Capital charges are a way of achieving that. I think that they have had a significant benefit in that respect, because they force people to understand that keeping a hospital half empty has a particular effect. It represents an opportunity cost.

economaidd trylwyr ac arfarniad o'r hyn y mae'r penderfyniadau hynny a'r defnydd hwnnw yn ei olygu. Mae taliadau cyfalaf yn fodd o gyflawni hynny. Credaf eu bod o fudd sylweddol yn hynny o beth, gan eu bod yn gorfodi pobl i ddeall bod cadw ysbyty'n hanner gwag yn cael effaith benodol. Cyfle cost ydyw.

I think that difficulties could arise in two ways. One is the extent to which capital charges properly reflect the real costs of utilisation or initiatives. I am not arguing that the capital charges regime itself is absolutely perfect. There may come a time when we need to look at it. The other thing is that the capital charges regime can have unintended effects in—'destabilising' is too strong a word, but in adding to the volatility of NHS finance. We have seen that with the opening of the Royal Glamorgan Hospital. That has had a significant effect—a capital charges effect—on the Pontypridd and Rhondda NHS Trust and on Bro Taf Health Authority. In the allocations that we are making this year, we are having to take steps to try to neutralise that effect because it would otherwise mean that patient care services would have to be reduced in order to fund the balance. I think that what I am saying here is that, in principle, you need some such mechanism to make sure that decisions about investment and utilisation are taken with a proper economic appreciation but that there are attendant difficulties in that. Some of those can actually be quite severe year on year.

Credaf y gallai anawsterau godi mewn dwy ffordd. Un o'r anawsterau yw'r graddau y mae taliadau cyfalaf yn gwir adlewyrchu costau gwirioneddol defnydd neu fentrau. Nid wyf yn dadlau bod y drefn taliadau cyfalaf ei hun yn gwbl berffaith. Efallai y daw adeg pan fydd angen inni ei hystyried. Y mater arall yw y gall y drefn taliadau cyfalaf esgor ar effeithiau annisgwyl wrth—mae 'dadsefydlogi' yn air rhy gryf, ond wrth ychwanegu at gyfnewidioldeb cyllid yr NHS. Yr ydym wedi gweld hynny yn sgîl agor Ysbyty Brenhinol Morgannwg. Mae hynny wedi cael effaith sylweddol—effaith taliadau cyfalaf—ar Ymddiriedolaeth NHS Pontypridd a'r Rhondda ac Awdurdod Iechyd Bro Taf. Wrth ddyrannu arian eleni, mae'n rhaid inni gymryd camau i niwtraleiddio'r effaith honno neu fel arall byddai'n golygu y byddai'n rhaid cwtogi ar wasanaethau gofal i gleifion er mwyn ariannu'r gweddill. Credaf mai'r hyn yr wyf yn ei ddweud yma yw bod angen, o ran egwyddor, rhyw fecanwaith o'r fath i sicrhau y caiff penderfyniadau ynglŷn â buddsoddiad a defnydd eu gwneud yng ngoleuni arfarniad economaidd priodol ond bod anawsterau ynghlwm wrth hynny. Mae rhai ohonynt yn gallu bod yn eithaf llym flwyddyn ar ôl blwyddyn.

On the Welsh Office's role in all of this, in the 1980s and into the 1990s, the Welsh Office—I was involved in this with my predecessor, John Wyn Owen—had developed a particular approach to the general management function in the NHS. That was one that was based upon the notion of the NHS being a corporate entity and also that that corporate enterprise was to improve health in Wales. Strange although it may seem, both of those were actually rather idiosyncratic at the time. They have become common currency since.

Ynglŷn â rôl y Swyddfa Gymreig yn hyn o beth, yn yr 1980au ac ar ddechrau'r 1990au, yr oedd y Swyddfa Gymreig—yr oeddwn yn cymryd rhan yn hyn gyda'm rhagflaenydd, John Wyn Owen—wedi datblygu ymagwedd benodol tuag at swyddogaeth rheoli cyffredinol yr NHS. Yr oedd honno'n seiliedig ar y cysyniad bod yr NHS yn endid corfforaethol ac hefyd bod y fenter gorfforaethol honno'n mynd i wella iechyd yng Nghymru. Yn rhyfedd iawn, yr oedd y ddau gysyniad hyn yn eithaf hynod bryd hynny. Ers hynny maent wedi dod yn gyffredin.

The creation of the internal market had an inevitable consequence for the notion of corporacy and collective enterprise. At the same time, there was in 1994, as you will recall, a very significant drive to reduce management costs. In fact, that was led by Wales and the then Secretary of State for Wales. That meant both reductions in costs inside the NHS, which led to the reorganisation of health authorities, and costs within the Welsh Office. I was in my present job at that time and the costs bore particularly heavily on my part of the office, with the result that we had to undertake a quite significant change in our relationship with the NHS. The stocktake report discusses this to some extent. The effect of that was to substantially withdraw the Welsh Office's health department, as it then was, from what had been its strategic management role and to rely, as a consequence, on the NHS itself through the relationship between health authorities and trusts to manage issues such as regional acute services. At one time, those services were led by the Welsh Office. I, at one stage, held the post of manager of regional services. During the course of the period that I am describing, the Welsh Office had to give up its role in that respect and it was passed out to the health authorities who did it collectively. That eventually led to the creation of the special health services commissioning group led by Gillian Todd, which is now responsible for it. That is one example of a number of ways in which the centre was downsized with, ultimately, a significant impact on our ability to strategically manage the NHS.

Bu goblygiadau anochel ar gyfer y cysyniad o gorfforaetholdeb a chyd-fenter yn sgil creu'r farchnad fewnol. Ar yr un pryd, yn 1994, yr oedd ymgyrch sylweddol iawn, fel y cofiwch, tuag at leihau costau rheoli. Yn wir, Cymru ac Ysgrifennydd Gwladol Cymru ar y pryd a arweiniodd y gad yn hynny o beth. Golygai hynny ostyngiadau mewn costau o fewn yr NHS, a arweiniodd at ad-drefnu'r awdurdodau iechyd, a chostau o fewn y Swyddfa Gymreig. Yr oeddwn yn fy swydd bresennol bryd hynny ac yn fy rhan o'r swyddfa yr oedd costau'n hynod o feichus. O'r herwydd bu'n rhaid inni newid ein perthynas â'r NHS gryn dipyn. Mae'r adroddiad cloriannu yn trafod hyn i raddau. Effaith hynny fu tynnu adran iechyd y Swyddfa Gymreig, fel yr oedd ar y pryd, i raddau helaeth, oddi wrth ei rôl rheoli strategol, fel yr oedd wedi bod, gan ddibynnu, o ganlyniad, ar yr NHS ei hun drwy'r berthynas rhwng yr awdurdodau a'r ymddiriedolaethau iechyd i reoli materion megis gwasanaethau aciwt rhanbarthol. Ar un adeg, arweiniwyd y gwasanaethau hynny gan y Swyddfa Gymreig. Yr oeddwn innau, ar un adeg, yn dal swydd rheolwr gwasanaethau rhanbarthol. Yn ystod y cyfnod yr wyf yn ei ddisgrifio, bu'n rhaid i'r Swyddfa Gymreig roi'r gorau i'w rôl yn hynny o beth ac fe'i trosglwyddwyd i'r awdurdodau iechyd a ymgymerodd â hi ar y cyd. Arweiniodd hynny yn y pen draw tuag at greu grŵp comisiynu gwasanaethau iechyd arbennig o dan arweinyddiaeth Gillian Todd a'r grŵp hwnnw sydd yn gyfrifol amdani bellach. Mae hynny'n enghraifft o nifer o ffyrdd y cafodd y ganolfan ei chwtogi gan effeithio'n sylweddol, yn y pen draw, ar ein gallu i reoli'r NHS yn strategol.

[8] **Brian Gibbons:** Has it improved?

[8] **Brian Gibbons:** A yw wedi gwella?

Mr Gregory: I am glad to say that it has. The structure of the organisation has been changed. We have been reviewed and I now think that we are in better organisational shape. We have had a significant increase in the resources that are available for staffing, although that is still working through. We have also changed the relationship with the NHS. It is only relatively recently that I have felt it possible, because of the development of a better relationship with the NHS, to assume the kind of what I will describe as a

Mr Gregory: Mae'n dda gennyf nodi ei bod wedi gwella. Mae strwythur y sefydliad wedi ei newid. Yr ydym wedi cael ein harolygu ac mae ein sefyllfa drefniannol wedi gwella. Cawsom gynnydd sylweddol yn yr adnoddau sydd ar gael inni ar gyfer staffio, er bod effaith hynny heb ei gweld yn llawn hyd yn hyn. Yr ydym hefyd wedi newid y berthynas â'r NHS. Dim ond yn gymharol ddiweddar yr wyf wedi teimlo, yn sgîl datblygu perthynas well â'r NHS, bod modd ymgymryd â'r math o rôl â'r NHS y byddaf yn ei disgrifio fel rôl

leadership role, for want of a better expression, with the NHS that I believe is necessary. I now meet all NHS chief executives every month for a business meeting that is of the kind that you might imagine that the management board of a large company might have. That relationship is relatively new but it has rebuilt the kind of relationship that used to exist something like eight to 10 years ago.

arweiniol, yn niffyg gwell gair, sydd yn angenrheidiol yn fy marn i. Bellach yr wyf yn cwrdd â holl brif weithredwyr yr NHS bob mis ar gyfer cyfarfod busnes o'r fath y gallech ddychmygu y byddai bwrdd rheoli cwmni mawr yn ei gynnal. Mae'r berthynas honno yn gymharol newydd ond mae wedi ailadeiladu'r math o berthynas a oedd yn arfer bodoli tua wyth i 10 mlynedd yn ôl.

[9] **Janet Davies:** Thank you. I think that Peter Black wants some more clarification.

[9] **Janet Davies:** Diolch. Credaf fod Peter Black am ragor o eglurhad.

[10] **Peter Black:** Yes. I just want to try to clarify some points and ensure that I understand what you are saying. You must excuse me if I simplify this. I have a very simple mind when it comes to these things. It seems to me that you are saying that the creation of an internal market, combined with the downsizing of the central administration of the national health service at the Welsh Office level, effectively created a very complex financial management structure within the NHS that made it very difficult to manage these deficits. As a result, those deficits were created. Would that be a fair summary?

[10] **Peter Black:** Ie. Hoffwn geisio cadarnhau rhai pwyntiau a sicrhau fy mod yn deall yr hyn yr ydych yn ei ddweud. Rhaid ichi fy esgusodi os symleiddiaf hyn. Mae gennyf feddwl syml iawn o ran y pethau hyn. Yn ôl yr hyn a ddeallaf, yr ydych yn dweud bod creu marchnad fewnol, ynghyd â chwtogi ar weinyddiaeth ganolog y gwasanaeth iechyd gwladol ar lefel y Swyddfa Gymreig, wedi arwain at greu strwythur rheoli ariannol cymhleth iawn o fewn yr NHS a oedd yn ei gwneud yn anodd iawn i reoli'r diffygion hyn. O ganlyniad, cynhyrchwyd y diffygion hynny. A fyddai hynny'n grynodeb teg?

Mr Gregory: Almost, but not quite in terms of the last bit. I think that you have summarised well what I was trying to say about the relationship and the way in which the financial management system worked. That did not cause the deficit. I think that all of that was one of the reasons why the other causes that I have described in terms of efficiency—rising levels of activity and so on—were much more difficult to deal with. Listening to the way that you summarised it, I think that, although it is inevitably my responsibility as the accounting officer to ensure the good financial management of the NHS, the kind of leadership role that that implies in terms of leading service development, performance management and all of those issues came not to be expected. So what you have is a complex weave of pressures and causation and, on top of that, a withdrawal from the kind of strategic management role that would have been needed to deal with it effectively, plus, actually, a much more sophisticated financial management system in any event. Those

Mr Gregory: Bron iawn, ond nid yn gyfan gwbl o ran y darn olaf. Credaf eich bod wedi rhoi crynodeb da o'r hyn yr oeddwn yn ceisio ei ddweud ynglŷn â'r berthynas a'r modd yr oedd y system rheoli ariannol yn gweithredu. Ni achosodd hynny'r diffyg. Credaf fod hynny oll yn un o'r rhesymau pam yr oedd yn llawer anos ymdrin â'r achosion eraill a ddisgrifiais o ran effeithlonrwydd—lefelau gweithgaredd yn cynyddu ac ati. Wedi gwrando ar y ffordd y buoch yn ei grynhoi, er mai fy nghyfrifoldeb i wrth reswm fel y swyddog cyfrifo yw sicrhau rheolaeth ariannol dda yr NHS, credaf nad oedd disgwyl bellach y math o rôl arweiniol a fyddai ymhlyg wrth hynny o ran arwain datblygiad gwasanaeth, rheoli perfformiad a'r holl faterion hynny. Yr hyn sydd gennych yw pwysau a phroses achos yn cydblethu ac, ar ben hynny, tynnu'n ôl o'r math o rôl rheoli strategol y byddai ei hangen i ymdrin ag ef yn effeithiol, ynghyd â system rheoli ariannol lawer mwy soffistigedig mewn gwirionedd. Daeth y tri pheth hynny at ei gilydd.

three things came together.

[11] **Peter Black:** So the situation was that you became aware that these deficits were building up, but you felt unable to do anything about it because you did not have that leadership role?

[11] **Peter Black:** Y sefyllfa felly oedd ichi ddod yn ymwybodol bod y diffygion hyn yn tyfu, ond yr oeddech yn teimlo nad oeddech yn gallu gwneud unrhyw beth yn ei gylch oherwydd nad oedd gennych y rôl arweiniol honno?

Mr Gregory: I would not say that we felt that we could not do anything about it. We felt that things needed to be done and, for several years, we sought to do so. There was a context within which that had to be done. I am quite happy to explain to the Committee why that itself was very difficult to achieve. It was not a matter of our abdicating our responsibility. I am describing a general situation within which—still as the accounting officer—I had to take the action that I felt was necessary. That included requiring from the health authorities and trusts that were clearly in difficulties a financial recovery planning process that would deliver. We had umpteen meetings, discussions and rather difficult dialogue between the health department and individual health authorities and trusts about that. Therefore, we felt engaged in trying to tackle the problem but that was against a background of a more sophisticated financial management system and an assumption that strategic management was not the nature of our job.

Mr Gregory: Ni fyddwn yn dweud ein bod yn teimlo na allem wneud unrhyw beth yn ei gylch. Yr oeddem yn teimlo bod angen gwneud pethau a, am nifer o flynyddoedd, ceisiasom wneud hynny. Yr oedd yn rhaid gwneud hynny o fewn cyd-destun penodol. Yr wyf yn gwbl fodlon egluro i'r Pwyllgor pam yr oedd yn anodd iawn cyflawni hynny. Nid mater o gefnu ar ein cyfrifoldeb ydoedd. Yr wyf yn disgrifio sefyllfa gyffredinol lle yr oedd yn rhaid imi—fel y swyddog cyfrifo o hyd—gymryd y camau yr oedd eu hangen yn fy marn i. Yr oedd hynny'n cynnwys gofyn i'r awdurdodau a'r ymddiriedolaethau iechyd a oedd yn amlwg yn cael trafferth am broses cynllunio adfer ariannol a fyddai'n llwyddo. Cawsom nifer helaeth o gyfarfodydd, trafodaethau a dialog braidd yn anodd rhwng yr adran iechyd a'r awdurdodau iechyd unigol ynglŷn â hynny. Felly, yr oeddem yn teimlo ein bod yn cymryd rhan yn y broses o geisio mynd i'r afael â'r broblem ond digwyddodd hynny yn erbyn cefndir o system rheoli ariannol fwy soffistigedig a'r rhagdybiaeth nad oedd rheoli strategol yn rhan o'n swydd.

[12] **Peter Black:** So you are saying that you tried to tackle the deficits, but the structure that you had to cope with made it almost impossible to do so?

[12] **Peter Black:** Felly yr ydych yn dweud ichi geisio mynd i'r afael â'r diffygion, ond bod y strwythur yr oedd yn rhaid i chi ymdopi â hi yn ei gwneud yn amhosibl bron ichi wneud hynny?

Mr Gregory: No. That sounds like a kind of displacement strategy, which is not what I am about. I think that you have to add into all of this what the political environment was in which this was being acted out. If you look at the way in which deficits rose—they started to become acute at the national level from 1995 onwards, and became most evident in around 1996-97—you had, and I am now quoting from the stocktake report, an approach to a general election, a referendum on devolution, elections to the Assembly and trust reconfiguration. All of that made the

Mr Gregory: Nac ydwyf. Mae hynny'n ymddangos fel rhyw fath o strategaeth ddadleoli, ac nid yw hynny'n fwriad gennyf. Yn hyn i gyd, mae'n rhaid ichi ystyried y sefyllfa wleidyddol yr oedd pawb yn gweithredu ynddi, yn fy marn i. Os ystyriwch y modd y cynyddodd diffygion—dechreuasant fod yn ddifrifol ar lefel genedlaethol o 1995 ymlaen, gan amlygu eu hunain fwyaf o gwmpas 1996-97—yr oedd gennych, ac yr wyf yn dyfynnu o'r adroddiad cloriannu yn awr, etholiad cyffredinol yn nesáu, refferendwm ar ddatganoli, etholiadau

whole context within which any service response to the financial difficulty became more difficult. I think that what happened in Dyfed Powys in that period, where the health authority tried very energetically to respond to the financial difficulties it was facing, was that it fell foul of that political context.

i'r Cynulliad ac ailgyflunio'r ymddiriedolaethau. Yr oedd hynny i gyd yn golygu bod yr holl gyd-destun o ran gwasanaethau yn ymateb i'r anawsterau ariannol yn dod yn anos. Credaf mai'r hyn a ddigwyddodd yn Nyfed Powys yn ystod y cyfnod hwnnw, pan geisiodd yr awdurdod iechyd ymateb i'r anawsterau ariannol yr oedd yn ei wynebu mewn ffordd egnïol iawn, oedd pechu yn erbyn y cyd-destun gwleidyddol hwnnw.

I think that one of my regrets is that we did not foresee in a sufficiently sophisticated way that trying to be energetic and pretty hard-nosed about tackling these problems in the way in which the health authority did the first time round—and this was in the run up to the election, and involved a plan that said quite openly that services would have to contract; community hospitals, you may remember, were said to have to close—had a dramatic impact on the receptivity of the body politic in the area to the idea that that was necessary. There was a reaction against it and it sent a very powerful message to the rest of the NHS, that if you want to tackle financial problems, contracting services, dealing with it with a service-driven approach would not actually work. The consequence was that the political response—I am using 'political' in terms of community and not party politics; the local response would be a better expression—would be so antipathetic that it would gridlock. You would never move out of that situation.

Credaf mai un o'r agweddau yr wyf yn edifarhau yn ei chylch yw nad oeddem yn rhagweld mewn modd digon soffistigedig bod ceisio bod yn egnïol ac eithaf llym wrth fynd i'r afael â'r problemau hyn fel y gwnaeth yr awdurdod iechyd yn y lle cyntaf—ac yr oedd hyn yn ystod y cyfnod cyn yr etholiad, ac yn ymwneud â chynllun lle y dywedwyd yn agored y byddai'n rhaid i wasanaethau gontractio; dywedwyd bod yn rhaid i ysbytai cymunedol gau, fel y cofiwch efallai—wedi cael effaith ysgubol ar barodrwydd gwleidyddion yn y maes i dderbyn y syniad bod hynny'n angenrheidiol. Yr oedd adwaith yn ei erbyn ac anfonodd neges gref iawn i weddill yr NHS, hynny yw os oeddech am fynd i'r afael â'r problemau ariannol, contractio gwasanaethau, ni fyddai ymdrin â hi drwy ymagwedd wedi ei llywio gan wasanaethau yn tycio. O ganlyniad, byddai'r ymateb gwleidyddol—ac yr wyf yn defnyddio 'gwleidyddol' yn nhermau'r gymuned ac nid o ran gwleidyddiaeth plaid; byddai'r ymateb lleol yn well disgrifiad—mor wrthwynebus fel na fyddai ffordd ymlaen. Ni fyddech byth yn symud o'r sefyllfa honno.

It has taken us a long time to overcome that, to re-establish the relations that I described earlier and to start to frame a new approach to tackling difficult issues inside the NHS which others have described as participative governance. That is, a way of going about community involvement in an ownership of problems of the kind that need to be faced in order to deal with financial difficulties. It has taken us a long time to develop that. The experience of Powys is a very good example of the attempt to do that, but even that is not without its difficulties and its traumas.

Y mae wedi cymryd cryn amser inni oresgyn hynny, ailsefydlu'r cydberthnasau a ddisgrifiais yn gynharach a dechrau llunio ymagwedd newydd, y mae eraill wedi ei disgrifio yn rheoli cyfranogol, tuag at fynd i'r afael â materion dyrys o fewn yr NHS. Hynny yw, dull o gael cyfranogiad y gymuned drwy fod yn berchen ar broblemau o'r math y mae angen eu hwynebu er mwyn mynd i'r afael ag anawsterau ariannol. Mae wedi cymryd cryn amser inni ddatblygu hynny. Mae profiad Powys yn enghraifft dda iawn o'r ymgais i wneud hynny, ond mae hyd yn oed hynny heb ei anawsterau a'i helbulion.

[13] **Janet Davies:** Thank you. I have two Members who want to come in on this, but I really think that we need to move on a bit. Alison, can I ask you to come in?

[13] **Janet Davies:** Diolch. Mae gennyf ddau Aelod sydd am siarad am hyn, ond credaf fod angen inni symud ymlaen ychydig. Alison, a gaf ofyn ichi siarad?

[14] **Alison Halford:** Yes. I do not mind who answers these questions, Mr Gregory. It has been touched on already that in 1996-97, as you know, there were five health authorities and 30 trusts. The number of trusts has now been halved to 15, with a view to reducing administration costs. What has been saved by this reconfiguration and is there scope to reconfigure the five health authorities and reduce them in number?

[14] **Alison Halford:** Cewch. Nid oes gwahaniaeth gennyf pwy sydd yn ateb y cwestiynau hyn, Mr Gregory. Soniwyd eisoes bod pum awdurdod iechyd a 30 ymddiriedolaeth yn 1996-97, fel y gwyddoch. Cafodd nifer yr ymddiriedolaethau ei haneru bellach i 15, gyda'r bwriad o leihau costau gweinyddol. Faint o arian a arbedwyd yn sgîl yr ailgyflunio hwn ac a oes lle i ailgyflunio'r pum awdurdod iechyd a lleihau eu nifer?

Mr Gregory: I will happily answer both those questions, but can I make one point about the way in which you framed the question? I would want to challenge the notion that trust reconfiguration was simply about saving money. It was not.

Mr Gregory: Yr wyf yn fodlon ateb y ddau gwestiwn hynny, ond a gaf wneud un pwynt ynghylch y modd y lluniasoch y cwestiwn? Hoffwn herio'r syniad mai arbed arian oedd unig nod ailgyflunio'r ymddiriedolaethau. Nid yw hynny'n wir.

[15] **Alison Halford:** We have the questions to put to you. If you do not like the question, move on to the bit that you do like.

[15] **Alison Halford:** Mae'r cwestiynau gennym ni i'w gofyn ichi. Os nad ydych yn hoffi'r cwestiwn, symudwch i'r rhan yr ydych yn ei hoffi.

Mr Gregory: Thank you very much. I appreciate that. If I could just elaborate my point, we were very, very clear when we launched trust reconfiguration and we did it in a way that was radically different from the way in which trusts had been formed and the way in which trust reconfiguration was done in the other countries of Great Britain. We did it led by the Welsh Office. This was going back to strategic management; it was the re-engagement of strategic management. We did it principally because we believed that there were patient care advantages in bringing trusts together in the way that we eventually did. I have to say that I would argue that, notwithstanding the difficulties that we had last winter, we would have had very much greater difficulties in handling the pressures, had we not brought trusts together in the way that we did.

Mr Gregory: Diolch yn fawr iawn. Yr wyf yn gwerthfawrogi hynny. Os caf ymhelaethu ar fy mhwynt, yr oeddem yn sicr iawn, iawn pan lansiasom ailgyflunio'r ymddiriedolaethau ac fe'i gwnaethom mewn modd a oedd yn hollol wahanol i'r modd y lluniwyd ymddiriedolaethau a'r modd y'u hailgyfluniwyd yng ngwledydd eraill Prydain Fawr. Gwnaethom hynny o dan arweinyddiaeth y Swyddfa Gymreig. Yr oedd hyn yn dychwelyd at reoli strategol; ailgydiwyd mewn rheoli strategol. Fe'i gwnaethom yn bennaf oherwydd ein bod o'r farn fod manteision o ran gofal i gleifion yn deillio o ddod â'r ymddiriedolaethau ynghyd yn y modd a wnaethom yn y pen draw. Mae'n rhaid imi ddweud y byddwn yn dadlau, er gwaethaf yr anawsterau a gawsom y gaeaf diwethaf, y byddem wedi cael anawsterau llawer dwysach wrth ymdopi â'r pwysau, pe na byddem wedi dod â'r ymddiriedolaethau ynghyd fel y gwnaethom.

Moving on to what has been saved, in the last financial year the trust reconfiguration process actually cost money and was

Gan symud ymlaen at yr hyn a arbedwyd, yn y flwyddyn ariannol ddiwethaf, yr oedd y broses o ailgyflunio'r ymddiriedolaethau yn

expected to do so. In fact, that was one of the reasons why we had the level of deficit that we did. I believe from memory that the net cost was around £4 million. This year, we are expecting trust reconfiguration to produce a benefit at around the same level. So, from a cost of about £4 million, we expect it to flip over to a saving of about £4 million. Over three years, we expect to get up to a recurrent saving of something like £6 million a year. That was all set out in the trust reconfiguration process and I will be looking to auditors to confirm that that has happened and is not just assumed to be in the system.

costio arian mewn gwirionedd ac yr oedd hynny yn ôl y disgwyl. Yn wir, dyna un o'r rhesymau am lefel y diffyg a gawsom. Yn ôl yr hyn a gofiaf, tua £4 miliwn oedd y gost net. Eleni, yr ydym yn disgwyl i ailgyflunio ymddiriedolaethau gynhyrchu budd o tua'r un lefel. Felly, ar ôl cost o tua £4 miliwn, yr ydym yn disgwyl y caiff ei gweddnewid i arbediad o tua £4 miliwn. Dros dair blynedd, yr ydym yn disgwyl y byddwn yn arbed tua £6 miliwn y flwyddyn yn barhaus. Cafodd hynny i gyd ei nodi yn y broses o ailgyflunio'r ymddiriedolaethau a byddaf yn disgwyl i'r archwilwyr gadarnhau bod hynny wedi digwydd yn hytrach na rhagdybio ei bod yn y system.

[16] **Alison Halford:** So having had such a success with the reduction of the trusts, what about the health authorities?

[16] **Alison Halford:** Felly a chithau wedi cael llwyddiant o'r fath wrth leihau nifer yr ymddiriedolaethau, beth am yr awdurdodau iechyd?

Mr Gregory: Having done it once already, I cannot say that at a personal level I have an enormous amount of appetite for it. In my experience, I have taken the NHS through its biggest structural and policy change probably in its history and certainly since 1974. I think that it is generally—

Mr Gregory: Ar ôl gwneud hynny unwaith eisoes, ni allaf ddweud ar lefel bersonol fod llawer o chwant gennyf at hynny. Yn fy mhrofiad, yr wyf wedi arwain yr NHS drwy'r newid mwyaf o bosibl yn ei hanes, yn bendant ers 1974, o ran strwythur a pholisi. Credaf ei fod, yn gyffredinol—

[17] **Alison Halford:** Can I ask you, yes or no?

[17] **Alison Halford:** A gaf ofyn ichi, ie neu nage?

Mr Gregory: The impact of putting organisations through reorganisation is generally underestimated. I think that part of our deficit problem is down to the fact that trusts have been restructured. I would still defend that decision, but I think that it is part of it. If you put health authorities through another reorganisation at a time of acute pressure and financial difficulty, you will exacerbate those problems.

Mr Gregory: Yn gyffredinol, caiff goblygiadau ad-drefnu sefydliadau eu tanbychanu. Credaf fod rhan o'n problem o ran diffygion yn deillio o'r ffaith bod yr ymddiriedolaethau wedi cael eu hailgyflunio. Byddwn yn dadlau o blaid y penderfyniad hwnnw o hyd, ond credaf fod hynny'n rhan ohono. Os aildrefnwch yr awdurdodau iechyd eto ar adeg pan fydd pwysau ac anhawster ariannol difrifol, byddwch yn gwaethygu'r problemau hynny.

[18] **Alison Halford:** That is helpful. I will move on, as we only have a limited amount of time. I am grateful for that answer. The report on which we are working forecasts a deficit for 1999-2000 of £26.2 million. I am sure that you know that figure well. Can you provide an update of this estimate and explain to this Committee what can be done to tackle what appears to be a worsening financial situation?

[18] **Alison Halford:** Mae hynny o gymorth. Symudaf ymlaen, gan mai dim ond ychydig o amser sydd gennym. Yr wyf yn ddiolchgar am yr ateb hwnnw. Mae'r adroddiad yr ydym yn ei ddefnyddio yn rhagweld y bydd diffyg o £26.2 miliwn ar gyfer 1999-2000. Yr wyf yn siŵr eich bod yn gwbl ymwybodol o'r ffigur hwnnw. A allwch ddiweddaru'r amcangyfrif hwn ac esbonio i'r Pwyllgor hwn beth y gellir ei wneud i fynd i'r afael â

Mr Gregory: Just as a matter of comparison, the Comptroller and Auditor General's audited figure for 1998-99 was £21.7 million. Our current forecast for 1999-2000, and I expect it to come in at around this figure, is £20 million. Therefore, it is about £6 million less than we told the National Audit Office in December that we thought the figure was.

The answer to the second half of your question, I am afraid, cannot be so brief. I am clear in my own mind that as a result of the measures that we have taken, partly prompted by the stocktake but also by work that Sarah Beaver was already doing in collaboration with the NHS, the position was more or less stabilised this last financial year. It certainly was in terms of financial performance. For this current financial year, 2000-01, we have a highly provisional estimate—and you will understand all of the kind of equivocation and caveats that one has to attach to this—that the out-turn this financial year without the budget would have been slightly less than £20 million. I guess that it would be somewhere around £18 million. With the budget, for reasons that I can explain, it is very much more satisfactory than that. I would argue, I think, as a consequence, that the measures that we have put in place had done what we had intended in our first strategy, which was to staunch the flow of blood, if I can put it that way. The second part is how do you put in place measures to put things right. You look at the stocktake report, you go through its analysis of the problems and you make sure that you are successfully tackling each of them. I can take the Committee through that if you would like.

[19] **Alison Halford:** No. I will stop you there. We are just touching on vast subjects. I have a brief to ask particular questions, so forgive me for being so rude. Should the accumulated deficits of the NHS in Wales be written off and, if so, what is the impact on the Assembly's available financial resources?

sefyllfa ariannol sydd yn dirywio yn ôl pob golwg?

Mr Gregory: Fel cymhariaeth yn unig, £21.7 miliwn oedd ffigur archwiliedig y Rheolwr a'r Archwilydd Cyffredinol ar gyfer 1998-99. Yn ôl ein rhagolwg cyfredol ar gyfer 1999-2000, a disgwyliaf iddo fod o amgylch y ffigur hwn, £20 miliwn fydd y ffigur. Felly, mae tua £6 miliwn yn is na'r hyn a ddywedasom wrth y Swyddfa Archwilio Genedlaethol ym mis Rhagfyr fel y ffigur yn ein barn ni.

Wrth ateb ail hanner eich cwestiwn, ofnaf na allaf fod mor gryno. Yr wyf yn gwbl argyhoeddedig i'r sefyllfa ymsefydlogi fwy neu lai yn ystod y flwyddyn ariannol ddiwethaf o ganlyniad i'r mesurau a gymerwyd gennym, yn deillio'n rhannol o'r adroddiad cloriannu ond hefyd o'r gwaith yr oedd Sarah Beaver yn ei wneud eisoes mewn cydweithrediad â'r NHS. Yn bendant, yr oedd o ran perfformiad ariannol. Ar gyfer y flwyddyn ariannol gyfredol, sef 2000-01, amcangyfrif bras iawn sydd gennym—a byddwch yn deall yr holl ffactorau na ellir bod yn sicr yn eu cylch sydd ynghlwm wrth hyn—y byddai'r all-dro ar gyfer y flwyddyn ariannol hon heb y gyllideb wedi bod ychydig yn is na £20 miliwn. Byddai tua £18 miliwn yn ôl fy amcan i. Gyda'r gyllideb, mae'n llawer mwy boddhaol na hynny am resymau y gallaf eu hesbonio. Byddwn yn dadlau, fe gredaf, o ganlyniad, bod y mesurau a sefydlwyd gennym wedi cyflawni'r hyn yr oeddem yn anelu ato yn ein strategaeth gyntaf, sef atal y gwaedlif, os caf ei ddisgrifio felly. Yr ail ran yw sut y gallwch roi mesurau yn eu lle a fydd yn unioni'r sefyllfa. Yr ydych yn edrych ar yr adroddiad cloriannu, yr ydych yn ystyried ei ddadansoddiad o'r problemau a sicrhau eich bod yn mynd i'r afael â phob un ohonynt yn llwyddiannus. Gallaf dywys y Pwyllgor drwy hynny os dymunwch.

[19] **Alison Halford** Na. Gofynnaf ichi ddod i ben ar y pwynt hwnnw. Yr ydym yn sôn yn fras am bynciau enfawr. Mae gennyf frîff i ofyn cwestiynau penodol, felly maddeuwch imi am fod mor anghwrtais. A ddylid dileu diffygion cronedig yr NHS yng Nghymru ac, os felly, beth fydd yr effaith ar yr adnoddau ariannol sydd ar gael i'r Cynulliad?

Mr Gregory: Sorry?

[20] **Alison Halford:** Should the accumulated deficits be written off? If that is your recommendation, what does that mean to the Assembly's available financial resources?

Mr Gregory: You have to be careful about terminology here.

[21] **Alison Halford:** Okay. I can only go on the brief that I have in front of me.

Mr Gregory: I just want the Committee to be clear about what my answer is seeking to achieve. There are two separate financial descriptors here, if I can put it that way. One is deficit, which is, if you like, the difference between the ongoing cost of an organisation and its ongoing income. The other is debt. That is the extent to which it has had to borrow from another party, in this case the Welsh Office or the Assembly, in order to provide cash to bridge between those recurrent income and expenditure deficits. So far as the accumulated deficit is concerned, there is a process by which when new trusts are set up—the Comptroller and Auditor General mentions this in his report—income and expenditure deficits are written off. That is a process that has occurred recently and should see a modest reduction in the accumulated deficit because of write off. That is a natural process and I do not believe that it is for me to say whether deficits should be written off because there is actually a legal duty—

[22] **Alison Halford:** Somebody has to pay, do they not?

Mr Gregory: There is a legal duty on trusts to break even. That means that if they get into a deficit position, they ultimately have to make a surplus in order to provide the liquidity, as it were, in the system that brings them back into balance. So far as debt is concerned, that is really a political decision for the Assembly and not one for me.

[23] **Alison Halford:** I will not push any

Mr Gregory: Mae'n ddrwg gennyf?

[20} **Alison Halford:** A ddylid dileu'r diffygion cronedig? Os ydych yn argymell hynny, beth fydd hynny'n golygu i'r adnoddau ariannol sydd ar gael i'r Cynulliad?

Mr Gregory: Mae'n rhaid ichi fod yn ofalus ynglŷn â therminoleg yma.

[21] **Alison Halford:** O'r gorau. Ni allaf ond gweithio yn ôl y brîff sydd o'm blaen.

Mr Gregory: Yr wyf ddim ond am i'r Pwyllgor fod yn eglur ynglŷn â'r hyn y mae fy ateb yn ceisio ei gyflawni. Mae yma ddau ddisgrifydd ariannol ar wahân, os gallaf eu disgrifio felly. Diffyg yw un ohonynt, sef y gwahaniaeth, os mynnwch, rhwng costau parhaus sefydliad a'i incwm parhaus. Dyled yw'r llall. Hynny yw, i ba raddau y mae'n rhaid iddo fenthyca oddi wrth barti arall, sef y Swyddfa Gymreig neu'r Cynulliad yn yr achos hwn, er mwyn cael arian i bontio rhwng y diffygion incwm a gwariant parhaus. Cyn belled ag y bo'r diffyg cronedig yn y cwestiwn, mae proses sydd yn dileu diffygion incwm a gwariant pan gaiff ymddiriedolaethau newydd eu sefydlu—mae'r Rheolwr ac Archwilydd Cyffredinol yn cyfeirio at hyn yn ei adroddiad. Mae'n broses sydd wedi digwydd yn ddiweddar ac a ddylai arwain at ostyngiad cymedrol yn y diffyg cronedig o ganlyniad i ddileu. Proses naturiol ydyw a ni chredaf y byddai'n briodol imi ddweud a ddylid dileu diffygion gan fod dyletswydd cyfreithiol mewn gwirionedd—

[22] **Alison Halford:** Mae'n rhaid i rywun dalu, onid oes?

Mr Gregory: Mae dyletswydd cyfreithiol ar ymddiriedolaethau i adennill eu costau. Mae hynny'n golygu, os ydynt yn cyrraedd sefyllfa diffyg, bod yn rhaid iddynt gynhyrchu gwarged yn y pen draw er mwyn sicrhau hylifedd, fel petai, yn y system, a fydd yn eu cydbwyso o'r newydd. Cyn belled ag y mae dyled dan sylw, penderfyniad gwleidyddol i'r Cynulliad ydyw mewn gwirionedd ac nid imi.

[22] **Alison Halford:** Ni phwysaf ragor ar

further on that one. I will ask a simpler question, perhaps. The report notes that 25 of the 26 trusts failed on one or more of the three financial objectives that you set them. Four trusts failed on all three financial objectives. Could you please tell us why the performance was so poor?

hynny. Gofynnaf gwestiwn symlach o bosibl. Mae'r adroddiad yn nodi bod 25 o blith y 26 ymddiriedolaeth wedi methu â chyflawni un neu fwy o'r tri amcan ariannol a bennwyd ar eu cyfer gennych. Methodd pedair ymddiriedolaeth â chyflawni pob un o'r tri amcan ariannol. A allech ddweud wrthym pam bod y perfformiad mor wael?

Mr Gregory: The direct answer to that is because they were coping with the financial difficulties that I described. The consequence of that was that they were unable to meet their duties to break even, to return a rate of interest and to contain external financing limits expenditure within the set limits. I must say that the three of the four EFL breaches were highly marginal. They went over—if you look in the annex to the summarised accounts—by £1,000. That is a reportable offence. I would not say that it is a capital offence. One has to take that into account. As far as the rest are concerned, trusts naturally found it extremely difficult to cope in the financial environment that they faced. The benefit of having a trust financial regime of the kind that we have is that the information you have described is so much clearer. There is no hiding the fact that the great majority of trusts were unable to meet their statutory duty to break even.

Mr Gregory: Yr ateb uniongyrchol i hynny yw oherwydd eu bod yn ymgodymu â'r anawsterau ariannol a ddisgrifiais. O ganlyniad i hynny, nid oeddent yn gallu cyflawni eu dyletswyddau i adennill costau, ad-dalu cyfradd llog a chyfyngu gwariant ar derfynau ariannu allanol o fewn y terfynau a bennwyd. Mae'n rhaid imi ddweud y bu tri o blith y pedwar yn torri terfynau ariannu allanol o ychydig iawn yn unig. Aethant £1,000 yn uwch na'r terfyn—os edrychwch ar yr atodiad i'r cyfrifon cryno. Mae hynny'n drosedd y gellir ei chofnodi. Nid yw'n drosedd ddihenydd yn fy marn i. Mae'n rhaid ystyried hynny. Cyn belled ag y bo'r gweddill dan sylw, yr oedd ymddiriedolaethau, wrth reswm, yn ei chael yn anodd dros ben i ymdopi â'r amgylchedd ariannol yr oeddent yn ei wynebu. Y fantais o gael trefn ariannol ymddiriedolaethol o'r math sydd gennym yw bod yr wybodaeth a ddisgrifiwyd gennych yn llawer cliriach. Nid oes modd celu'r ffaith fod y rhan fwyaf o'r ymddiriedolaethau wedi methu â chyflawni eu dyletswydd statudol i adennill costau.

[24] **Alison Halford:** We have mentioned the stocktake a great deal. We were told that the Secretary of State for Wales introduced it in February 1999. It was an interesting report. Do you not think that you should have been proactive and undertaken such a report yourself rather than leave it to a political master?

[24] **Alison Halford:** Yr ydym wedi sôn cryn dipyn am yr adroddiad cloriannu. Dywedwyd wrthym bod Ysgrifennydd Gwladol Cymru wedi ei gyflwyno ym mis Chwefror 1999. Yr oedd yn adroddiad diddorol. A ydych o'r farn y dylech fod wedi bod yn rhagweithiol, gan ymgymryd ag adroddiad o'r fath eich hunain yn hytrach na'i adael i feistr gwleidyddol?

Mr Gregory: I think that having political backing for such an exercise was likely to make it more effective. Alun Michael's intervention at that point was one of the decisive elements in the efforts to achieve financial balance.

Mr Gregory: Credaf fod cefnogaeth wleidyddol i ymarfer o'r fath yn debygol o'i wneud yn fwy effeithiol. Yr oedd ymyrraeth gan Alun Michael ar y pryd un o'r elfennau tyngedfennol a lywiodd yr ymdrechion i gyflawni cydbwysedd ariannol.

[25] **Alison Halford:** You do not see it as a shortcoming in your own management performance?

[25] **Alison Halford:** Nid ydych yn ei ystyried yn wendid yn eich perfformiad rheoli eich hun?

Mr Gregory: I would not want to affect to this Committee that as the accounting officer I do not have a responsibility for the situation. I would not want to affect that. On the other hand, given what I have said about the withdrawal from strategic management, and the very significant reduction in staffing, I think that having to have completed this exercise on top of managing the problem was beyond our capacity, frankly. It was for that reason that I so very much welcomed the fact that this was an independent review run by the Policy Unit of the Assembly, as it became.

Mr Gregory: Ni hoffwn honni i'r Pwyllgor hwn nad oes gennyf gyfrifoldeb dros y sefyllfa fel y swyddog cyfrifo. Ni hoffwn honni hynny. Ar y llaw arall, gan ystyried yr hyn a ddywedais ynglŷn â chilio o reolaeth strategol, a'r gostyngiad sylweddol iawn o ran staffio, credaf fod cwblhau'r ymarfer hwn yn ogystal ag ymgodymu â'r broblem y tu hwnt i'n gallu, a dweud y gwir. Oherwydd y rheswm hwnnw, yr oeddwn yn croesawu'r ffaith yn fawr iawn mai arolwg annibynnol a gynhaliwyd gan Uned Bolisi y Cynulliad, fel y daeth i fod, ydoedd.

[26] **Alison Halford:** I have almost finished. I have a couple more questions. What actions have you been able to take on the main recommendations of the stocktake report?

[26] **Alison Halford:** Yr wyf bron â gorffen. Mae gennyf ddau gwestiwn arall. Pa gamau yr ydych wedi gallu eu cymryd i ymgymryd â phrif argymhellion yr adroddiad cloriannu?

Mr Gregory: I have gone through the report to tease out every major cause that it ascribes to the deficit. I am confident that in every single respect we are currently undertaking the necessary response to that. There is an awful lot of it. Recognising what you said earlier about time, I am not keen to go through it in detail.

Mr Gregory: Yr wyf wedi astudio'r adroddiad er mwyn canfod pob un o'r prif ffactorau y mae'n eu priodoli i'r diffyg. Yr wyf yn hyderus ein bod yn ymateb i hynny yn ôl yr angen ar bob agwedd ar hyn o bryd. Mae cryn dipyn ohono. Gan gydnabod yr hyn a ddywedasoch yn gynharach ynglŷn ag amser, nid wyf am ei drafod yn fanwl.

[27] **Alison Halford:** I am sure that my colleagues will pick up points as necessary. The last question applies to the prompt payment of suppliers. It would appear that the NHS does not have a very good record in paying its suppliers quickly. Have you a comment on that? I can draw your attention to certain paragraphs but it appears that the NHS does not pay quickly. Thus the next question is, does that late payment by national health bodies cause a cash-flow problem for the companies that supply the NHS?

[27] **Alison Halford:** Yr wyf yn siŵr y bydd fy nghyd-Aelodau yn codi pwyntiau fel y bo'r angen. Mae'r cwestiwn olaf yn ymwneud â thalu cyflenwyr yn brydlon. Ymddengys nad oes gan yr NHS gofnod da iawn o ran talu ei gyflenwyr yn gyflym. A oes gennych sylw ar hynny? Gallaf dynnu eich sylw at baragraffau penodol ond ymddengys nad yw'r NHS yn talu'n gyflym. Felly y cwestiwn nesaf yw, a yw cyrff iechyd cenedlaethol sydd yn talu'n hwyr yn achosi problem llif arian i'r cwmnïau sydd yn cyflenwi'r NHS?

Mr Gregory: I think that the—

Mr Gregory: Credaf fod y—

[28] **Alison Halford:** Glan Hafren would be an example.

[28] **Alison Halford:** Byddai Glan Hafren yn enghraifft.

Mr Gregory: Absolutely. That is obviously the most extreme outlier. I think that there are others at the other end of the spectrum. Basically, the point I want to make is that I am not satisfied with the level of performance in this area and we shall be requiring, in the allocation letter that I hope

Mr Gregory: Yn union. Honno yw'r enghraifft fwyaf difrifol, mae'n amlwg. Credaf fod eraill ar y pegwn arall. Y pwynt yr hoffwn ei wneud yn y bôn yw nad wyf yn fodlon ar lefel y perfformiad yn y maes hwn ac y byddwn yn gofyn am berfformiad llawer gwell yn y maes hwn gan yr NHS yn y

will go out this week, much improved performance by the NHS in this area. So I am not satisfied with it and we have been monitoring this month by month and seeking to improve performance. The fact that we have not had as much effect as I would wish means that we will have to redouble our efforts and make the requirements on the NHS much stricter.

llythyr dyrannu yr wyf yn gobeithio y bydd yn cael ei ddosbarthu yr wythnos hon. Felly nid wyf yn fodlon arno ac yr ydym wedi bod yn monitro hyn fesul mis ac yn ceisio gwella perfformiad. Mae'r ffaith nad ydym wedi bod mor effeithiol ag y dymunwn yn golygu y bydd yn rhaid inni ymdrechu o'r newydd a sicrhau bod y gofynion ar yr NHS yn llawer llymach.

The second part of your question is more difficult. The great majority of health authority payments would actually be within the NHS itself. The issue is really about trusts. That, I think, was the main purpose of your question. In that respect, I would guess that the majority of trusts' expenditure would be on their own staff and the rest would be on large supplying companies. However, there will be trusts that will have contracts with smaller local companies and it is those in particular that I am concerned about. I have no evidence that companies are being put into difficulty by the NHS and given that the statutory framework within which all of this is acted out now gives companies the right to claim interest beyond the due date—and since I am unaware of any interest being claimed—my assumption, and it is only that, is that it is not having an effect. Having said that, I am conscious that that is a very generalised remark and someone will soon bring out of his or her pocket an example where I am wrong.

Mae'r ail ran o'ch cwestiwn yn anos. Byddai'r mwyafrif helaeth o daliadau'r awdurdodau iechyd o fewn yr NHS ei hun. Mae'r mater yn ymwneud â'r ymddiriedolaethau mewn gwirionedd. Hwnnw, fe gredaf, oedd prif ddiben eich cwestiwn. Yn hynny o beth, byddwn yn dyfalu y byddai'r ymddiriedolaethau yn gwario'r rhan fwyaf o'u harian ar eu staff eu hunain ac y byddai'r gweddill yn cael ei wario ar y cwmnïau mawr sydd yn eu cyflenwi. Fodd bynnag, bydd ymddiriedolaethau a chanddynt gontractau â chwmnïau llai lleol ac yr wyf yn pryderu yn eu cylch hwy yn arbennig. Nid oes gennyf dystiolaeth bod y cwmnïau yn mynd i anawsterau oherwydd yr NHS a gan fod hawl gan y cwmnïau i hawlio llog ar ôl y dyddiad penodedig o dan y fframwaith statudol sydd yn llywio hyn oll—a chan nad wyf yn ymwybodol bod unrhyw log wedi cael ei hawlio—rhagdybiaf, a rhagdybiaeth yn unig ydyw, nad yw'n cael effaith. Wedi dweud hynny, yr wyf yn ymwybodol mai sylw cyffredinol iawn yw hwnnw ac y bydd rhywun yn fuan yn tynnu ar enghraifft a fydd yn fy mhrofi'n anghywir.

[29] **Alison Halford:** Thank you. I imagine that when you have your monthly meetings with your health authorities, this might be a priority—

[29] **Alison Halford:** Diolch. Tybiaf fod hyn yn flaenoriaeth o bosibl yn eich cyfarfodydd misol â'ch awdurdodau iechyd—

Mr Gregory: Absolutely. As it happens we have a meeting later this month and I was going to refer to this in the course of that.

Mr Gregory: Yn union. Fel mae'n digwydd, yr ydym yn cyfarfod yn ddiweddarach y mis hwn ac yr oeddwn yn bwriadu cyfeirio at hyn yn ystod y cyfarfod hwnnw.

[30] **Janet Davies:** We now need to move on to look at the financial health of the five health authority areas and try to bring out some comparisons and differences between them. Looking at that first of all, the report shows the breakdown by health authority area of the £22 million deficit from 1998-99. Why do you think that there is such an apparent

[30] **Janet Davies:** Y mae angen inni symud ymlaen yn awr i ystyried iechyd ariannol y pum ardal awdurdod iechyd a cheisio eu pwyso a'u mesur yn erbyn ei gilydd. Gan ystyried hynny yn gyntaf oll, dengys yr adroddiad ddadansoddiad o'r diffyg o £22 miliwn ar gyfer 1998-99 fesul ardal awdurdod iechyd. Pam y mae cymaint o

variation in the financial performance of the five health authority areas?

wahaniaeth o ran perfformiad ariannol rhwng y pum ardal awdurdod iechyd yn ôl pob golwg, yn eich barn chi?

Mr Gregory: That is a very tricky question. The evidential basis on which one can make an assessment is not robust. It also depends—and I do not wish to make a facetious response—on who you ask. Whoever you ask is bound to have the most serious problems of all the trusts or health authorities. I say that slightly facetiously but there is a truth in it, in that everyone sees their particular problems as unique to themselves and much worse than anyone else's. I think that as in my answer to your first question about the reasons for the overall deficits in the NHS in Wales, I would have to say that this has a number of features. I will go through them very quickly.

Mr Gregory: Mae hwnnw'n gwestiwn dyrys iawn. Nid oes sail tystiolaeth gadarn y gellir ei defnyddio i wneud asesiad. Mae'n dibynnu hefyd—ac nid wyf am ymateb mewn ffordd gellweirus—ar bwy yr ydych yn gofyn iddo. Waeth pwy yr ydych yn gofyn iddo, hwy fydd â'r problemau mwyaf difrifol ymhlith yr holl ymddiriedolaethau a'r awdurdodau iechyd. Rhyw gellwair yr wyf wrth ddweud hynny ond mae gwirionedd ynddo, sef bod pawb yn ystyried bod eu problemau hwy yn unigryw ac yn llawer gwaeth na rhai pawb arall. Credaf, megis yn fy ateb i'ch cwestiwn cyntaf ynglŷn â'r rhesymau am y diffygion cyffredinol yn yr NHS yng Nghymru, y byddai'n rhaid imi ddweud fod nifer o elfennau i hyn. Fe'u nodaf yn gyflym iawn.

There are the effects of differential formula distribution to health authorities, differences in the quality of working relations between health authorities and trusts, the extent to which health authority areas had a high or relatively low percentage of GP fundholder practices and variations in the clinical situations of trusts. Some trusts are in highly competitive healthcare markets—if I can use the old jargon—and others are not. I think that there were variations in commitment to financial control. There are significant variations in the extent to which health authority areas are dependent on external services and that can have a significant impact on their ability to control the process of contracting. There are, self-evidently, differences of experience among senior executives and board members. Also, some areas are more dependent on the centre for specialised funding than others; that is particularly true of Swansea and Cardiff. There are very great variations in the effectiveness of efficiency measures. Now, if you put that matrix together, I think that you can see that there are a lot of factors that bear down on each health authority and each trust in different ways. It is not surprising, therefore, that there is that kind of variation. Perhaps I could leave it there for the time being, Chair. I think that that is enough of an introduction to that.

Mae effeithiau dosrannu i awdurdodau iechyd drwy fformwla wahaniaethol, gwahaniaethau o ran ansawdd y berthynas waith rhwng yr awdurdodau a'r ymddiriedolaethau iechyd, i ba raddau yr oedd gan ardaloedd awdurdod iechyd ganran uchel neu ganran gymharol isel o feddygfeydd deiliaid cronfa ac amrywiadau o ran sefyllfa glinigol yr ymddiriedolaethau. Mae rhai ymddiriedolaethau mewn marchnadoedd gofal iechyd cystadleuol dros ben—os caf ddefnyddio'r hen ieithwedd—ac mae eraill nad ydynt yn y marchnadoedd hynny. Credaf fod yr ymrwymiad i reolaeth ariannol yn amrywio. Mae amrywiadau sylweddol o ran y graddau y mae ardaloedd yr awdurdodau iechyd yn dibynnu ar wasanaethau allanol a gall hynny gael effaith sylweddol ar eu gallu i reoli'r broses gontractio. Mae gwahaniaethau o ran profiad ymysg uwch weithredwyr ac aelodau bwrdd, wrth reswm. Hefyd, mae rhai ardaloedd yn fwy dibynnol ar y canol ar gyfer ariannu arbenigol nag eraill; mae hynny'n wir am Abertawe a Chaerdydd yn enwedig. Mae effeithiolrwydd mesurau effeithlonrwydd yn amrywio'n fawr iawn. Yna, os cyfunwch hynny oll, credaf y gallwch weld bod llawer o ffactorau a fydd yn effeithio ar bob awdurdod iechyd a phob ymddiriedolaeth mewn gwahanol ffyrdd. Nid yw'n syndod, felly, bod amrywiaeth o'r fath yn bodoli. Efallai y tawaf ar y pwnc hwn am y tro,

Gadeirydd. Credaf fod hynny'n ddigon o gyflwyniad i hynny.

[31] **Janet Davies:** Perhaps the greatest difference between two health authorities is between Dyfed Powys and Gwent. Do you think that there are any fundamental differences between those two that account for the different reported performances?

[31] **Janet Davies:** Y gwahaniaeth mwyaf o bosibl rhwng dau awdurdod iechyd yw'r gwahaniaeth rhwng Dyfed Powys a Gwent. A oes gwahaniaethau sylfaenol rhwng y ddau awdurdod hynny, yn eich barn chi, sydd yn gyfrifol am y gwahaniaeth yn y perfformiadau a gofnodwyd?

Mr Gregory: I think that it would be possible to tease out differences between them in each of the areas that I have described. To give you an example, the first area that I mentioned was the formula distribution. Between 1996-97 and 1998-99, the average growth increase given to Gwent Health Authority over that period in each year, was 4.1 per cent. The average in Dyfed Powys was 3.1 per cent. I am not saying that that is the reason why Dyfed Powys, as a health care system, performed poorly and Gwent performed relatively well, but it seems to me that that is an important piece of information to consider when one is looking at the relativities of performance. If one went through all the other factors, I think that I could tease out ways in which there were differences—not always to the benefit of Gwent—but there would be differences, and if you add the sum of that up, you arrive at the kind of outcome that we have had.

Mr Gregory: Credaf y byddai'n bosibl canfod gwahaniaethau rhwng y ddau ym mhob un o'r meysydd yr wyf wedi eu disgrifio. I roi enghraifft ichi, y fformwla dosrannu oedd y maes cyntaf y cyfeiriais ato. Rhwng 1996-97 a 1998-99, 4.1 y cant oedd y cynnydd twf cyfartalog a gafodd Awdudod Iechyd Gwent ym mhob blwyddyn yn ystod y cyfnod hwnnw. Yn Nyfed Powys, 3.1 y cant oedd y cynnydd twf cyfartalog. Nid wyf yn dweud mai hwnnw oedd y rheswm pam bod Dyfed Powys, fel system gofal iechyd, yn perfformio'n wael a bod Gwent yn perfformio'n gymharol dda, ond yn fy marn i, mae hwnnw'n ddarn pwysig o wybodaeth i'w ystyried wrth bwyso a mesur perfformiad. O ystyried yr holl ffactorau eraill, credaf y gallwn ganfod ffyrdd lle yr oedd gwahaniaethau eraill—nid o blaid Gwent bob tro—ond y byddai gwahaniaethau, ac os ydych yn ystyried hyn oll, byddwch yn esgor ar ganlyniad o'r fath yr ydym wedi ei gael.

[32] **Janet Davies:** Brian, I am going to leave you for the moment.

[32] **Janet Davies:** Brian, yr wyf am eich hepgor am y funud.

[33] **Brian Gibbons:** I have a question directly relevant to that.

[33] **Brian Gibbons:** Mae gennyf gwestiwn sydd yn ymwneud yn uniongyrchol â hynny.

[34] **Janet Davies:** Well, very quickly then.

[34] **Janet Davies:** Wel, yn gyflym iawn felly.

[35] **Brian Gibbons:** Cases like Dyfed Powys are already on a higher allocation per capita so that you are almost saying that the more you get, the more you get.

[35] **Brian Gibbons:** Mae achosion fel Dyfed Powys eisoes yn derbyn dyraniad y pen uwch felly yr hyn yr ydych yn ei ddweud bron yw po fwyaf y cewch, mwyaf yn y byd y cewch.

Mr Gregory: Actually, the reverse is true in Dyfed Powys's case, because had it been kept to the formula allocation, the per capita gap—to which you are quite right to draw attention—between Dyfed Powys and other health authorities would have narrowed over

Mr Gregory: I'r gwrthwyneb yn achos Dyfed Powys, mewn gwirionedd oherwydd pe bai wedi cael ei gysylltu â'r dosraniad fformwla, byddai bwlch y pen—yr ydych yn hollol gywir i dynnu sylw ato—rhwng Dyfed Powys a'r awdurdodau eraill wedi lleihau yn

the period. All that I am saying is that if you add all these factors up and look for differences between different health authority areas, you will see that those differences have an impact on the way in which financial performance occurs in those two areas.

ystod y cyfnod. Y cwbl yr wyf yn ei ddweud yw y byddwch, pe ystyriech yr holl ffactorau hyn yghyd a chwilio am wahaniaethau rhwng gwahanol ardaloedd awdurdodau iechyd, gwelwch fod y gwahaniaethau hynny yn effeithio ar y perfformiad ariannol yn y ddwy ardal hynny.

[36] **Alun Cairns:** I would like to stick with Dyfed Powys Health Authority in the first instance. I understand that the district auditor has issued a report to management on the financial standing of Dyfed Powys Health Authority. What is your view of the financial position of the health authority?

[36] **Alun Cairns:** Hoffwn aros gydag Awdurdod Iechyd Dyfed Powys am y tro. Yr wyf ar ddeall bod yr archwilydd dosbarth wedi cyhoeddi adroddiad ar sefyllfa ariannol Awdurdod Iechyd Dyfed Powys i'w reolwyr. Beth yw sefyllfa ariannol yr awdurdod iechyd, yn eich barn chi?

Mr Gregory: I would prefer to talk about the financial health of the NHS in Dyfed Powys. The distinction that I am making is an important one, because the main—the almost exclusive—cost drivers for the heath care system are actually in the trust, not in the health authority. The health authority has a number of roles, one of which is to act as the resource allocator between the Assembly and the trusts. So if you are happy with that, I would prefer to talk about the totality of the health care system, rather than the health authority.

Mr Gregory: Byddai'n well gennyf drafod iechyd ariannol yr NHS yn Nyfed Powys. Mae'r gwahaniaeth a nodaf yn un pwysig, gan fod y prif ffactorau—bron pob un ohonynt—sydd yn llywio cost ar gyfer y system gofal iechyd yn ymwneud â'r ymddiriedolaeth mewn gwirionedd yn hytrach na'r awdurdod iechyd. Mae sawl rôl gan yr awdurdod iechyd. Un o'r rhain yw bod yn ddyrannwr adnoddau rhwng y Cynulliad a'r ymddiriedolaethau. Felly os ydych yn fodlon ar hynny, byddai'n well gennyf drafod y system gofal iechyd yn ei chyfanrwydd yn hytrach na'r awdurdod iechyd.

The second reason that I say that, is that the situation in Dyfed Powys, in terms of the financial information—particularly the information recorded by the Comptroller and Auditor General—is different from the rest of Wales for a particular reason. When the financial difficulties of Dyfed Powys as an area were becoming manifest, there was a decision to be taken about how the money to keep services running while recovery was planned was to be provided. Should that be done directly by the Welsh Office to trusts, or should it be done through the health authority? The decision that the then chief executive and I took was that the money should be directed through the health authority. The reason for that was that it was considered that the health authority would be able to exercise more control in its relationship with trusts as a consequence, if it were holding the money and passing it on to trusts, rather than the trusts actually having two paymasters and conceivably being able to play them off one against the other.

Yr ail reswm imi ddweud hynny yw bod y sefyllfa yn Nyfed Powys, o ran gwybodaeth ariannol—yn enwedig yr wybodaeth a gofnodwyd gan y Rheolwr ac Archwilydd Cyffredinol—yn wahanol i weddill Cymru am reswm penodol. Pan ddechreuodd anawsterau ariannol Dyfed Powys fel ardal ddod i'r amlwg, yr oedd yn rhaid gwneud penderfyniad ynghylch sut y gellid darparu'r arian yr oedd ei angen i'r gwasanaethau barhau i weithredu tra'n cynllunio'r broses adfer. A ddylid gwneud hynny'n uniongyrchol gan y Swyddfa Gymreig i'r ymddiriedolaethau, ynteu a ddylid ei wneud drwy'r awdurdod iechyd? Penderfynodd y prif weithredwr ar y pryd a minnau y dylid rhoi'r arian drwy'r awdurdod iechyd. Y rheswm dros hynny oedd ein bod yn ystyried y byddai'r awdurdod iechyd o ganlyniad yn gallu arfer mwy o reolaeth yn ei berthynas â'i ymddiriedolaethau pe bai'n dal yr arian a'i drosglwyddo i'r ymddiriedolaethau, yn hytrach na bod gan yr ymddiriedolaethau ddau dâl-feistr ac yn gallu chwarae'r naill yn

So the financial information for Dyfed Powys—although it is perfectly proper to account for it in the accounts in this way—is actually a little misleading because it appears to suggest that the problems of Dyfed Powys lay exclusively in the health authority and they did not. To give you an example, we have made some calculations—I am now looking at 1998-99, which is the year in question—of a total deficit for the area of something like £11.5 million, which in the accounts is quite properly recorded against the health authority, because that is actually where the money went. Our calculation—and I believe that this is accepted locally—is that the deficits recorded at trust level, which you will see from the Comptroller and Auditor General's reports are quite modest, were actually very significant. To give you just one example, our belief was, if you had translated the money given to the health authority and passed on to the trust, into, as it were, deficit incurred by way of funding directly from the Assembly, then Carmarthen's deficit would have been £3.5 million. So for each of the trusts, although the deficit was carried at health authority level, the financial position was significantly worse. This is a long preamble to answering your question, but unless one understands the background, I do not think that the answer is discernible.

erbyn y llall efallai.

Felly mae'r wybodaeth ariannol ar gyfer Dyfed Powys—er ei bod yn gwbl briodol iddo roi cyfrif amdani yn y cyfrifon yn y modd hwn—ychydig yn gamarweiniol gan ei bod yn awgrymu, fe ymddengys, mai'r awdurdod iechyd a oedd yn gwbl gyfrifol am broblemau Dyfed Powys ond nid yw hynny'n wir. I roi enghraifft ichi, yr ydym wedi cyfrifo—ac yr wyf yn awr yn cyfeirio at 1998-99, sef y flwyddyn dan sylw—cyfanswm diffyg o dua £11.5 miliwn ar gyfer yr ardal sydd yn cael ei gofnodi yn y cyfrifon yn gwbl briodol yn erbyn yr awdurdod iechyd gan mai i'w goffrau ef yr aeth yr arian mewn gwirionedd. Yn ôl ein cyfrifon—a chredaf fod hyn wedi cael ei dderbyn yn lleol—mae'r diffygion a gofnodwyd ar lefel yr ymddiriedolaethau, y gwelwch eu bod yn gymharol fach yn ôl adroddiadau'r Rheolwr ac Archwilydd Cyffredinol, yn rhai sylweddol iawn mewn gwirionedd. A rhoi un enghraifft yn unig ichi, pe baech wedi trosglwyddo'r arian a roddwyd i'r awdurdod iechyd a'i drosi i'r ymddiriedolaeth fel diffyg a gafwyd, fel petai, drwy ariannu uniongyrchol gan y Cynulliad, byddai diffyg Caerfyrddin wedi bod yn £3.5 miliwn yn ein barn ni. Felly ar gyfer pob un o'r ymddiriedolaethau, er y cafwyd diffygion ar lefel yr awdurdod iechyd, yr oedd y sefyllfa ariannol gryn dipyn yn waeth. Yr wyf wedi rhoi rhagarweiniad hir wrth ateb eich cwestiwn, ond oni bai eich bod yn deall y cefndir, nid oes modd deall yr ateb.

[37] **Alun Cairns:** In the rest of your answer, can I ask you then, do you consider the isolation of the trusts from the debt an effective method of financial control?

[37] **Alun Cairns:** Am weddill eich ateb, a gaf ofyn ichi felly, a yw ynysu'r ymddiriedolaethau rhag y ddyled yn ddull rheoli ariannol effeithiol, yn eich barn chi?

Mr Gregory: No. I think that that is a perfectly fair point to make. I think that, on reflection, while the decision that we took at the time was against a background of difficult relations between the health authority and its trusts—we felt that it would be appropriate to strengthen the health authority's role in all of this and that that was an appropriate way of doing it—I fear that what it did, to some extent, was to engender a sense in the trusts that the financial envelope that they were dealing with was much bigger than it actually was, if you see what I mean, because the

Mr Gregory: Nac ydyw. Credaf ichi wneud pwynt hollol deg. Wrth edrych yn ôl—er bod y penderfyniad a wnaethpwyd gennym ar y pryd wedi ei wneud yng ngoleuni'r berthynas anodd rhwng yr awdurdod iechyd a'i ymddiriedolaethau—credaf inni deimlo y byddai'n briodol atgyfnerthu rôl yr awdurdod iechyd yn hyn o beth a bod hynny yn fodd priodol o wneud hyn—ofnaf mai'r hyn a gyflawnodd i raddau oedd rhoi amcan i'r ymddiriedolaethau bod yr amlen ariannol yr oeddent yn ymwneud â hi'n llawer mwy nag yr oedd mewn gwirionedd, os deallwch yr

money—the funding—was coming through the system in the normal way, rather than being through an exceptional route of going to the Welsh Office. Although I think that these decisions are very finely balanced, I think, on balance, that it might have been better to have retained the system of dealing directly with trusts and that is what I intend that we should do for the future.

hyn sydd gennyf, gan fod yr arian—sef y cyllid—yn dod drwy'r system yn y dull arferol, yn hytrach na thrwy lwybr arbennig ar ôl gwneud cais i'r Swyddfa Gymreig. Er bod y penderfyniadau hyn yn rhai ar fin y gyllell, wedi pwyso a mesur, credaf y byddai wedi bod yn well pe baem wedi cadw'r system o ymwneud â'r ymddiriedolaethau'n uniongyrchol a'm bwriad yw y dylem gwneud hynny yn y dyfodol.

To get to the nub of your question, the budget will obviously make a very significant difference to the situation, but I know that both the Finance Secretary and the Assembly Secretary responsible are determined that we should see better financial performance and you do not do that by writing off everybody's problems, so Dyfed Powys is still going to have to perform financially.

I fynd at graidd eich cwestiwn, bydd y gyllideb yn gwneud gwahaniaeth sylweddol iawn i'r sefyllfa, ac yr wyf yn ymwybodol bod yr Ysgrifennydd Cyllid a'r Ysgrifennydd Cynulliad sydd yn gyfrifol, yn benderfynol y dylem weld gwell perfformiad ariannol ac ni allwch wneud hynny drwy ddileu problemau pawb, felly bydd yn rhaid i Ddyfed Powys gyflawni'n ariannol o hyd.

Looking at the trusts individually, perhaps I could just do a tour and tell you what I think about each one. I think that Powys has made very significant progress, and although we are still in dialogue with them to achieve a recovery plan that works, I would now be very surprised indeed, given the capital investment that we are giving them, if Powys did not achieve a proper financial balance.

Gan ystyried yr ymddiriedolaethau yn unigol, efallai y gallwn grybwyll pob un yn ei dro a dweud wrthych y hyn yr wyf yn ei feddwl am bob un. Credaf fod Powys wedi gwneud cynnydd sylweddol, ac er ein bod yn parhau i fod mewn trafodaethau â hwy er mwyn llunio cynllun adfer a fydd yn gweithio, byddwn yn synnu'n fawr iawn, gan gofio'r buddsoddiad cyfalaf yr ydym yn ei roi iddynt, pe na byddai Powys yn llwyddo i sicrhau cydbwysedd ariannol cywir.

Ceredigion, and Pembrokeshire and Derwen, I am slightly more equivocal about. I have seen figures that demonstrate that they can come back into balance over the next two years. I know that both of the boards are committed to doing so, but I have not yet got the detailed recovery plan that gives me the confidence that they will deliver. I am not saying that they will not, but I need the recovery plan and I need to be able to assure myself that they will. I am a little more equivocal about that.

Nid wyf yr un mor sicr ynglŷn â Cheredigion, a Sir Benfro a Derwen. Yr wyf wedi gweld ffigurau sydd yn dangos eu bod yn gallu adennill cydbwysedd yn ystod y ddwy flynedd nesaf. Gwn fod y ddau fwrdd yn ymrwymedig i wneud hyn, ond nid wyf wedi derbyn y cynllun adfer manwl hyd yn hyn sydd yn fy narbwyllo y byddant yn cyflawni hynny. Nid wyf yn dweud na wnânt, ond mae arnaf eisiau'r cynllun adfer ac mae arnaf eisiau fy sicrhau y byddant yn gwneud hynny. Nid wyf yr un mor sicr.

I have to say that the trust that is of concern to me, and I have said this to its senior staff, is Carmarthenshire. At the moment, Carmarthenshire's financial performance is significantly off-line, and I am not confident yet that there is a financial plan in place or that one is going to be devised that will produce financial recovery. That is the trust, not just in Dyfed Powys but across Wales as

Mae'n rhaid imi ddweud mai Caerfyrddin yw'r ymddiriedolaeth sydd yn achosi'r pryder mwyaf imi, ac yr wyf wedi dweud hyn wrth yr uwch aelodau o'i staff. Ar hyn o bryd, mae perfformiad ariannol Sir Gaerfyrddin yn anghyson iawn, ac nid wyf yn argyhoeddedig hyd yn hyn bod cynllun ariannol yn ei le neu y bydd cynllun yn cael ei lunio a fydd yn arwain at adferiad ariannol.

a whole, that causes me the greatest degree of anxiety.

Honno yw'r ymddiriedolaeth, nid yn unig yn Nyfed Powys ond ledled Cymru, sydd yn achosi'r pryder mwyaf imi.

[38] **Alun Cairns:** So what action are you taking to alleviate that anxiety and your concerns in those trusts that you have mentioned?

[38] **Alun Cairns:** Felly pa gamau yr ydych yn eu cymryd i esmwytho'r pryder hwnnw a'ch gofidiau ynglŷn â'r ymddiriedolaethau hynny yr ydych wedi cyfeirio atynt?

Mr Gregory: I have already had a meeting—which was part of a pattern of meetings and had nothing to do with my appearance here this morning—with the chair, the chief executive, the director of finance and the medical director, together with the chair of the health authority, the acting chief executive and the director of finance to review the situation. I told them that I was not satisfied with the recovery plan that they had produced. I also told them that I would be telling you that, so that it did not come as a complete bolt out of the blue. We have postponed meetings that we were to have had with other trusts in the area until the implications of the budget were worked through. Once we know that—which I hope will be very shortly—I will have another meeting with the trust at which I will expect it to put to me a recovery plan which will work. If that is not forthcoming then we will have to consider other measures which might be put in place to achieve it.

Mr Gregory: Yr wyf eisoes wedi cyfarfod â'r cadeirydd, y prif weithredwr, y cyfarwyddwr cyllid a'r cyfarwyddwr meddygol, ynghyd â chadeirydd yr awdurdod iechyd, y prif weithredwr dros dro a'r cyfarwyddwr cyllid i arolygu'r sefyllfa—a hynny mewn cyfres o gyfarfodydd nad oes a wnelo dim â'm presenoldeb yma y bore yma. Dywedais wrthynt nad oeddwn yn fodlon ar y cynllun adfer a luniwyd ganddynt. Dywedais wrthynt hefyd y byddwn yn dweud hynny wrthych, fel na fyddai'n syndod mawr iddynt. Yr ydym wedi gohirio cyfarfodydd yr oeddem yn mynd i'w cynnal gydag ymddiriedolaethau eraill yn yr ardal nes bod goblygiadau'r gyllideb yn cael eu hasesu. Cyn gynted ag y byddwn yn gwybod hynny—yn fuan iawn, gobeithio—byddaf yn cyfarfod â'r ymddiriedolaeth unwaith eto pan y byddaf yn disgwyl iddi gynnig cynllun adfer a fydd yn llwyddo. Os na ddigwydd hynny, bydd yn rhaid inni ystyried camau eraill y gellid eu cymryd i gyflawni hynny.

[39] **Alun Cairns:** You mentioned earlier in your answer to one of my colleagues' questions that trust reconfiguration was expected to cost some money and that it partly contributed to the deficits. Is that the case in terms of Dyfed Powys Health Authority?

[39] **Alun Cairns:** Buoch yn sôn yn gynharach wrth ateb cwestiwn gan un o'm cyd-Aelodau y disgwylid i ailgyflunio ymddiriedolaethau gostio arian a'i fod wedi cyfrannu'n rhannol tuag at y diffygion. A yw hynny'n wir yn achos Awdurdod Iechyd Dyfed Powys?

Mr Gregory: It would be true of what is now Carmarthenshire NHS Trust because that brought together two trusts and there were costs in respect of that. I cannot from memory remember what they were but, yes, they would have.

Mr Gregory: Byddai'n wir yn achos Ymddiriedolaeth NHS Sir Gaerfyrddin fel y mae bellach gan fod dwy ymddiriedolaeth wedi cyfuno ac yr oedd costau mewn perthynas â hynny. Ni allaf gofio beth oeddynt ond, byddai, byddai costau ganddynt.

[40] **Alun Cairns:** So if it was expected to cost money, why was this not planned for, in relation to Dyfed Powys in particular, but also across the whole of Wales?

[40] **Alun Cairns:** Felly pe disgwylid y byddai'n costio arian, pam na chynlluniwyd ar ei gyfer mewn perthynas â Dyfed Powys yn benodol, ond hefyd ledled Cymru?

Mr Gregory: It was planned for in the sense that we knew, and so did the NHS, that these costs would occur. The decision was taken at the time that the costs should fall where they arose, and that as a consequence the trusts and the health authority should between them manage these costs. In fact, that is what has happened. Part of the reason why the income and expenditure forecast in trusts this last financial year has improved, is that a number of health authorities have been more forthcoming than expected in meeting those costs. However, it was planned. The only issue, which perhaps lay behind your question, is that there was no intention to provide any supplementary funding from the centre—from the Assembly—to meet those costs.

Mr Gregory: Cynlluniwyd ar ei gyfer yn yr ystyr ein bod yn gwybod, fel y gwnaeth yr NHS, y byddai costau. Penderfynwyd ar y pryd y dylai'r costau ddisgyn lle yr oeddent yn codi, ac felly o ganlyniad, y dylai'r ymddiriedolaethau a'r awdurdod iechyd reoli'r costau hyn gyda'i gilydd. Digwyddodd hynny mewn gwirionedd. Y rheswm i raddau pam y mae'r incwm a'r gwariant a ragwelwyd gan yr ymddiriedolaethau yn ystod y flwyddyn ariannol ddiwethaf wedi gwella yw y bu nifer o awdurdodau iechyd yn fwy abl i dalu'r costau hynny nag y disgwylid. Fodd bynnag, cafodd ei gynllunio. Yr unig fater, a oedd yn sail i'ch cwestiwn o bosibl, yw na fwriadwyd darparu unrhyw arian atodol o'r canol—sef o'r Cynulliad—i dalu'r costau hynny.

[41] **Alun Cairns:** I move now to Bro Taf Health Authority. It is forecasting a deficit of £6.1 million in 1999-2000, which will rise by another £17.4 million taking it to a total of £23.5 million in 2000-01. That trust will then become the worst in Wales. What steps have been taken to address this and how effective do you expect them to be?

[41] **Alun Cairns:** Symudaf ymlaen at Awdurdod Iechyd Bro Taf yn awr. Mae'n rhagweld diffyg o £6.1 miliwn yn 1999-2000 a fydd yn codi £17.4 miliwn arall gan arwain at gyfanswm o £23.5 miliwn ym 2000-01. Wedyn yr ymddiriedolaeth honno fydd y waethaf yng Nghymru. Pa gamau yr ydych wedi eu cymryd i fynd i'r afael â hyn a pha mor effeithiol fydd y camau hyn, yn eich tyb chi?

Mr Gregory: The first thing to say is that I do not expect the position in Bro Taf to be anywhere as severe as you describe, for a variety of reasons.

Mr Gregory: Y peth cyntaf i'w nodi yw nad wyf yn disgwyl y bydd sefyllfa Bro Taf mor ddifrifol â'ch disgrifiad o bell ffordd, am nifer o resymau.

[42] **Alun Cairns:** How severe would you expect it to be?

[42] **Alun Cairns:** Pa mor ddifrifol y bydd y sefyllfa, yn eich tyb chi?

Mr Gregory: That is rather difficult for me to say.

Mr Gregory: Mae braidd yn anodd imi ddweud.

[43] **Alun Cairns:** So how do you substantiate that it will not be as severe?

[43] **Alun Cairns:** Sut y gallwch felly gyfiawnhau dweud na fydd mor ddifrifol?

Mr Gregory: I will now try to do so. There are two reasons. The first is that had we not had the significant increase in financial resources in the budget, I calculate that the overall position of Bro Taf would have improved significantly because we had already reached agreement—and this will be implemented in any event—to deal with some of the cost pressures affecting Bro Taf which were caused by difficulties with the centre. I will explain that. Bro Taf has been

Mr Gregory: Ceisiaf wneud hynny'n awr. Mae dau reswm. Yn gyntaf, oni fyddem wedi cael cynnydd sylweddol o ran yr adnoddau ariannol yn y gyllideb, byddai sefyllfa gyffredinol Bro Taf wedi gwella'n sylweddol, yn fy marn i, gan ein bod eisoes wedi dod i gytundeb—a chaiff hyn ei weithredu doed a ddelo—i fynd i'r afael â rhai o'r pwysau cost sydd yn effeithio ar Fro Taf ac a oedd yn achosi anawsterau yn y canol. Yr wyf am egluro hynny. Effeithiwyd

affected by two particular cost pressures which are attributable to decisions by the Welsh Office or the Assembly.

ar Fro Taf gan ddau fath penodol o bwysau cost y gellir eu priodoli i benderfyniadau gan y Swyddfa Gymreig neu'r Cynulliad.

One is the issue that I mentioned when Brian Gibbons asked me about capital charging. That has a significant effect on Bro Taf because of the Royal Glamorgan Hospital. We have an agreement with the NHS that we will allow that to happen but we are also going to take corrective action to neutralise the effect of that. So, that is a significant benefit. The second is that we are also doing the same with a number of issues that arise in respect of the operation of the teaching trust—what is now Cardiff and Vale NHS Trust. For instance, the special increment for training staff has in the past, in my judgment, not been accurately funded. We have an agreement with the trust to resolve that.

Un o'r penderfyniadau yw'r mater y cyfeiriais ato pan gefais fy holi gan Brian Gibbons ynglŷn â thaliadau cyfalaf a godir. Bu hynny'n cael effaith sylweddol ar Fro Taf oherwydd Ysbyty Brenhinol Morgannwg. Yr ydym wedi cytuno â'r NHS y byddwn yn caniatáu i hynny ddigwydd ond yr ydym hefyd yn bwriadu cymryd camau unioni i niwtraleiddio effaith hynny. Felly, mae hynny o fudd sylweddol. Yr ail reswm yw y byddwn hefyd yn gweithredu yn yr un modd parthed nifer o faterion sydd yn codi mewn perthynas â gweithredu'r ymddiriedolaeth addysgu—sef Ymddiriedolaeth NHS Caerdydd a'r Fro fel y mae bellach. Er enghraifft, ni chafodd yr ychwanegiad arbennig ar gyfer hyfforddi staff ei gyfrifo'n gywir yn y gorffennol, yn fy marn i. Yr ydym wedi cytuno â'r ymddiriedolaeth i unioni hynny.

I think that all of those measures will reduce the position very significantly. I should say that I think that the £23 million was hopelessly overstated. I do not believe that that was a robust figure. I think that a more robust figure would have been somewhere like £16 million and, as a consequence of the measures we were proposing to take, that would again have come down to something like £7 million. I am not in a position to tell you what the impact of the budget will be in detail because we simply have not had the time to work it through with health authorities and trusts. However, I am confident the position in Bro Taf in 2000-01 will see a significant improvement again, though I think it will still be to an extent, although only marginally, in deficit.

Credaf y bydd yr holl fesurau hynny yn lleihau sefyllfa'r diffyg i raddau helaeth iawn. Dylwn nodi mai goramcangyfrif llwyr oedd y £23 miliwn, yn fy marn i. Ni chredaf fod y ffigur hwnnw yn un cadarn. Byddai £16 miliwn yn ffigur cadarnach, yn fy marn i, ac o ganlyniad i'r mesurau yr oeddem yn bwriadu eu cymryd byddai'r ffigur hwnnw wedi disgyn eto i £7 miliwn yn fras. Nid wyf mewn sefyllfa i ddweud wrthych pa effaith a gaiff y gyllideb yn fanwl gan nad ydym wedi cael digon o amser mewn gwirionedd i'w chyfrifo gyda'r awdurdodau a'r ymddiriedolaethau iechyd Fodd bynnag, yr wyf yn hyderus y bydd sefyllfa Bro Taf yn gwella'n sylweddol unwaith eto yn 2000-01, ond y bydd yn parhau i fod â rhywfaint o ddiffyg, er dim ond yn ffiniol, yn fy marn i.

[44] **Alun Cairns:** Are you saying that the extra money provided by the budget will be to clear that suspected £7 million deficit?

[44] **Alun Cairns:** A ddywedwch y bydd yr arian ychwanegol a ddarperir yn y gyllideb yn cael ei ddefnyddio i ad-dalu'r diffyg o £7 miliwn a amheuir?

Mr Gregory: I think that I must make it absolutely clear that the decisions that have been taken by the Secretary for Health and Social Services and the Finance Secretary have been decidedly not to bail out deficit areas. Inevitably, however, in order to reflect

Mr Gregory: Credaf fod yn rhaid imi ei gwneud yn hollol eglur bod yr Ysgrifennydd Iechyd a Gwasanaethau Cymdeithasol a'r Ysgrifennydd Cyllid wedi gwneud penderfyniadau cadarn i beidio ag achub ardaloedd â diffygion. Yn anochel, fodd

pressures across the NHS as a whole, the uplifts have had an effect of benefit to areas in deficit. However, I have no doubt that both Dyfed Powys and Bro Taf—on the basis of the calculations that we can make at the moment—will be faced with a collective deficit next year and both will still have to undertake measures to constrain costs and to address underlying problems. That will also be true for the succeeding year.

bynnag, er mwyn adlewyrchu'r pwysau ar draws yr NHS yn ei gyfanrwydd, elwodd ardaloedd â diffygion ar y codiadau. Fodd bynnag, nid oes unrhyw amheuaeth gennyf y bydd Dyfed Powys a Bro Taf—ar sail y cyfrifiadau y gallwn eu gwneud ar hyn o bryd—yn wynebu diffyg cyfunol y flwyddyn nesaf a bydd yn rhaid i'r ddau ohonynt ymgymryd â mesurau er mewn cyfyngu ar gostau a mynd i'r afael â phroblemau sylfaenol. Bydd hynny'n wir yn y flwyddyn ddilynol.

[45] **Geraint Davies:** You have partly answered my question. The University Hospital of Wales serves the whole of Wales and I feel that the poor areas of Bro Taf are paying a disproportionate price to maintain that facility. There should be a far better, equitable way of funding the University Hospital of Wales or perhaps it should be taken out of Bro Taf altogether and have a separate identity.

[45] **Geraint Davies:** Yr ydych wedi ateb fy nghwestiwn yn rhannol. Mae Ysbyty Athrofaol Cymru yn gwasanaethu Cymru gyfan a theimlaf fod yr ardaloedd tlawd ym Mro Taf yn talu pris anghyfartal i gynnal y cyfleuster hwnnw. Dylai fod ffordd decach o lawer o ariannu Ysbyty Athrofaol Cymru neu efallai y dylai gael ei dynnu o Fro Taf yn gyfan gwbl a bod ar wahân.

Mr Gregory: I think that the point that you are making is a fair one. The teaching hospital clearly has a special place. It has special problems and special costs. I would not seek to argue against that in the slightest. I doubt very much if the answer is to treat it so differently that you take it out of the system. I think that that would only cause further difficulties and would also exacerbate the relationship between it and the Assembly because you would not then have a proper planning context within which to consider it because you would have taken it out of what is its natural planning context. The point you make about the special pressures is one that we accept. It was because of that that we have revisited the allocation process in the way I described to Mr Cairns just now in order to better reflect the real cost of the University Hospital of Wales. The Health and Social Services Committee has taken a decision to review—as you know very well—the resource allocation process. Part of that will have to be to look at the role of the teaching trust and to see to what extent the resource allocation process can be better retuned to its special circumstances.

Mr Gregory: Credaf fod y pwynt a wnewch yn un teg. Mae gan yr ysbyty addysgu safle arbennig. Mae ganddo broblemau arbennig a chostau arbennig. Ni hoffwn ddadlau yn erbyn hynny o gwbl. Yr wyf yn amau'n fawr iawn mai'r ateb fyddai ei drin mor wahanol nes ei dynnu allan o'r system. Byddai hynny ond yn achosi anawsterau pellach, yn fy marn i, gan beri i'r berthynas rhyngddo a'r Cynulliad waethygu hefyd oherwydd na fyddai cyd-destun cynllunio priodol gennych lle y gellir ei ystyried gan y byddech wedi ei dynnu o'i chyd-destun cynllunio naturiol. Yr ydym yn derbyn y pwynt a nodwch ynglŷn â phwysau arbennig. Oherwydd hynny yr ydym wedi dychwelyd at y broses ddyrannu yn y ffordd yr wyf newydd ei disgrifio i Mr Cairns er mwyn adlewyrchu cost wirioneddol Ysbyty Athrofaol Cymru yn well. Mae'r Pwyllgor Iechyd a Gwasanaethau Cymdeithasol wedi penderfynu arolygu'r broses dyrannu adnoddau—fel y gwyddoch. Bydd yn rhaid ystyried rôl yr ymddiriedolaeth addysgu fel rhan o'r arolwg a chanfod i ba raddau y gellir addasu'r broses ddyrannu adnoddau yn ôl ei amgylchiadau arbennig.

[46] **Peter Black:** I want to touch on the remaining three trusts, starting with Gwent. Why is it that the Gwent Health Authority

[46] **Peter Black:** Hoffwn grybwyll y tair ymddiriedolaeth sydd yn weddill, gan drafod Gwent yn gyntaf. Pam yr ymddengys fod

appears largely immune to the financial problems experienced by the other four health authorities in Wales?

Awdurdod Iechyd Gwent, i raddau helaeth, yn rhydd o'r problemau ariannol y mae'r pedwar awdurdod iechyd yng Nghymru yn eu hwynebu?

Mr Gregory: It has not always been immune. In preparation for this, I was trying to remind myself of how it has fared in the past and there have been occasions when Gwent has had financial difficulties. However, I would say that the fact that Gwent has only had three trusts means that the relations between the commissioning authority, the health authority and its trusts are less complicated than they might be in other areas where there are more trusts. Generally speaking, relations have been reasonably good between the trusts and the health authority. I think that the trusts and the health authority have been well led. There is not much of a central funding issue between the Assembly and Gwent. We do not get into the same difficulties over central funding as we do with University Hospital of Wales and Bro Taf and, as a consequence, Gwent has fared well. Good financial management has played its part in that but, over that period, there have been occasions when we have become concerned about the financial state of what was Glan Hafren. However, it has managed to resolve that in partnership with its health authority. That is what we need to see elsewhere, where there are greater problems.

Mr Gregory: Ni fu'n rhydd o broblemau bob amser. Wrth baratoi ar gyfer hyn, yr oeddwn yn ceisio atgoffa fy hun o sut yr oedd wedi llwyddo yn y gorffennol a bu adegau pan oedd anawsterau ariannol gan Gwent. Fodd bynnag, dywedwn fod y ffaith mai tair ymddiriedolaeth yn unig sydd gan Gwent yn golygu bod y berthynas rhwng yr awdurdod comisiynu, yr awdurdod iechyd a'i ymddiriedolaethau yn llai cymhleth nag y gallai fod o bosibl mewn ardaloedd eraill lle mae mwy o ymddiriedolaethau. Yn gyffredinol, bu'r berthynas rhwng yr ymddiriedolaethau a'r awdurdod iechyd yn un gymharol dda. Credaf fod yr ymddiriedolaethau a'r awdurdod iechyd wedi cael eu harwain yn dda. Nid oes fawr o broblem rhwng y Cynulliad a Gwent o ran ariannu canolog. Nid ydym yn wynebu'r un anawsterau ynglŷn ag ariannu canolog ag a wynebir yn Ysbyty Athrofaol Cymru a Bro Taf ac o ganlyniad, mae Gwent wedi ffynnu. Bu rheoli ariannol da yn chwarae rhan yn hynny o beth ond, yn ystod y cyfnod hwnnw, bu adegau pan oeddem yn dechrau pryderu ynglŷn â'r sefyllfa ariannol yng Nglan Hafren fel yr oedd gynt. Fodd bynnag mae wedi llwyddo i'w datrys mewn partneriaeth â'i hawdurdod iechyd. Mae angen inni weld hynny'n digwydd mewn mannau eraill, lle mae'r problemau'n fwy difrifol.

[47] **Peter Black:** Continuing that theme of trying to learn from the successes of the NHS in Wales, you mentioned Glan Hafren. What has it done to put itself in such a good financial position compared with the other trusts?

[47] **Peter Black:** Wrth barhau â'r thema honno o geisio dysgu oddi wrth lwyddiannau'r NHS yng Nghymru, cyfeiriasoch at Glan Hafren. Beth y mae wedi ei wneud i'w rhoi mewn sefyllfa ariannol cystal o'i chymharu â'r ymddiriedolaethau eraill?

Mr Gregory: As I said, Glan Hafren has been in deficit and it has got out of that deficit by establishing the kind of relationship with its health authority that produces a mutual agreement on the way through the problem and it has managed that effectively. I am not sure whether I can elaborate more, other than to say that all the circumstances that I described earlier need to be teased out in respect of Gwent. You will remember that

Mr Gregory: Fel y dywedais, bu diffyg gan Glan Hafren ac mae wedi goresgyn hynny drwy sefydlu'r math o berthynas â'i hawdurdod iechyd sydd yn arwain at gytundeb rhwng y ddau ar sut i ddatrys y broblem ac mae wedi llwyddo i wneud hynny mewn modd effeithiol. Nid wyf yn siŵr a allaf ymhelaethu rhagor, heblaw am ddweud bod angen archwilio pob un o'r amgylchiadau a ddisgrifiais yn gynharach

I used Gwent as the example of the health authority area that had the best benefits from the formula. Over the last three years, it has had one percentage point greater growth than the worst health authority. That is obviously a factor in its ability to cope with cost pressure.

fesul un mewn perthynas â Gwent. Cofiwch imi ddefnyddio Gwent fel enghraifft o'r ardal awdurdod iechyd a oedd wedi elwa ar y fformwla fwyaf. Yn ystod y tair blynedd ddiwethaf, cafodd dwf o 1 y cant yn uwch na'r awdurdod iechyd gwaethaf. Mae hwnnw'n ffactor o ran ei gallu i ymdopi â phwysau cost.

[48] **Peter Black:** Do you think that another factor is that it does not pay its bills on time?

[48] **Peter Black:** Ai ffactor arall, yn eich barn chi, yw nad ydyw'n talu ei biliau'n brydlon?

Mr Gregory: That should not be the case. I think that that is a perfectly fair point, and I will put my hand up to that, if I can use that expression. However, that is not a sufficient excuse because we make short-term loans available to trusts to deal with that problem. You can rest assured that we have made it quite clear to the trust that we are expecting performance to improve and my understanding—although I do not have the figures in my head—is that the overall Gwent position has improved previously in 1999-2000.

Mr Gregory: Ni ddylai hynny ddigwydd. Credaf fod hwnnw'n bwynt cwbl deg, a byddaf yn cyfaddef hynny. Fodd bynnag, nid yw'n esgus digonol gan ein bod yn cyflenwi benthyciadau tymor byr i'r ymddiriedolaethau er mwyn galluogi iddynt ddelio â'r broblem honno. A gaf eich sicrhau ein bod wedi ei gwneud yn gwbl eglur i'r ymddiriedolaeth ein bod yn disgwyl i'w perfformiad wella ac yr wyf ar ddeall—er na allaf ddyfynnu'r ffigurau—fod sefyllfa gyffredinol Gwent wedi gwella o'r blaen yn 1999-2000.

[49] **Peter Black:** I will now move on to an area that is dearer to my heart, as I am based in Swansea—Iechyd Morgannwg Health Authority. Morriston Hospital NHS Trust is referred to in paragraph D.4 of the report and in the Comptroller and Auditor General's report on the previous year's accounts of 1997-98, he noted that a recovery plan was in place. Although I see that this trust is now forecasting a further deficit during the current recovery period, why has the planned recovery of this trust not occurred?

[49] **Peter Black:** Yr wyf yn awr am symud ymlaen at bwnc sydd yn nes at fy nghalon, gan fy mod wedi fy lleoli yn Abertawe—sef Awdurdod Iechyd Morgannwg. Cyfeirir at Ymddiriedolaeth NHS Ysbyty Treforys ym mharagraff D.4 o'r adroddiad ac yn adroddiad y Rheolwr ac Archwilydd Cyffredinol ar gyfrifon y flwyddyn flaenorol yn 1997-98, nododd fod cynllun adfer yn ei le. Er imi weld bod yr ymddiriedolaeth hon bellach yn rhagweld diffyg pellach yn ystod y cyfnod adfer cyfredol, pam na chafodd yr ymddiriedolaeth hon ei hadfer, yn ôl y bwriad?

Mr Gregory: Recovery, generally speaking, takes a period of time to unwind, as I am sure that you understand. The difficulties of Morriston have been public and entrenched. My understanding of the current position, bearing in mind that Swansea is now the host to Morriston, is that the underlying deficit in that trust, in other words, what it inherited from Morriston, has been substantially reduced in the last financial year. I cannot for the life of me remember what it is but it is around a million. You can see from that that the deficit problem at Morriston has not fully

Mr Gregory: Mae adfer, yn gyffredinol, yn cymryd amser i'w roi ar waith, fel y deallwch, mae'n siŵr gennyf. Mae anawsterau Treforys wedi bod yn rhai cyhoeddus ac wedi hen ymwreiddio. Yn ôl yr hyn a ddeallaf am y sefyllfa gyfredol, gan gofio bod Abertawe bellach yn cynnal Treforys, bu'r diffyg gwaelodol yn yr ymddiriedolaeth honno, hynny yw, yr hyn a etifeddodd gan Dreforys, wedi gostwng yn sylweddol yn ystod y flwyddyn ariannol ddiwethaf. Ni allaf yn fy myw gofio faint ydyw ond mae tua miliwn. Gallwch weld

recovered but is substantially on the way to being recovered and I would be very disappointed if, in the current financial year, Swansea trust were not in financial balance, and as a consequence, had eradicated the Morriston deficit.

felly fod y diffyg yn Nhreforys heb ei adfer yn llawn ond mae ar y ffordd o gael ei adfer a byddwn yn siomedig iawn pe na bai ymddiriedolaeth Abertawe, yn ystod y flwyddyn ariannol gyfredol, wedi adennill cydbwysedd ariannol, ac o ganlyniad, wedi dileu diffyg Treforys.

[50] **Peter Black:** Do you think that the merger of Morriston Hospital NHS Trust with Swansea has had an impact on the recovery process?

[50] **Peter Black:** A ydych o'r farn fod uno Ymddiriedolaeth NHS Ysbyty Treforys ag Abertawe wedi cael effaith ar y broses adfer?

Mr Gregory: I think that the bringing together of those two trusts and the leadership that has been provided by its current management team has had a significant impact. Part of the problem with financial deficits in individual trusts is that they tend to be inwardly focused. The management response is very much preoccupied with the circumstances, the history and all that has gone before and also with the limitations on management's own ability to cope. I know both hospitals and both management teams—as they were—very well and they are very different. They have different roles clinically, different traditions and the atmosphere is different, as is the style of leadership. All those things mean that when you open the situation out and have a bigger organisation, you have a good chance of resolving the problem, as long as you have an effective management team, which is what I believe that we have at Swansea. That is why this has happened. There are synergies between the two hospitals that have helped, but at the end of the day, I think it is down to astute leadership.

Mr Gregory: Credaf fod cyfuno'r ddwy ymddiriedolaeth hyn a'r arweinyddiaeth a gafwyd gan ei thîm rheoli cyfredol wedi cael effaith sylweddol. Un agwedd ar y broblem o ddiffygion ariannol mewn ymddiriedolaethau unigol yw bod ymddiriedolaethau yn tueddu i fod yn fewnblyg. Bydd ymateb y rheolwyr i raddau helaeth yn canolbwyntio ar yr amgylchiadau, yr hanes a'r cwbl a fu'n digwydd cyn hynny a hefyd ar allu'r rheolwyr eu hunain i ymdopi. Yr wyf yn adnabod y ddau ysbyty a'r ddau dîm rheoli—fel yr oeddent gynt—yn dda iawn ac maent yn wahanol iawn. Mae ganddynt rôl glinigol wahanol, traddodiad gwahanol ac mae'r awyrgylch yn wahanol, a'r arweinyddiaeth hefyd. Mae'r holl elfennau hynny'n golygu bod gennych gyfle da i ddatrys y broblem, pan fyddwch yn ymestyn a mynd yn sefydliad mwy, cyhyd ag y bydd tîm rheoli effeithiol gennych, fel sydd gennym yn Abertawe yn fy nhyb i. Dyna pam y mae hyn wedi digwydd. Mae'r synergeddau yn sgîl uno'r ddau ysbyty wedi bod o gymorth, ond yn y pen draw, arweinyddiaeth graff sydd yn gyfrifol, yn fy marn i.

[51] **Peter Black:** As I understand it, Morriston has additional difficulties because it is effectively a regional centre and people go to Morriston from other health authority areas, in particular, Dyfed Powys. Do you know if there is any impact on the deficit as a result of that? Is Morriston effectively carrying some of the deficit for Dyfed Powys and other area health authorities?

[51] **Peter Black:** Yn ôl a ddeallaf, mae gan Dreforys anawsterau ychwanegol am ei fod yn ganolfan ranbarthol mewn gwirionedd a bod pobl yn mynd i Dreforys o ardaloedd awdurdodau iechyd eraill, Dyfed Powys yn enwedig. A wyddoch a oes unrhyw sgîl–effaith ar y diffyg o ganlyniad i hynny? A yw Treforys yn dwyn cyfran o'r diffyg ar ran Dyfed Powys ac ardaloedd awdurdodau iechyd eraill mewn gwirionedd?

Mr Gregory: I think that there has been quite a long history of difficulty between Morriston, as it was, and Dyfed Powys Health Authority about what was an

Mr Gregory: Credaf y bu cryn hanes o anawsterau rhwng Treforys, fel yr oedd gynt, ac Awdurdod Iechyd Dyfed Powys ynglŷn â'r hyn a oedd yn lefel ariannu briodol a bu'r

appropriate level of funding and those difficulties have become quite sore in recent years as I am sure that you know. However, Morriston's problems were largely associated with the hospital's internal financial dynamic—its cost base and its inability to take costs out adequately as a consequence of service changes, which certainly goes back to 1996. There is also an element of difficulty over contracting between the trust and the health authority and I would not want to gainsay that. I do not believe that that is a major contributor; it is a contributor, but it is not the principal one or, in my judgment, even a major factor in the difficulties.

anawsterau hynny yn gymharol ddicllon yn y blynyddoedd diweddar fel y gwyddoch, mae'n siŵr gennyf. Fodd bynnag, yr oedd problemau Treforys yn ymwneud yn bennaf â deinameg ariannol fewnol yr ysbyty—ei sylfaen gost a'i anallu i ddileu costau yn ddigonol o ganlyniad i newidiadau gwasanaeth, sydd, yn sicr, yn mynd yn ôl i 1996. Mae hefyd elfen o anhawster o ran contractio rhwng yr ymddiriedolaeth a'r awdurdod iechyd ac ni fyddwn am wadu hynny. Nid chredaf fod hwnnw'n cyfrannu'n sylweddol; mae'n ffactor, ond nid y prif ffactor ydyw nac ychwaith, yn fy marn i, un o'r ffactorau pwysig o ran yr anawsterau.

[52] **Peter Black:** Therefore, you think that it is a very minor proportion of the deficit?

[52] **Peter Black:** Felly, cyfran fach iawn o'r diffyg yw hwnnw, yn eich barn chi?

Mr Gregory: I am perfectly happy to provide the Committee with information on the relativities but that would involve adjudicating between the Swansea and the Dyfed Powys views of the situation. I am quite happy to do that, but if you look at the deficit that arose—the £2.63 million in 1996-97—Dyfed Powys was a very small proportion of that.

Mr Gregory: Yr wyf yn gwbl fodlon rhoi gwybodaeth ar y ffactorau i'w cymharu i'r Pwyllgor ond byddai hynny'n golygu dyfarnu rhwng safbwynt Abertawe a safbwynt Dyfed Powys ar y sefyllfa. Yr wyf yn fwy na pharod i wneud hynny, ond os ystyriwch y diffyg a gafwyd—sef y £2.63 miliwn yn 1996-97—cyfran fach iawn o'r swm hwnnw oedd Dyfed Powys.

[53] **Peter Black:** Moving on to North Wales Health Authority area, how is north Wales the only authority to report a surplus in 1998-99?

[53] **Peter Black:** Gan symud ymlaen at ardal Awdurdod Iechyd Gogledd Cymru, pam mai Gogledd Cymru yw'r unig awdurdod i gofnodi gwarged yn 1998-99?

Mr Gregory: Over the period 1996-97 to 1998-99, I said that Gwent had the best increase. That is not true, in fact, because North Wales Health Authority had an average 4.2 per cent increase. I do not think that that is a sufficient reply because Bro Taf Health Authority had a 4.3 per cent increase and yet ended up in a deficit position. My instinct says that North Wales Health Authority has benefited from a level of allocation relatively higher than is generally the case in Wales. It is higher than the Welsh average and that inevitably has an effect. I think that it is also true to say that the healthcare system in north Wales, except in the extreme north-east, is relatively more straightforward than in south-east Wales. North Wales now has three acute community and mental health trusts, which therefore have a relatively straightforward relationship with the health authority. Each of the trusts has a very clear demarcation,

Mr Gregory: Dywedais mai Gwent a gafodd y cynnydd mwyaf yn ystod y cyfnod rhwng 1996-97 a 1998-99. Nid yw hynny'n wir, mewn gwirionedd, oherwydd cafodd Awdurdod Iechyd Gogledd Cymru gynnydd cyfartalog o 4.2 y cant. Ni chredaf fod hwnnw'n ateb digonol, gan fod Awdurdod Iechyd Bro Taf wedi cael cynnydd o 4.3 y cant ond eto cafodd ddiffyg yn y pen draw. Fy nheimlad i yw bod Awdurdod Iechyd Gogledd Cymru wedi elwa ar lefel ddyrannu gymharol uwch na'r cyffredin yng Nghymru. Mae'n uwch na lefel gyfartalog Cymru a chafodd hynny effaith wrth reswm. Mae'n wir dweud hefyd, yn fy marn i, bod y system gofal iechyd yng ngogledd Cymru, ac eithrio'r gogledd-ddwyrain pellaf yn symlach o'i gymharu â'r hyn a geir yn ne-ddwyrain Cymru. Bellach mae tair ymddiriedolaeth gymuned gofal aciwt a iechyd meddwl yng ngogledd Cymru, sydd felly â pherthynas

whether it be for local or regional services. It is only when one starts to get towards the highly competitive health system involving Chester, the Wirral and Wrexham that you start to see the kind of difficult dynamics that are so typical of what happens in south Wales. So I think that it is for a combination of those sorts of reasons.

eithaf uniongyrchol â'r awdurdod iechyd. Mae gan bob un o'r ymddiriedolaethau ffiniau eglur iawn, waeth a ydynt ar gyfer gwasanaethau lleol ynteu gwasanaethau rhanbarthol. Dim ond pan ddechreuwch ystyried y system iechyd gystadleuol iawn sydd yng Nghaer, Cilgwri a Wrecsam y gwelwch y fath ddeinameg astrus sydd mor nodweddiadol o'r hyn sydd yn digwydd yn ne Cymru. Felly credaf mai cyfuniad o resymau o'r fath sydd yn gyfrifol.

[54] **Dafydd Wigley:** I cannot allow that to go by without raising one question. It is clearly one that you might want to address. Is it not possible that in north Wales the structure has been particularly well-run, so that the authority has been able to deliver within the resources and that it would be quite unreasonable and unfair to penalise an authority where that has happened, such as North Wales Health Authority, because of difficulties experienced elsewhere?

[54] **Dafydd Wigley:** Ni allaf adael i'r mater fynd heibio heb godi un cwestiwn. Yn amlwg, cwestiwn ydyw y byddwch efallai am ei drafod. Onid yw'n bosibl bod y strwythur yng ngogledd Cymru wedi ei rheoli'n arbennig o dda, fel y bo modd i'r awdurdod gyflwyno gwasanaethau o fewn yr adnoddau ac y byddai'n gwbl afresymol ac yn annheg cosbi awdurdod lle bu hynny'n digwydd, megis yn Awdurdod Iechyd Gogledd Cymru, oherwydd yr anawsterau a gafwyd mewn mannau eraill?

Mr Gregory: I would rather not answer questions about fairness. I think that is best left to politicians. Coming back to your point, I think that it is a mixed picture. I could not accept that the situation in north Wales is uniformly excellent. I think that some of the trusts in north Wales have been particularly well run. I would agree with that. However, north-west Wales has had a history of financial difficulty that has been overcome. At the merger of the two health authorities—this is from memory, I would need to check this if you challenged me on it—the outgoing Gwynedd Health Authority left the new North Wales Health Authority with a financial difficulty. I would not say that that was a substantial problem, but North Wales Health Authority had to spend some time dealing with that difficulty. There is also the issue that in north-east Wales the NHS trust for Wrexham Maelor has had a history of financial difficulty. However, generally speaking I would say that financial management in north Wales has been of a high standard.

Mr Gregory: Byddai'n well gennyf beidio ag ateb y cwestiynau ynglŷn â thegwch. Credaf y byddai'n well gadael hynny i'r gwleidyddion. Gan ddychwelyd at eich pwynt, credaf ei fod yn ddarlun cymysg. Ni allwn dderbyn bod y sefyllfa yn rhagorol ledled gogledd Cymru. Credaf fod rhai o'r ymddiriedolaethau yng ngogledd Cymru wedi cael eu rheoli'n arbennig o dda. Byddwn yn cytuno â hynny. Fodd bynnag, cafwyd hanes o anawsterau ariannol yng ngogledd-orllewin Cymru yn y gorffennol sydd bellach wedi cael eu goresgyn. Ar adeg uno'r ddau awdurdod iechyd—yn ôl yr hyn a gofiaf, byddai angen imi gadarnhau hyn pe baech yn fy herio ar hyn—trosglwyddwyd anawsterau ariannol o'r hen Awdurdod Iechyd Gwynedd i'r Awdurdod Iechyd Gogledd Cymru newydd. Ni ddywedwn mai problem ddifrifol ydoedd, ond yr oedd yn rhaid i Awdurdod Iechyd Gogledd Cymru dreulio peth amser i ddelio â'r anhawster hwnnw. Mater arall hefyd yw y bu hanes o anawsterau ariannol yn yr ymddiriedolaeth NHS ar gyfer Wrecsam Maelor yng ngogledd-ddwyrain Cymru. Fodd bynnag, yn gyffredinol, byddwn yn dweud fod rheoli ariannol yng ngogledd Cymru wedi bod o safon uchel.

[*Cafwyd egwyl goffi rhwng 10.57 a.m. ac 11.12 a.m.*]
[*A coffee break was held between 10.57 a.m. and 11.12 a.m.*]

[55] **Janet Davies:** We now move on to the section that is concerned with the rising costs of clinical negligence. Part 5 of the report addresses those problems and, unfortunately, notes that they are rising sharply. Mr Gregory, do you expect the costs of clinical negligence cases to continue to rise at this alarming rate?

[55] **Janet Davies:** Yr ydym yn symud ymlaen yn awr at yr adran sydd yn ymwneud â chostau cynyddol esgeulustra clinigol. Mae rhan 5 o'r adroddiad yn mynd i'r afael â'r problemau hyn a, gwaetha'r modd, yn nodi eu bod yn codi'n gyflym. Mr Gregory, a ydych yn disgwyl y bydd costau achosion o esgeulustra clinigol yn parhau i godi mor frawychus o gyflym?

Mr Gregory: Perhaps it would it be helpful if I gave you a spread of figures to show what has happened over the last few years so that we can put your question into a proper context. I shall give you the amounts for the expenditure by what is called the Welsh risk pool, which is the main instrument for handling the financial impact of clinical negligence in Wales. I shall start with 1996-97, go through 1997, 1998 and 1999 and give an estimate for the current financial year. That will probably be helpful. In 1996-97, the expenditure on clinical negligence was £4.2 million; in 1997-98 it was £6.6 million; in 1998-99 it was £7.9 million. Projected expenditure in 1999-2000 is £12 million and, although this is a highly speculative estimate, for which I would not want to be held too closely to account, it is somewhere around £15.5 million for 2000-01. You can see that there are some very significant increases in that flow of figures.

Mr Gregory: Efallai y byddai o gymorth imi roi detholiad o ffigurau ichi sydd yn dangos yr hyn a fu'n digwydd yn ystod yr ychydig flynyddoedd diwethaf fel y gallwn osod eich cwestiwn o fewn cyd-destun priodol. Rhoddaf ichi y symiau ar gyfer gwariant gan yr hyn a elwir yn gronfa risg Cymru sef y prif offeryn ar gyfer trafod effaith ariannol esgeulustra clinigol yng Nghymru. Dechreuaf gyda 1996-97, gan symud drwy 1997-1998 a 1999 gan roi amcangyfrif o'r flwyddyn ariannol gyfredol. Mae'n debyg y bydd hynny o gymorth. Yn 1996-97, £4.2 miliwn oedd y gwariant ar esgeulustra clinigol; £6.6 miliwn yn 1997-98; a £7.9 miliwn yn 1998-99. £12 miliwn yw'r gwariant arfaethedig ar gyfer 1999-2000, ac er mai amcangyfrif bras iawn ydyw, ac na hoffwn fod yn atebol drosto, tua £15.5 miliwn fydd y gwariant ar gyfer 2000-01. Gallwch weld bod sawl cynnydd sylweddol iawn yn y gyfres honno o ffigurau.

I think that behind this lie two phenomena. The first is the increasing propensity of individuals to resort to law for the settlement of damages in respect of clinical incidents. The second is a developing view on the part of the courts, particularly the Court of Appeal, on the levels of compensation that should be provided. Those two things together, I think, are generating the increase that I have set out for you.

Credaf fod dau ffenomenon y tu ôl i hyn. Yn gyntaf mae'r duedd gynyddol ymhlith unigolion i fynd i'r gyfraith er mwyn setlo iawndal mewn achosion o esgeulustra clinigol. Yn ail, agwedd y llysoedd, yn enwedig y Llys Apêl, sydd yn datblygu o ran lefelau'r iawndal y dylid eu rhoi. Y ddau beth hynny gyda'i gilydd, yn fy marn i, sydd yn cynhyrchu'r cynnydd yr wyf wedi ei nodi ichi.

I should say that I think there is a short-term influence as well. That is that the implementation of the Woolf report's recommendations on improving the process of law has had an impact on the promptness with which settlements are made. That may have had an impact in bringing forward

Dylwn ddweud bod dylanwad tymor byr yn ogystal, yn fy marn i. Hynny yw, mae gweithredu argymhellion adroddiad Woolf er gwella gweithredu'r gyfraith wedi cael effaith ar ba mor brydlon y caiff setliadau eu gwneud. Efallai bod hynny wedi cael effaith drwy ddwyn setliadau ymlaen i flynyddoedd

settlements into earlier years than might otherwise have happened. That is a kind of abbreviated description of what has been going on.

cynharach nag y byddai wedi digwydd fel arall. Disgrifiad cryno yw hwnnw o'r hyn sydd wedi bod yn digwydd.

[56] **Janet Davies:** The whole issue of compensation is one upon which we would not wish to comment. While the costs are clearly rising in that area, I do not think that any members of this Committee would want to see people getting anything other than their just deserts when something goes wrong. However, what are you doing to improve the standard of risk management within the NHS?

[56] **Janet Davies:** Mae iawndal yn fater na fyddwn am gynnig sylwadau yn ei gylch o gwbl. Er bod y costau yn amlwg yn cynyddu yn y maes hwnnw, ni chredaf y byddai unrhyw aelod o'r Pwyllgor hwn ond am weld pobl yn cael cyfiawnder pan fydd pethau'n mynd o'i le. Fodd bynnag, beth yr ydych yn ei wneud i wella safon rheoli risg o fewn yr NHS?

Mr Gregory: There are a number of issues that I think need to be teased out in this respect. Perhaps I can run through some of them. The first is that we should not look at clinical negligence without looking at the whole concept of clinical effectiveness and clinical governance nationally. In other words, to put it briefly, you have to see clinical negligence in the context of the agenda for improving quality of care in the NHS.

Mr Gregory: Crdeaf fod nifer o faterion angen eu harchwilio fesul un yn hyn o beth. Efallai y caf nodi rhai ohonynt. Y cyntaf yw na ddylem ystyried esgeulustra clinigol heb edrych ar gysyniad cyfan effeithiolrwydd clinigol a rheoli clinigol ledled yn genedlaethol. Hynny yw, yn gryno, mae'n rhaid ichi ystyried esgeulustra clinigol yng nghyd-destun yr agenda i wella ansawdd gofal yn yr NHS.

Unless you have a strategic framework for improving quality, then tackling particular aspects of the clinical negligence agenda seem unlikely to be ultimately successful. As a consequence of that, we have undertaken—by which I mean the Assembly has undertaken—initiatives like promoting the concept of clinical governance in trusts and making that a direct responsibility of chief executives; the provision of expert guidance on effective treatments and care produced by the National Institute for Clinical Excellence; the scrutiny of provision management and quality of care—which will, as of 1 April, be undertaken by the Commission for Health Improvement—and work with district audit to examine compliance with risk management standards that are set for trusts and health authorities. A number of organisations have over the years undertaken their own accreditation systems through, for example, the King's Fund, Investors in People and the European Foundation for Quality Management.

Oni fydd gennych fframwaith strategol ar gyfer gwella ansawdd, mae'n annhebygol, yn ôl pob golwg, y bydd mynd i'r afael ag agweddau penodol ar agenda esgeulustra clinigol yn llwyddo yn y pen draw. O ganlyniad i hynny, yr ydym wedi ymgymryd—hynny yw, mae'r Cynulliad wedi ymgymryd—â mentrau megis hybu cysyniad rheoli clinigol yn yr ymddiriedolaethau a sicrhau mai cyfrifoldeb uniongyrchol y prif weithredwyr ydyw; rhoi arweiniad arbenigol ar driniaethau a gofal effeithiol a gynhyrchir gan y Sefydliad Cenedlaethol dros Ragoriaeth Glinigol; archwilio'r gwaith o reoli darpariaeth ac ansawdd gofal—y bydd y Comisiwn Gwella Iechyd yn ymgymryd ag ef o 1 Ebrill ymlaen—a gweithio gyda'r archwiliad dosbarth i archwilio cydymffurfiad â'r safonau rheoli risg a bennwyd ar gyfer ymddiriedolaethau ac awdurdodau iechyd. Bu nifer o sefydliadau dros y blynyddoedd yn ymgymryd â'u systemau achredu eu hunain drwy, er enghraifft, Cronfa'r Brenin, Buddsoddwyr mewn Pobl a'r Sefydliad Ewropeaidd dros Reoli Ansawdd.

There is also the role of the Royal College in terms of training standards and the controls assurance arrangements which are reflected in the Comptroller and Auditor General's report. That is a panoply, if I can use the expression, of arrangements at the national level to put into context the effort to improve the quality of care. All of those will have an impact on the climate within which clinicians are treating patients. In respect of the particulars, the Comptroller and Auditor General comments in his report on the Welsh risk pool. Clinical negligence has been a feature of the Comptroller and Auditor General's reports over a number of years. The previous report indicated that the Welsh risk pool was taking measures to improve risk management standards in Wales, and that is proceeding.

Ceir hefyd rôl y Coleg Brenhinol o ran safonau hyfforddi a'r trefniadau ar gyfer sicrwydd rheolaethau sydd yn cael eu nodi yn adroddiad y Rheolwr ac Archwilydd Cyffredinol. Mae honno'n gyfres amryfath o drefniadau, os caf ddweud hynny, ar lefel genedlaethol i roi'r ymdrech i wella ansawdd gofal yn ei chyd-destun. Bydd pob un o'r rheiny'n cael effaith ar y sefyllfa gyffredinol pan fydd clinigwyr yn trin eu cleifion. O ran y manylion, mae'r Rheolwr ac Archwilydd Cyffredinol yn rhoi sylwadau ar gronfa risg Cymru yn ei adroddiad. Bu esgeulustra clinigol yn rhan o adroddiadau'r Rheolwr ac Archwilydd Cyffredin ers nifer o flynyddoedd. Yr oedd yr adroddiad blaenorol yn nodi bod cronfa risg Cymru yn cymryd mesurau i wella safonau rheoli risg yng Nghymru, ac mae hynny'n mynd rhagddo.

Work is also in hand to implement discounted excess charges for trusts with good clinical negligence records. As recently as last month the Welsh risk pool, which is now managed by the Conwy and Denbighshire NHS Trust in north Wales, has appointed two clinical assessors to undertake audit compliance against the risk management standards which have been set.

Mae gweithredu taliadau disgowntedig dros ben a godir ar gyfer ymddiriedolaethau a chanddynt gofnod da o ran esgeulustra clinigol hefyd ar waith. Mor ddiweddar â'r mis diwethaf penododd cronfa risg Cymru, sydd yn cael ei rheoli gan Ymddiriedolaeth NHS Conwy a Sir Ddinbych yng ngogledd Cymru, ddau asesydd clinigol i ymchwilio i'r graddau y cydymffurfir â'r archwiliad yn erbyn y safonau rheoli risg a bennwyd.

I should say that my executive team and I met the chief executive of the risk pool very recently in order to hear at first hand what steps the pool is taking to undertake more rigorous risk management of this issue in the NHS. I gave a very firm steer that we wanted the Welsh risk pool to be more proactive in ensuring good process, following up on audit of good practice and also in dissemination of incidents and effective responses to them. That is a challenge that it is readily taking up.

Dylwn nodi i'm tîm gweithredol a minnau gyfarfod â phrif weithredwr y gronfa risg yn ddiweddar iawn er mwyn clywed o lygad y ffynnon am y camau y mae'r gronfa yn eu cymryd er mwyn gweithredu rheoli risg cadarnach yn y maes hwn yn yr NHS. Rhoddais gyfarwyddyd cadarn iawn ein bod am i gronfa risg Cymru fod yn fwy rhagweithiol wrth sicrhau gweithredu da, gan ymateb i'r archwiliad o arfer da a hefyd wrth ledaenu gwybodaeth am ddigwyddiadau ac ymatebion effeithiol iddynt. Mae hynny'n her y mae pobl yn barod iawn i fynd i'r afael â hi.

[57] **Geraint Davies:** I think that it was Confucius who said that a wise man learns from his mistakes, but a wiser man learns from the mistakes of others. With regard to this situation, what action do you take following a claim to reduce the risk of the event reoccurring, in issuing guidance to NHS trusts and strengthening the clinical audit?

[57] **Geraint Davies:** Credaf mai Confucius a ddywedodd fod dyn doeth yn dysgu oddi wrth ei gamgymeriadau, ond bod dyn doethach yn dysgu oddi wrth gamgymeriadau pobl eraill. Parthed y sefyllfa hon, pa gamau y byddwch yn eu cymryd yn sgîl cais i leihau'r risg y bydd hyn yn digwydd eto, o ran rhoi arweiniad i ymddiriedolaethau NHS ac atgyfnerthu'r archwiliad clinigol?

Mr Gregory: I think that I should say at the start that this is not an area in which I think that we have been sufficiently proactive. I would not want to say to the Committee that this is something that we have sorted out and buttoned down and that you should be absolutely assured that everyone knows what is going on and that there is a good level of communication. I think, frankly, that this is an area that has needed improvement. One of the reasons why we met the risk pool recently was to explore how it might do that.

Mr Gregory: Credaf y dylwn ddweud ar y cychwyn cyntaf fod hwn yn faes lle nad ydym wedi bod yn ddigon rhagweithiol, yn fy marn i. Ni hoffwn ddweud wrth y Pwyllgor bod hwn yn faes yr ydym wedi ei ddatrys a'i sicrhau ac y dylech fod yn gwbl ffyddiog bod pawb yn gwybod yr hyn sydd yn digwydd a bod lefel dda o gyfathrebu. A dweud y gwir, credaf fod hwn yn faes yr oedd angen ei wella. Un o'r rhesymau pam y cyfarfuom â'r gronfa risg yn ddiweddar oedd ymchwilio i sut y gellid gwneud hynny.

The risk pool itself, which represents all health authorities and trusts throughout Wales, has set up a risk managers' network. This enables all risk managers in trusts and health authorities to share good practice. It is a bringing together of all the people who take responsibility in these organisations. It has the objective not just of sharing good practice, but also of trying to identify improvements in the way in which organisations respond to untoward clinical incidents.

Mae'r gronfa risg ei hun, sydd yn cynrychioli'r holl awdurdodau ac ymddiredolaethau iechyd ledled Cymru, wedi sefydlu rhwydwaith risg i reolwyr. Mae hyn yn galluogi pob rheolwr risg yn yr ymddiriedolaethau a'r awdurdodau iechyd rannu arferion da. Mae'n fater o ddod â'r holl bobl sydd â chyfrifoldeb yn y sefydliadau hyn ynghyd. Y nod yw rhannu arfer da, ond hefyd geisio nodi sut y gellir gwella'r modd y mae sefydliadau'n ymateb i ddigwyddiadau clinigol annisgwyl.

This financial year, the risk pool will discuss the setting up of a computer based system to make sure that the NHS at large can learn the lessons it needs to learn from these mistakes. It will also draw together good practice guidance on a number of important issues. We are instituting a requirement that any untoward incident of an exceptional nature should be reported to the Welsh risk pool so that it can consider whether it needs to disseminate information about the risk, the incident and the action that needs to be taken in respect of it.

Yn ystod y flwyddyn ariannol gyfredol, bydd y gronfa risg yn trafod sefydlu system gyfrifiadurol i sicrhau bod yr NHS yn ei gyfanrwydd yn gallu dysgu'r gwersi y mae angen eu dysgu oddi wrth y camgymeriadau hyn. Bydd hefyd yn casglu ynghyd arweiniad arfer da ar nifer o faterion pwysig. Yr ydym yn ei gwneud yn ofynnol i adroddiad ar unrhyw ddigwyddiad annisgwyl gael ei gyflwyno i gronfa risg Cymru fel y gall ystyried a oes angen lledaenu gwybodaeth am y risg, y digwyddiad a'r camau y mae angen eu cymryd yn ei gylch.

I should say that an automatic aspect of all of this is that if there is ever an incident which involves a piece of equipment, then the Medical Devices Agency is informed and it takes the necessary measures. It is not just the risk pool that one is relying on in this situation. There are other agencies involved.

Dylwn nodi mai agwedd awtomatig ar hyn i gyd yw bod yr Asiantaeth Dyfeisiadau Meddygol yn cael gwybod pan fydd unrhyw ddigwyddiad yn ymwneud â chyfarpar ac mae'n cymryd y camau angenrheidiol. Nid y gronfa risg yn unig sydd â chyfrifoldeb yn y sefyllfa hon. Mae asiantaethau eraill yn gysylltiedig â hyn.

All of that, I think, provides a development platform—that is the way I would describe it—in which we are going to explore ways of substantially improving the way in which the NHS learns lessons. In addition to that, the activities of NICE and the Commission for

Mae hyn i gyd yn darparu llwyfan datblygu, yn fy marn i—felly y byddwn yn ei disgrifio—lle y byddwn yn ymchwilio i ffyrdd o wella'n sylweddol y modd y mae'r NHS yn dysgu gwersi. Yn ogystal â hynny, bydd gweithgareddau'r Sefydliad

Health Improvement will supplement that at a national level by putting into the system kitemarked advice—I think that is the expression—drawn from their experience and from the expert resources on which they have to draw.

Cenedlaethol dros Ragoriaeth Glinigol a'r Comisiwn Gwella Iechyd yn ategu hyn yn genedlaethol drwy gyflwyno cyngor nod ansawdd—credaf mai dyna'r term—i'r system—gan dynnu ar eu profiad a'r adnoddau arbenigol sydd ganddynt wrth gefn.

[58] **Geraint Davies:** I am surprised that only 10 out of the 21 member bodies have filled in a self-assessment form with regard to the risk management standard, which would assess the excess that they pay on any claim. Are we going to ensure that more people fill in these forms in order to see what the situation is in the various trusts?

[58] **Geraint Davies:** Yr wyf yn synnu mai dim ond 10 o blith y 21 corff aelod sydd wedi llenwi ffurflen hunan-asesu o ran y safon rheoli risg, a fyddai'n asesu'r tâl dros ben y maent yn ei dalu ar bob cais. A fyddwn yn sicrhau y bydd mwy o bobl yn llenwi'r ffurflenni hyn er mwyn gweld yr hyn sydd yn digwydd yn y gwahanol ymddiriedolaethau?

Mr Gregory: Yes, we shall. I was surprised to learn this too. We will follow it up.

Mr Gregory: Byddwn. Yr oeddwn innau'n synnu pan gefais wybod am hyn. Byddwn yn gweithredu ar hynny.

[59] **Geraint Davies:** Will they be penalised if they do not fill these in and will the excess payments be greater as a result?

[59] **Geraint Davies:** A fyddant yn cael eu cosbu os na fyddant yn eu llenwi ac a fydd y taliadau dros ben yn uwch o ganlyniad?

Mr Gregory: There is a very strong case for trying to relate the premium costs to experience of clinical negligence in the particular organisation, as long as we can have a robust and fair system which also has the effects that we are looking for. I agree with you that this needs much further work. That is in hand.

Mr Gregory: Mae dadl gref iawn o blaid ceisio cysylltu costau'r premiwm â'r achosion o esgeulustra clinigol mewn sefydliad penodol, cyhyd ag y gallwn gael system gadarn a theg sydd hefyd yn cael yr effaith yr ydym yn ei cheisio. Cytunaf â chi bod angen rhagor o waith ar hyn. Mae hynny wedi cael ei roi ar waith.

[60] **Geraint Davies:** How does the performance of the Welsh risk pool compare with the NHS litigation authority in England, which uses private solicitors? Is it true that the lawyers in the Welsh risk pool are less experienced than those in the private sector and, as a consequence, the health service is at a disadvantage? I have been told that we tend to settle our claims more slowly than is done in England. Is that the case?

[60] **Geraint Davies:** Sut y mae perfformiad cronfa risg Cymru yn cymharu ag awdurdod ymgyfreitha'r NHS yn Lloegr, sydd yn defnyddio cyfreithwyr preifat? A yw'n wir bod cyfreithwyr yng nghronfa risg Cymru yn llai profiadol na chyfreithwyr yn y sector preifat ac, o ganlyniad bod y gwasnaeth iechyd o dan anfantais? Dywedwyd wrthyf ein bod yn tueddu i setlo ein ceisiadau'n arafach nag yn Lloegr. A yw hynny'n wir?

Mr Gregory: I do not think that I am well placed to make comparisons between England and Wales. I am inclined to deflect that question in the direction of the Auditor General for Wales and his colleagues. I am confident that the level of legal expertise that we have in Wales specialising in this work and in close contact with the trusts and health authorities is of a high order. As to the promptness with which they undertake their

Mr Gregory: Ni chredaf fy mod mewn sefyllfa dda i dynnu cymariaethau rhwng Cymru a Lloegr. Teimlaf y dylwn gyfeiro'r cwestiwn hwnnw at Archwilydd Cyffredinol Cymru a'i gydweithwyr. Yr wyf yn hyderus bod lefel yr arbenigedd cyfreithiol sydd gennym yng Nghymru yn y maes hwn ac sydd mewn cysylltiad agos â'r ymddiriedolaethau a'r awdurdodau iechyd o safon uchel. Ynglŷn â'u prydlondeb o ran

work, what I had to say about the Woolf report is relevant. The requirements that are now placed on solicitors on both sides, are more rigorous than they were. I am confident that the Welsh risk pool and the Welsh legal health services are improving on the quality of their service and compare favourably. I defer to Sir John.

ymgymryd â'r gwaith, mae'r hyn a ddywedais am adroddiad Woolf yn berthnasol. Mae'r gofynion sydd bellach wedi eu rhoi ar gyfreithwyr ar y ddwy ochr yn llawer llymach nag yr oeddent. Yr wyf yn ffyddiog bod cronfa risg Cymru a gwasanaethau cyfreithiol iechyd Cymru'n gwella ansawdd eu gwasanaeth a'u bod yn cymharu'n ffafriol. Yr wyf yn ildio i farn Syr John.

Sir John Bourn: I cannot give a definitive comparison of how these matters are managed in different parts of the United Kingdom. If it would help the Committee, I will examine this to see if I can provide information on it. Recognising that the business of signing up the Scots to doing rather less than the northern Irish and the northern Irish doing less well than the English will be a rather complex matter. I will look at this and see whether I can help the Committee with it.

Syr John Bourn: Ni allaf dynnu cymhariaeth ddifiniol o'r modd y mae'r materion hyn yn cael eu rheoli mewn gwahanol rannau o'r Deyrnas Gyfunol. Os bydd o gymorth i'r Pwyllgor, byddaf yn ymchwilio i hyn a chanfod a oes modd imi roi gwybodaeth ar y mater. Mater braidd yn ddyrys fydd cydnabod bod llwyddo i sicrhau bod yr Alban yn gwneud tipyn yn llai na Gogledd Iwerddon ac nad yw Gogledd Iwerddon yn gwneud cystal â Lloegr. Byddaf yn ystyried hyn a gweld a oes modd imi roi gwybodaeth i'r Pwyllgor yn ei gylch.

[61] **Janet Davies:** Thank you. I recognise that you are not a witness to your own report.

[61] **Janet Davies:** Diolch yn fawr. Yr wyf yn cydnabod nad ydych yn dyst i'ch adroddiad eich hun.

[62] **Geraint Davies:** I return to the risk pool arrangement. Do you think that, in the future, trusts will take out commercial insurance against clinical negligence as opposed to relying on the Welsh risk pool?

[62] **Geraint Davies:** Dychwelaf at drefniant y gronfa risg. A ydych o'r farn y bydd ymddiriedolaethau, yn y dyfodol, yn trefnu yswiriant masnachol ar gyfer esgeulustra clinigol yn hytrach na dibynnu ar gronfa risg Cymru?

Mr Gregory: I would not advocate that. That would undermine the whole notion of having a consistent approach based on high levels of expertise across Wales. That would be a return to a disconnected and disjointed approach about which I would have serious misgivings.

Mr Gregory: Ni fyddwn yn dadlau o blaid hynny. Byddai hynny yn tanseilio'r nod o gael ymagwedd gyson sydd yn seiliedig ar lefelau uchel o arbenigedd ledled Cymru. Byddai hynny yn dychwelyd at ymagwedd anghyson a digyswllt ac y byddai amheuon mawr gennyf yn ei chylch.

[63] **Dafydd Wigley:** Byddwn yn ddiolchgar pe byddem yn cael cysoni'r ffigurau yr ydym wedi eu clywed ynglŷn ag esgeulustod clinigol. Clywsom ffigurau gan Mr Gregory sydd yn dangos cynnydd mewn gwariant o £4 miliwn y flwyddyn bedair blynedd yn ôl i £12 miliwn yn awr. Cawn ein harwain i gredu bod maint y gronfa risg yng Nghymru rhwng £145 miliwn a £214 miliwn. Mae hynny'n dros £200 miliwn o risg. Hoffwn glywed a yw Mr Gregory yn derbyn bod

[63] **Dafydd Wigley:** I would be grateful if we could reconcile the figures that we have heard in relation to clinical negligence. We have heard figures from Mr Gregory which show an increase in expenditure from £4 million a year four years ago to £12 million now. We are led to believe that the size of the risk pool is between £145 million and £214 million in Wales. That is over £200 million of risk. I would like to know whether Mr Gregory accepts that the pool is of that size,

maint y gronfa yn gymaint â hynny, o ystyried bod posibilrwydd o hawlio yn erbyn y gronfa. Os yw hynny'n gywir, oni olyga hynny bod yn rhaid neilltuo arian i gyfarfod â'r risg hwn, arian a fyddai fel arall ar gael i wella gwasanaethau iechyd ac felly lleihau'r risg i'r bobl sydd yn derbyn y gwasanaethau?

considering that there is a possibility of claiming against the pool. If that is true, does that not mean that money will have to be set aside to meet this risk, money that would otherwise be available for improving health services and therefore reducing the risk for people receiving those services?

Mr Gregory: To deal with Mr Wigley's last point, if money is being spent as a consequence of compensation claims laid against the NHS, I think that it is inevitable that that money can only come from within the NHS and is therefore not available to be spent on patient care. That is unarguable. To sound a note of caution, however, whenever the Comptroller and Auditor General produces his report, the newspapers always pick the largest figure that they can find and quote it as the most important figure. The sort of figures that you were quoting are the maximum level of risk that, at the moment, we believe is conceivably possible. Welsh health legal services will do their best within the legal system to ensure that that amount is reduced to the maximum extent possible. The actual likely exposure over the next few years is at the sort of levels that the Comptroller and Auditor General sets out in paragraph 5.4 so that the large figure includes wet-finger-in-the-air type calculations of the maximum degree of exposure. Some of that will never come to payment because the case will be lost, it will fall in other ways or if it is settled, it might be settled at levels lower than currently thought conceivable.

Mr Gregory: I drafod pwynt olaf Mr Wigley, os bydd arian yn cael ei wario o ganlyniad i'r ceisiadau am iawndal a wneir erbyn yr NHS, credaf ei fod yn anochel bod yr arian hwnnw ddim ond yn gallu dod o'r tu mewn i'r NHS ac felly nid yw ar gael i'w wario ar ofal i gleifion. Ni ellir dadlau fel arall. Ond a gaf roi rhybudd, pryd bynnag y mae'r Rheolwr ac Archwilydd Cyffredinol yn cyhoeddi ei adroddiad, mae'r papurau newydd bob tro yn nodi'r ffigur mwyaf y gallent gan ei ddyfynnu fel y ffigur pwysicaf. Ar hyn o bryd, uchafswm lefel y risg y tybir ei bod yn bosibl yn ein barn ni yw ffigurau o'r fath yr oeddech yn eu dyfynnu. Bydd gwasanaethau cyfreithiol iechyd Cymru yn gwneud eu gorau glas o fewn y system gyfreithiol i sicrhau bod y swm hwnnw yn gostwng gymaint â phosibl. Bydd yr amlygiad tebygol gwirioneddol dros yr ychydig flynyddoedd nesaf ar y math o lefel ag y mae'r Rheolwr ac Archwilydd Cyffredinol yn ei nodi ym mharagraff 5.4 felly mae'r ffigur mawr yn cynnwys cyfrifiadau bras iawn o uchafswm lefel yr amlygiad. Ni chaiff cyfran o'r ffigur hwnnw ei thalu byth oherwydd y caiff yr achos ei golli, bydd yn disgyn mewn ffyrdd eraill neu os caiff achos ei setlo, efallai y caiff ei setlo am swm sydd yn is na'r hyn y tybir ei fod yn bosibl ar hyn o bryd.

[64] **Dafydd Wigley:** A gaf eich pwyso ymhellach ar hyn? Dywedasoch fod y gwariant wedi treblu dros y pedair blynedd. A yw hi'n gywir dweud bod maint y gronfa fwyaf posibl wedi treblu o tua £70 miliwn i £214 miliwn?

[64] **Dafydd Wigley:** May I press you further on this? You said that the expenditure had trebled over the four years. Is it correct to say that the size of the largest possible pool has trebled from about £70 million to £214 million?

Mr Gregory: I do not have the precise figures in front of me but I would guess that that was right. By the way, in talking about the Welsh risk pool, I am talking about the organisation in the trust that runs the payment process for claims of over £30,000 on behalf of the NHS. The sort of sums that you describe are the total aggregation of what

Mr Gregory: Nid yw'r ffigurau manwl gywir gennyf o'm blaen ond byddwn yn dyfalu bod hynny'n gywir. Gyda llaw, wrth gyfeirio at gronfa risg Cymru, yr wyf yn sôn am y sefydliad yn yr ymddiriedolaeth sydd yn gweinyddu'r broses talu ceisiadau dros £30,000 ar ran yr NHS. Mae'r math o symiau yr ydych yn eu disgrifio yn gyfanswm ar

health authorities and trusts think might conceivably be at risk over the next 10 or 15 years. That is made up of two elements: the provisions, which are those for cases where we know that there is a high likelihood of a successful claim and some estimate, and the rest are those which are just a possibility.

gyfer yr hyn y mae'r awdurdodau a'r ymddiriedolaethau iechyd yn tybio y bydd o dan risg dros y 10 neu 15 mlynedd nesaf. Ceir dwy elfen: y darpariaethau, sef darparu ar gyfer achosion lle yr ydym yn gwybod y bydd cais yn debygol iawn o lwyddo a bras amcanion, a'r achosion hynny sydd yn weddill a chanddynt bosibilrwydd yn unig o lwyddo.

[65] **Dafydd Wigley:** Felly byddai'n iawn dweud bod maint y gronfa yn cynyddu fwy neu lai ar yr un raddfa â'r taliadau, mai ffigur 1998-99 oedd £214 miliwn a bod eich ffigurau'n dyblu rhwng 1998-99 a 2000-01 o £7.9 milliwn i £15.5. A allwn ddehongli o hynny bod maint y gronfa hon yn debygol o ddyblu o £200 miliwn i £400 miliwn? Yr wyf yn eich pwyso ar hyn. A yw'r ffigur o £200 miliwn yn 1999 a'r ffigur posibl o £400 miliwn erbyn 2000-01 yn realistig, neu a yw'n gamarweiniol edrych ar ffigurau o'r maint hyn?

[65] **Dafydd Wigley:** Then it would be true to say that the size of the pool increases more or less at the same rate as the payments, the 1998-99 figure was £214 million and that your figures are doubling between 1998-99 and 2000-01 from £7.9 million to £15.5. Can we interpret from that that the size of this pool is likely to double from £200 million to £400 million? I press you on this. Is the figure of £200 million in 1999 and the possible figure of £400 million by 2000-01 realistic, or is it misleading to look at figures of this size?

Mr Gregory: Thank you. That is a helpful explanation of the line of questioning. Making calculations of the kind that you describe about what the level will be in future is fraught with difficulty. I cannot remember whether you were here, Mr Wigley, when I was discussing this earlier. One of the reasons why this has increased so much is not because of an increase in claims, although that has also been happening, but a change in the attitude of the courts to making compensation payments. We have very recently had another Court of Appeal judgment that will have an effect, I believe, though nowhere near as severe as the one in 1998.

Mr Gregory: Diolch yn fawr. Mae hwnnw'n eglurhad defnyddiol o'r hyn sydd yn cael ei ofyn. Mae gwneud cyfrifiadau o'r math yr ydych yn eu disgrifio ynglŷn â'r lefel yn y dyfodol yn llawn anawsterau. Ni allaf gofio a oeddech yma, Mr Wigley, pan oeddwn yn trafod hyn yn gynharach. Un o'r rhesymau pam y cynyddodd hyn gymaint yw bod ymagwedd y llysoedd sydd yn pennu taliadau iawndal wedi newid yn hytrach na bod nifer y ceisiadau wedi cynyddu, er bod hyn wedi bod yn digwydd hefyd. Yn ddiweddar iawn cawsom ddyfarniad arall gan y Llys Apêl a fydd yn cael effaith, fe gredaf, ond heb fod yr un mor ddifrifol o bell ffordd â'r dyfarniad yn 1998.

One has to make a judgment about the level of claims coming forward and the attitude of the courts. My instinct, and I may be proved wrong over the next couple of years, is that we have seen a very big hike in the levels of compensation being paid that we are unlikely to see over the next couple of years. It would therefore be misleading to extrapolate on an arithmetic basis from one to another. However, candidly, that is at risk of another high value case coming to court, being fought through to the Court of Appeal, and the Court of Appeal making a judgment on that case which has implications for that class of cases

Mae'n rhaid ichi wneud penderfyniad ar lefel y ceisiadau a wneir ac ymagwedd y llysoedd. Fy nheimlad i, ac efallai y caf fy mhrofi'n anghywir dros yr ychydig flynyddoedd nesaf, yw ein bod wedi gweld cynnydd mawr iawn ym maint yr iawndal a delir yr ydym yn annhebygol o'i weld yn yr ychydig flynyddoedd nesaf. Felly byddai'n gamarweiniol cynnig amcangyfrif o'r naill i'r llall ar sail rifyddol. Fodd bynnag, a dweud y gwir, mae o dan berygl y bydd achos gwerth uchel arall yn mynd i'r llys, yn cael ei ymladd hyd at y Llys Apêl, gan arwain at y Llys Apêl yn rhoi dyfarniad ar yr achos

across the NHS. It is very difficult to judge but I think that simply extrapolating is far too simplistic.

hwnnw a fydd â goblygiadau ar gyfer y math hwnnw o achos ar draws yr NHS. Mae'n anodd iawn barnu ond credaf fod cynnig amcangyfrifon yn unig yn llawer rhy syml.

[66] **Dafydd Wigley:** Mae un cwestiwn arall gennyf ar hyn. I ba raddau yr ydych yn cadw arian yn ôl yng nghronfa iechyd y Cynulliad eleni, ar gyfer y posibilrwydd bod ffigur rhwng £15-£200 miliwn, neu hyd yn oed £400 miliwn, yn dod yn daladwy? Os yw'n dod yn daladwy, rhaid inni ddod o hyd i'r arian. Os oes rhaid i arian fod ar gael i'w wario yn y modd hwn, ni fydd yn cael ei wario ar bethau eraill. Faint o swm yr ydym yn cadw wrth gefn, ynteu a oes gennym broses arall sydd yn darparu arian ychwanegol y tu allan i'r gyllideb iechyd i sicrhau bod arian ar gael?

[66] **Dafydd Wigley:** I have one more question on this. To what extent do you keep money back in the Assembly's health fund this year, for the possibility that a figure of between £15-£200 million, or even £400 million, becomes payable? If it becomes payable, we must find the money. If that money needs to be available to be spent in this way, it will not be spent on other things. How much of a sum are we keeping back, or do we have another process that provides additional money from outside the health budget to ensure that money is available?

Mr Gregory: I gave you an estimate of what we think will be paid out of the Welsh risk pool in 2000-01, which is £15.5 million. That is our current best estimate. It is not our estimate, actually. It belongs to the Welsh risk pool and the Welsh Health Legal Services. That is the best estimate that they can make, in consultation with the NHS, of the level of compensation claims that will be paid this financial year. They have, broadly speaking, but subject to unexpected court judgments, been quite accurate in that. They are making a judgment on the cases that they know are likely to be settled over the next 10 years—on occasions these cases can take a considerable length of time—and on which of those cases is likely to come to judgment in 2000-01 and at what level. As a consequence, the premiums that the NHS pay into the Welsh risk pool are levied on the basis of that mutual appreciation of what the total cost is likely to be. One of the things that I cannot emphasise too much is that out of the big figure—I forget which it was now—of £200 million that you quoted, a very significant proportion of that will never be paid, for a variety of reasons, such as the case falls away, compensation levels will be much lower or the case is lost.

Mr Gregory: Rhoddais amcangyfrif ichi o'r swm y credwn a gaiff ei dalu o gronfa risg Cymru yn 2000-01, sef £15.5 miliwn. Hwnnw yw ein hamcangyfrif gorau ar hyn o bryd. Nid ein hamcangyfrif ni ydyw, a dweud y gwir. Amcangyfrif cronfa risg Cymru a Gwasanaethau Cyfreithiol Iechyd Cymru ydyw. Hwnnw yw'r amcangyfrif gorau y gallant ei wneud, mewn ymgynghoriad â'r NHS, o ran lefel y ceisiadau am iawndal a gaiff eu talu yn ystod y flwyddyn ariannol gyfredol. Yn gyffredinol, maent wedi bod yn eithaf cywir yn hynny o beth er eu bod yn ddarostyngedig i ddyfarnidau llys annisgwyl. Maent yn barnu achosion y maent yn gwybod y cânt eu setlo yn ystod y 10 mlynedd nesaf—weithiau gall yr achosion hyn gymryd cryn amser—a'r achosion hynny sydd yn debygol o gael eu dyfarnu yn 2000-01 ac ar ba lefel. O ganlyniad, codir y taliadau premiwn y mae'r NHS yn eu talu i gronfa risg Cymru ar sail y gyd-ddealltwriaeth honno ynghylch faint y mae cyfanswm cost yn debygol o fod. Un o'r agweddau na allaf eu gorbwysleisio yw na chaiff cyfran sylweddol iawn o'r ffigur mawr—ni chofiaf pa un ai a oedd yn awr—o £200 miliwn a ddyfynnwyd gennych eu talu byth, am nifer o resymau, er enghraifft oherwydd nad yw'r achos yn parhau, bydd lefelau iawndal yn llawer is neu caiff yr achos ei golli.

[67] **Dafydd Wigley:** What was the answer to the question about the figure in our accounts? Is it £15 million?

[67] **Dafydd Wigley:** Beth oedd yr ateb i'r cwestiwn ynglŷn â'r ffigur yn ein cyfrifon? Ai £15 miliwn ydyw?

Mr Gregory: All claims are paid by the health trusts and the Welsh risk pool reimburses them in respect of claims above £30,000. It is open to the Assembly, if it wanted to relieve pressure on the NHS, to pay money directly into the Welsh risk pool, which would have the effect of keeping premiums down. At the moment, we expect the NHS to make a proper calculation of what the cost will be and itself to fund them without direct assistance from the Assembly.

Mr Gregory: Caiff pob cais ei dalu gan yr ymddiriedolaethau iechyd ac mae cronfa risg Cymru yn digolledu eu ceisiadau dros £30,000. Caiff y Cynulliad, pe bai am dynnu pwysau oddi ar yr NHS, dalu'r arian yn uniongyrchol i gronfa risg Cymru a fyddai'n golygu y câi y taliadau premiwm eu rheoli. Ar hyn o bryd, disgwyliwn i'r NHS gyfrifo'n gywir faint fydd y gost a'u hariannu ei hun heb gymorth uniongyrchol gan y Cynulliad.

[68] **Dafydd Wigley:** It is equivalent to 500 nurses.

[68] **Dafydd Wigley:** Mae'n cyfateb i 500 o nyrsys.

Mr Gregory: Yes, it is something of that order.

Mr Gregory: Ydyw, mae'n rhywbeth tebyg i hynny.

[69] **Janet Davies:** Did you want to raise something, Peter, or has it been covered?

[69] **Janet Davies:** A oeddech am godi rhywbeth, Peter, neu a gafodd ei drafod eisoes?

[70] **Peter Black:** I will not talk about individual cases but, since becoming an Assembly Member, one of the main areas of concern that has been raised with me in relation to the NHS is clinical negligence claims. I have been struck almost in every incidence by how difficult it is for people to access the appeals procedure, especially for those who cannot afford to go to a solicitor. Have you talked to the health authorities and trusts, the latter in particular, about their attitude towards claims? Do you not feel that an early admission of blame would actually reduce costs? How can the defensive culture that surrounds these claims be overcome?

[70] **Peter Black:** Ni soniaf am achosion unigol ond, ers imi ddod yn Aelod o'r Cynulliad, un o'r prif bryderon y tynnwyd fy sylw ato mewn perthynas â'r NHS yw ceisiadau esgeulustra clinigol. Cefais fy synnu yn bron bob un o'r achosion gan ba mor anodd ydyw i bobl gael mynediad i'r weithdrefn apelio, yn enwedig y rhai na allant fforddio mynd i weld cyfreithiwr. A ydych wedi siarad â'r awdurdodau a'r ymddiriedolaethau iechyd, yn enwedig yr olaf, ynglŷn â'u hagwedd tuag at geisiadau? Onid ydych o'r farn y byddai cyfaddef bai yn gynnar yn gostwng costau mewn gwirionedd? Sut y gellir goresgyn yr agwedd amddiffynnol hon sydd ynghlwm wrth y ceisiadau hyn?

Mr Gregory: There a number of complex issues tied up in that. I see far too frequently, because I receive them on behalf of the Assembly, individual outcomes to independent panel reviews of complaints made against NHS clinicians. A constant theme and aspect of these complaints, almost without exception, is the quality of communication between clinician and patient, whether that be with a GP, consultant, nurse or even a general manager. It is the quality of the relationship. I think that you are right to say that there is significant issue in the extent to which a

Mr Gregory: Mae nifer o faterion cymhleth ynghlwm wrth hynny. Yn rhy aml o lawer yr wyf yn gweld, gan fy mod yn eu derbyn ar ran y Cynulliad, ganlyniadau unigol ar ôl arolygon paneli annibynnol o gwynion yn erbyn clinigwyr o'r NHS. Un o'r themâu a'r agweddau mwyaf cyson ar y cwynion hyn yn ddieithriad bron, yw ansawdd y cyfathrebu rhwng y clinigwr a'r claf, waeth a yw'n feddyg teulu, yn feddyg ymgynghorol, yn nyrs neu'n rheolwr cyffedinol hyd yn oed. Ansawdd y berthynas sydd dan sylw. Credaf eich bod yn gywir wrth ddweud ei fod yn fater o bwys i ba raddau y gall ymateb sydd

response which is less defensive and feels less threatened at the earlier stage can have a significant effect on the attitude of people making complaints. Those people, because they feel that things are being held back and that they do not understand why it is that something has happened, however unavoidable that might have been, feel impelled to pursue the question in the way that they do. It is not actually out of a desire to get a lot of money but to get a plain and simple answer. I have seen a number of cases recently in which the complainant has repeatedly said 'I am not interested in compensation', and has not subsequently pursued the compensation, but has said 'All I want to know is why did my mother die', or 'Why do I now have this disability?' I strongly believe that there is an issue there.

yn llai amddiffynnol ac sydd yn teimlo ei fod o dan lai o fygythiad yn gynharach gael effaith sylweddol ar agwedd y bobl sydd yn cwyno. Mae'r bobl hynny yn teimlo bod yn rhaid iddynt fynd ar drywydd y cwestiwn yn y modd ag y maent oherwydd eu bod yn teimlo bod pethau yn cael eu celu rhagddynt ac nad ydynt yn deall pam y mae rhywbeth wedi digwydd, waeth pa mor anochel ydoedd. Nid er mwyn cael llawer o arian mewn gwirionedd y gwnânt hynny ond er mwyn cael ateb syml. Yr wyf wedi gweld nifer o achosion yn ddiweddar pan yw'r achwynydd wedi dweud dro ar ôl tro 'Nid wyf yn pryderu am iawndal', ac wedyn heb fynd ar drywydd iawndal gan ddweud 'Y cwbl yr wyf am ei wybod yw pam y bu farw fy mam' neu 'Pam y mae gennyf yr anabledd hwn bellach?' Credaf yn gryf fod hynny'n fater o bwys.

On the other hand, there is nothing new in that. The NHS and ourselves have been considering for some time measures to improve the training of doctors, nurses and healthcare professionals of all kinds in communication skills, and also to make the complaints review processes more independent and less threatening to those involved. It is a difficult row to hoe, candidly. You still see, far too frequently, complaints, which had they been dealt with differently at the outset, would never have reached even the independent review, let alone led to a settlement in a court of law. There will always be people who believe, however, that because of the suffering they have endured, they need compensation. That is an individual decision and is often very appropriate. Nonetheless, I believe that the point that you are making is an important one that we still have not cracked and need to work at constantly.

Ar y llaw arall, nid rhywbeth newydd ydyw. Ers tro mae'r NHS a ninnau wedi bod yn ystyried mesurau i wella hyfforddiant meddygon, nyrsys a gweithwyr proffesiynol gofal iechyd o ran pob math o sgiliau cyfathrebu, a hefyd sicrhau bod y prosesau arolygu cwynion yn fwy annibynol ac yn llai bygythiol i'r rhai dan sylw. Talcen caled ydyw, a dweud y gwir. Yr ydych yn dal i weld cwynion, yn rhy aml o lawer, y rhai pe baent wedi cael eu trin mewn ffordd wahanol o'r cychwyn cyntaf, na fyddent wedi cyrraedd yr arolwg annibynnol hyd yn oed heb sôn am setliad mewn llys barn. Bydd pobl o hyd sydd yn teimlo, fodd bynnag bod angen iawndal arnynt oherwydd yr hyn y maent wedi ei ddioddef. Penderfyniad unigolyn ydyw ac un priodol iawn yn aml. Serch hynny, credaf fod eich pwynt yn un pwysig, nad ydym wedi ei ddatrys hyd yn hyn ac mae angen inni weithio arno'n gyson.

[71] **Peter Black:** How are you actually working to do that? Are there any instant solutions or long-term solutions?

[71] **Peter Black:** Sut ydych yn gweithredu i wneud hynny mewn gwirionedd? A oes unrhyw atebion buan neu atebion hir dymor?

Mr Gregory: In part I think that it comes down to the training and education processes that I have described. It is also in part down to the whole process of the quality agenda that I described earlier. Many of the measures that are being put in place to promote more effective and higher quality care ought to have the effect of creating a climate in which

Mr Gregory: Credaf mai'r ateb i raddau yw'r prosesau hyfforddi ac addysgu a ddisgrifiais. Mae'r agenda ansawdd a ddisgrifiais yn gynharach yn chwarae rhan i raddau hefyd. Dylai llawer o'r mesurau sydd yn cael eu sefydlu er hyrwyddo gofal mwy effeithiol o safon uwch arwain at greu hinsawdd o gyflwyno gofal gwell yn y lle

better care is delivered in the first instance, but also one in which the healthcare professionals delivering that care are better able to communicate with patients. Incidentally, I am not suggesting for a moment that the difficulties are all on one side. Clinicians are very frequently faced with exceptionally difficult situations where communication with people who have been traumatised in one way or another is very difficult. I am not ascribing blame, I am merely observing a phenomenon.

cyntaf, ond hinsawdd hefyd lle mae gweithwyr proffesiynol gofal iechyd sydd yn cyflwyno'r gofal hwnnw yn gallu cyfathrebu â'u cleifion yn well. Gyda llaw, nid wyf yn awgrymu am eiliad fod yr anawsterau ar yr un ochr yn unig. Yn aml mae clinigwyr mewn sefyllfaoedd hynod ddyrys lle mae'n anodd iawn cyfathrebu â phobl sydd wedi cael eu trawmateiddio mewn rhyw ffordd neu'i gilydd. Nid wyf yn gosod bai, dim ond arsylwi ar ffenomenon yr wyf.

[72] **Janet Davies:** We have explored the whole issue of the rising costs of clinical negligence fairly thoroughly. We will move on to whether there is any progress in tackling national health service fraud. I see that there is no Welsh equivalent of the English fraud investigator. Do you not consider this to be a key priority?

[72] **Janet Davies:** Yr ydym wedi ymchwilio i bwnc costau cynyddol esgeulustra clinigol yn gymharol drwyadl. Symudwn ymlaen at holi a oes unrhyw gynnydd wrth fynd i'r afael â thwyll yn y gwasanaeth iechyd gwladol. Gwelaf nad oes ymchwiliwr twyll yng Nghymru sydd yn cyfateb i'r un yn Lloegr. Onid yw hyn yn flaenoriaeth allweddol, yn eich barn chi?

Mr Gregory: Yes, I do. I will not go into the background of this in any great detail, but simply say that, for reasons that I explained earlier in this evidence session, we have not felt able to make the kind of progress with the appointment of a director and the forming of a directorate as they have in England. We are currently in active discussion with Mr Gee, who is the director, to explore whether it is possible for him and his staff to have a remit in Wales on behalf of the Assembly so that we gain the cost-effective benefits of using a larger organisation but also, and, in my judgment, more importantly, so that we are well plugged into its experience of the kind of frauds that occur and best practice in tackling them. I wrote to him some time ago and he and I had discussions about how that might be set up. When it is, I am confident that we will see the kinds of improvements in this area that are beginning to be detected in England.

Mr Gregory: Ydyw, yn fy marn i. Ni wnaf fanylu ar y cefndir i hyn, ond nodi, am y rhesymau a ddisgrifiwyd gennyf yn gynharach yn y sesiwn dystiolaeth hon, na fuom mewn sefyllfa, yn ein tyb ni, i fynd ati a phenodi cyfarwyddwr a sefydlu cyfarwyddiaeth fel sydd ganddynt yn Lloegr. Yr ydym yn cynnal trafodaethau ar hyn o bryd â Mr Gee, sef y cyfarwyddwr, i ystyried a yw'n bosibl iddo ef a'i staff gael cylch gwaith yng Nghymru ar ran y Cynulliad fel y gallwn fanteisio ar y buddiannau cost-effeithiol o ddefnyddio sefydliad mwy ond hefyd, ac, yn bwysicach na hynny yn fy marn i, er mwyn inni ymgyfarwyddo â'r mathau o dwyll sydd yn digwydd yn ôl eu profiad a'u harfer gorau wrth fynd i'r afael â hwy. Ysgrifennais ato beth amser yn ôl a chafodd y ddau ohonom drafodaethau ynghylch sut y gellid sefydlu hyn. Pan gaiff ei sefydlu, yr wyf yn hyderus y gwelwn welliannau o'r fath sydd yn dechrau cael eu canfod yn y maes hwn yn Lloegr.

[73] **Lorraine Barrett:** Could you expand on the progress that the all-Wales anti-fraud working group is making with development of the fraud strategy?

[73] **Lorraine Barrett:** A allwch fanylu ar y cynnydd y mae gweithgor gwrthdwyll Cymru gyfan yn ei wneud wrth ddatblygu'r strategaeth dwyll?

Mr Gregory: I will not make grand claims for this. As I have said, it has been exceptionally difficult for us to get this under

Mr Gregory: Ni allaf honni ryw lawer am hyn. Fel y dywedais, bu'n hynod anodd inni roi hyn ar waith. Bellach mae wedi ei roi ar

way. It is under way now. We have extended the remit of the working group to include trusts relatively recently and as a consequence, we will be developing a much more comprehensive and strategic approach. However, I would not want to seek to convince you that we have got this absolutely right because we are still in a formative stage.

waith. Yn gymharol ddiweddar ymestynnwyd cylch gwaith y gweithgor gennym i gynnwys yr ymddiriedolaethau ac o ganlyniad, byddwn yn datblygu ymagwedd lawer mwy cynhwysfawr a strategol. Fodd bynnag, nid wyf am eich darbwyllo ein bod wedi llwyddo i gyrraedd y nod am ein bod ar ganol ei llunio o hyd.

[74] **Lorraine Barrett:** I note the hesitancy in your answers in this area. Do you have your own estimate of the level of fraud in Wales? Looking at an exercise in England that was carried out by its fraud investigator, there appears to have been £95 million of fraud in the area of prescriptions alone. It sends a shiver down my back to think of the amount of money that we could be losing within the NHS in Wales. It should be a priority. I accept your hesitancy but, given the amount of money that we could be talking about, I think that we all feel that it should be a priority. Do you have an idea of the levels that we are talking about?

[74] **Lorraine Barrett:** Sylwaf eich bod yn petruso wrth ateb ar y pwnc hwn. A oes gennych eich amcangyfrif eich hun o lefel y twyll yng Nghymru. Gan edrych ar ymarfer a gynhaliwyd gan yr ymchwiliwr twyll yn Lloegr, ymddengys bod twyll o £95 miliwn yn maes rhagnodion yn unig. Mae'n codi braw arnaf wrth feddwl am faint o arian yr ydym yn ei golli o bosibl o fewn yr NHS yng Nghymru. Dylai fod yn flaenoriaeth. Yr wyf yn deall pam yr ydych yn petruso, ond, o gofio faint o arian y gallai fod o dan sylw, credaf fod pob un ohonom yn teimlo y dylai fod yn flaenoriaeth. A oes unrhyw amcan gennych o'r lefelau sydd o dan sylw?

Mr Gregory: I shall attempt an estimate. To be clear, I am not comfortable at all with this situation. I think that we need to do a considerable amount more and I am very hopeful that working with the directorate in England, if it can meet our request, will make a considerable difference. I am not at all happy with it. If you take a direct pro rata of the directorate's calculation for England and say that the experience in England was typical of the experience in Wales, you would be talking about £8 million. The Audit Commission has done a study of this and its estimate of prescription evasion in Wales is around £10 million. Candidly, that is what it says it is—an estimate. I do not know how much we can rely on it. However, I shall give you some hard information. In 1998-99, the AGW's report year, our fraud register revealed fraud of something like £102,000. In the next year, we expect that to increase to £950,000. While I get no satisfaction from the increase, it suggests that there is a greater interest in this issue and that more attention is being paid to it. However, I am sure that the current levels of fraud being detected and resulting in criminal investigations are only a small fraction of what is actually going on.

Mr Gregory: Ceisiaf roi amcangyfrif. Er mwyn bod yn glir, nid wyf yn gyfforddus o gwbl ynglŷn â'r sefyllfa hon. Credaf fod angen inni wneud llawer mwy ac yr wyf yn obeithiol iawn y bydd gweithio gyda'r gyfarwyddiaeth yn Lloegr, os yw'n gallu cwrdd â'n cais, yn gwneud cryn wahaniaeth. Nid wyf yn fodlon o gwbl ar hyn. Pe baech yn cyfrif yr hyn y mae'r gyfarwyddiaeth yn ei gyfrifo ar gyfer Lloegr gan ddweud bod y profiad yn Lloegr yn nodweddiadol o'r hyn a geir yng Nghymru, byddech yn sôn am £8 miliwn. Mae'r Comisiwn Archwilio wedi cynnal astudiaeth ar hyn ac mae'n amcangyfrif mai tua £10 miliwn yw cyfanswm efadu rhagnodion yng Nghymru. A bod yn onest, dyna a ddywed y Comisiwn yw'r swm—amcangyfrif. Fodd bynnag, rhoddaf ychydig wybodaeth bendant ichi. Yn 1998-99, sef blwyddyn adrodd Archwilydd Cyffredinol Cymru, datgelodd ein cofrestr dwyll fod tua £102,000 o dwyll. Yn y flwyddyn nesaf, disgwyliwn y bydd hynny'n cynyddu i £950,000. Er nad wyf yn ymfalchïo yn y cynnydd, mae'n awgrymu bod mwy o ddiddordeb yn y mater hwn a bod mwy o sylw yn cael ei roi i'r mater. Fodd bynnag, yr wyf yn siŵr bod y lefelau o dwyll sydd yn cael eu canfod ar hyn o bryd ac sydd yn arwain at ymchwiliadau troseddol ond yn

gyfran fach iawn o'r hyn sydd yn digwydd mewn gwirionedd.

[75] **Lorraine Barrett:** I do not condone this practice but I would like to ask you what you think about it. Has the anti-fraud working group addressed the issue of data matching between the NHS and possibly the Department of Social Security? What might be the legal or practical difficulties involved in this?

[75] **Lorraine Barrett:** Nid wyf yn esgusodi'r arfer hwn ond hoffwn ofyn am eich barn chi. A yw'r gweithgor gwrthdwyll wedi mynd i'r afael â'r mater o gyfateb data'r NHS i Adran Nawdd Cymdeithasol o bosibl? Beth fyddai'r anawsterau cyfreithiol neu ymarferol ynghlwm wrth wneud hynny?

Mr Gregory: Clean bowled, I think, is my response to that. I do not know and I will not pretend that I do. Could I submit a note, Chair, to answer that?

Mr Gregory: Yr ydych wedi fy nal yw fy ateb i hynny, fe gredaf. Nid wyf yn gwybod ac ni fyddaf yn cymryd arnaf fy mod yn gwybod. A gaf gyflwyno nodyn i ateb hynny, Gadeirydd?

[76] **Janet Davies:** Yes. That would be helpful.

[76] **Janet Davies:** Cewch. Byddai hynny o gymorth.

[77] **Lorraine Barrett:** There is obviously a lot more to be done here, Chair.

[77] **Lorraine Barrett:** Mae'n amlwg bod llawer mwy i'w wneud yma, Gadeirydd.

[78] **Janet Davies:** We are running short of time. We will take a brief look at the issues of asset management and the cost of primary care drugs. First, Mr Gregory, could I ask you about the public private partnerships? There have only been 15 deals so far within the NHS here, most of them for small projects. Could you outline how you see the use of PPPs developing in the future?

[78] **Janet Davies:** Mae amser yn mynd yn brin. Cymerwn gipolwg ar y materion yn ymwneud â rheoli asedau a chost cyffuriau gofal sylfaenol. Yn gyntaf, Mr Gregory, a gaf eich holi ynglŷn â'r partneriaethau preifat a chyhoeddus? Dim ond 15 cytundeb a gafwyd yma yn yr NHS hyd yn hyn, ac mae'r rhan fwyaf ohonynt ar gyfer prosiectau bach. A wnewch amlinellu sut y bydd y defnydd o bartneriaethau preifat a chyhoeddus yn datblygu yn y dyfodol, yn eich barn chi?

Mr Gregory: Yes, gladly. First, I would not want us to pursue this as an end in itself. I do not believe that is appropriate. It has to be seen within a wider context of the strategy for developing the NHS. PPP would be a legitimate aspect of that strategy, but not necessarily one that suits every circumstance. I believe that there is a place for this in that strategy, just as there is a place for central funding of capital from the Assembly and, candidly, a place for private charitable initiatives on occasion. They have also played a significant part in the way in which the NHS has developed over the years and I would not want to see that fall away either. I believe that it needs to be seen in a strategic context. We need to know what our strategic objectives for the NHS are and we need then to put in place all the measures, including the

Mr Gregory: Gwnaf, â phleser. Yn gyntaf, nid wyf am inni fynd ar drywydd hyn fel nod ynddo'i hun. Nid wyf o'r farn bod hynny'n briodol. Mae'n rhaid ei ystyried o fewn cyd-destun ehangach y strategaeth ar gyfer datblygu'r NHS. Byddai partneriaeth breifat a chyhoeddus yn agwedd briodol ar y strategaeth honno, ond nid yw'n addas i bob diben o reidrwydd. Credaf fod lle i hyn yn y strategaeth honno, yn yr un modd ag y mae lle ar gyfer ariannu cyfalaf yn ganolog o'r Cynulliad ac ar gyfer mentrau elusennol preifat ar adegau a dweud y gwir. Maent hefyd wedi chwarae rhan arwyddocaol yn y modd y mae'r NHS wedi datblygu dros y blynyddoedd ac ni hoffwn weld hynny yn dod i ben ychwaith. Credaf fod angen ei ystyried o fewn cyd-destun strategol. Mae angen inni wybod beth yw ein hamcanion

funding of capital, which are appropriate to the particular circumstances. There will be occasions—and the Comptroller and Auditor General's report in figure 13 lists some of the successes—when it is appropriate to go down that route. There will be other occasions when it is quite inappropriate because you are not going to generate private sector interest or there may be other reasons why you think that central funding is more suitable.

strategol ar gyfer yr NHS ac mae angen inni sefydlu'r holl fesurau, gan gynnwys ariannu cyfalaf, sydd yn briodol i'r amgylchiadau penodol. Bydd adegau—ac mae adroddiad y Rheolwr ac Archwilydd Cyffredinol yn nodi rhai o'r llwyddiannau yn ffigur 13—pan fydd yn briodol mynd ar y trywydd hwnnw. Bydd adegau eraill pan fydd yn amhriodol gan na fyddwch yn ennyn diddordeb y sector preifat neu efallai bod rhesymau eraill pam yr ydych yn teimlo bod ariannu canolog yn fwy addas.

[79] **Janet Davies:** Can I clarify that you are saying that there will be times when capital expenditure is not met in this way?

[79] **Janet Davies:** A gaf gadarnhau eich bod yn dweud y bydd adegau pan na chaiff gwariant cyfalaf ei ddarparu yn y modd hwn?

Mr Gregory: Our experience is that some projects are attractive to the private sector. You have a list of some of those here. We have plenty of experience that some are not, which is sometimes to do, for instance, with the way in which a development is integrated physically into the NHS. If you want to develop something inside a hospital, often the private sector will see too many legal and physical impediments to doing that and therefore you have to fall back—as long as it is a priority for you—on the public sector. However, I would want us to ask on each occasion whether the public or the private approach to these initiatives is the right one and then take it forward on the basis of a good assessment of the likely outcome and also what our strategic objectives are and how much of a priority it is.

Mr Gregory: Dengys ein profiad fod rhai prosiectau yn ddeniadol i'r sector preifat. Mae gennych restr o nifer o'r rheiny yma. Mae gennym ddigon o brofiad lle nad ydynt yn denu, sydd, weithiau, yn ymwneud â'r modd y mae datblygiad yn cael ei integreiddio'n gorfforol i'r NHS er enghraifft. Os ydych am ddatblygu rhywbeth o fewn ysbyty, yn aml, bydd y sector preifat yn gweld gormod o rwystrau cyfreithiol a ffisegol cyn gwneud hynny ac felly mae'n rhaid ichi ddibynnu—cyhyd ag y mae'n flaenoriaeth gennych—ar y sector preifat. Fodd bynnag, ar bob achlysur hoffwn inni ofyn ai ymagwedd gyhoeddus ynteu'r ymagwedd breifat i'r mentrau hyn yw'r un gywir ac wedyn mynd rhagddo yn seiliedig ar asesiad da o'r canlyniad tebygol ac hefyd o'n hamcanion strategol a faint o flaenoriaeth ydyw?

[80] **Geraint Davies:** Before we go on to primary care drugs, I declare an interest as a pharmacist.

[80] **Geraint Davies:** Cyn inni symud ymlaen at gyffuriau gofal sylfaenol, yr wyf yn datgan budd fel fferyllydd.

[81] **Brian Gibbons:** We have had some reports on individual private finance initiative cases. However, how long do you think that we would need to make a strategic evaluation of the value for money that PFI represents—three years, five years, or do we have to wait 10 years?

[81] **Brian Gibbons:** Yr ydym wedi cael rhai adroddiadau ar achosion unigol o fentrau cyllid preifat. Fodd bynnag, faint o amser fyddai ei angen arnom er mwyn gwneud gwerthusiad strategol o'r gwerth am arian y mae menter cyllid preifat yn ei roi—tair blynedd, pum mlynedd, neu a oes angen inni aros am 10 mlynedd?

Mr Gregory: We have to undertake all PFI projects on the basis of our assessment of their value for money. They cannot proceed unless they show, on paper, that they will produce value for money. That value for

Mr Gregory: Mae'n rhaid inni ymgymryd â phob prosiect menter cyllid preifat yn seiliedig ar ein hasesiad o'u gwerth am arian. Ni allant fynd rhagddynt oni fyddant yn dangos, ar bapur, y byddant yn cynhyrchu

money is then expressed in a contractual relationship, which is very tight on both sides and is the subject of considerable negotiation. Some of these projects have long lead times. I think that Baglan has a life of 30 years. So at what point in that time can you realistically make an assessment? I think that what maybe lies behind your point is the extent to which evaluation of a capital programme needs to be built in, whether it is public or private. I would not myself want to make a distinction between the two. I am havering because I cannot give you a figure. All I can say is that I believe that the current PPP arrangements emphasise, because they have to, the value for money aspect. That can be evaluated over time and I would expect trusts and health authorities with such projects to keep a keen eye on the extent to which they continue to get value for money from the revenue expenditure that they are incurring on these projects.

gwerth am arian. Yna caiff y gwerth am arian ei fynegi mewn perthynas gytundebol, sydd yn gaeth iawn ar y ddwy ochr ac sydd yn destun i gryn negodi. Mae gan rai o'r prosiectau hyn gyfnodau arwain hir. Credaf fod gan Faglan oes o 30 mlynedd. Felly pryd o fewn y cyfnod hwnnw y gallwch wneud asesiad mewn gwirionedd? Credaf mai'r hyn sydd y tu ôl i'ch pwynt efallai yw i ba raddau y mae angen ymgorffori gwerthusiad o raglen gyfalaf, waeth bo'n un gyhoeddus neu'n breifat. Ni hoffwn i fy hunan wahaniaethu rhwng y ddwy. Yr wyf yn petruso gan nad wyf yn gallu rhoi ffigur ichi. Y cwbl y gallaf ei ddweud yw fy mod yn credu bod y trefniadau partneriaeth preifat a chyhoeddus cyfredol yn pwysleisio'r agwedd gwerth am arian, ac mae hynny'n anghenraid arnynt. Gellir gwerthuso hynny dros amser a byddwn yn disgwyl y bydd ymddiriedolaethau ac awdurdodau iechyd a chanddynt brosiectau o'r fath yn arolygu'n fanwl i ba raddau y maent yn parhau i gael gwerth am arian o'r gwariant refeniw y maent yn ei wario ar y prosiectau hyn.

[82] **Brian Gibbons:** So what would be a reasonable timescale within which to make that value for money assessment?

[82] **Brian Gibbons:** Felly beth fyddai'n amserlen resymol ar gyfer gwneud yr asesiad gwerth am arian hwnnw?

Mr Gregory: As I have said, I am not sure that I can give you an answer. I could pluck a figure out of the air, but it would not be very helpful. I do not know, frankly.

Mr Gregory: Fel y dywedais, nid wyf yn siŵr a allaf roi ateb ichi. Gallwn dynnu rhyw ffigur o'r awyr, ond ni fyddai'n ddefnyddiol iawn. Nid wyf yn gwybod, a dweud y gwir.

[83] **Brian Gibbons:** The reason why I asked that is because we are continually telling clinicians to proceed on the basis of the best evidence base, but in this particular area you are almost saying that it is impossible to have an evidence base on which to make a decision.

[83] **Brian Gibbons:** Y rheswm pam yr oeddwn yn gofyn hynny yw am ein bod yn dweud wrth y clinigwyr byth a beunydd am fynd rhagddi ar sail y dystiolaeth orau, ond yn y maes penodol hwn yr ydych bron â dweud ei bod yn amhosibl cael sail dystiolaeth y gellir ei defnyddio i wneud penderfyniad.

Mr Gregory: Sorry, I misunderstood your question. There will be performance criteria for each public private partnership project. A trust and health authority and, for some of these projects, the Assembly itself, will incur expenditure against those performance criteria. I would expect those to be under not exactly continual, but very regular, review. As long as we are clear about the service specification, about the performance criteria related to it and about the performance as it

Mr Gregory: Mae'n ddrwg gennyf, camddeallais eich cwestiwn. Bydd meini prawf perfformiad ar gyfer pob prosiect partneriaeth preifat a chyhoeddus. Bydd costau gan ymddiriedolaeth ac awdurdod iechyd ac, ar gyfer rhai o'r prosiectau hyn, y Cynulliad ei hun o ganlyniad i'r meini prawf perfformiad hynny. Ni fyddwn yn disgwyl i'r rhai hynny gael eu harolygu'n barhaus, yn union, ond eu harolygu'n rheolaidd iawn. Cyhyd â'n bod yn sicr ynglŷn â manyleb y

unfolds over time, I am absolutely sure that the trusts and health authorities will keep a very close eye on this because if they do not, they cannot assure themselves that they will get the value for money for which they are looking.

gwasanaeth, ynglŷn â'r meini prawf sydd ynghlwm ag ef ac ynglŷn â'r perfformiad wrth iddo ddatblygu gyda threigl amser, yr wyf yn gwbl argyhoeddedig y bydd yr ymddiriedolaethau a'r awdurdodau iechyd yn cadw llygad barcud ar hyn am na allant eu sicrhau eu hunain eu bod yn cael y gwerth am arian y maent yn chwilio amdano oni fyddant yn gwneud hyn.

There is also an issue about the evaluation of the policy as a whole, which is a rather different question, which is what I thought that you were asking. In respect of that, there is an issue for us as an Assembly as to whether, at some stage, it would be appropriate to look at the experience, not just on the health side, and judge whether it is producing the results expected of it. That would be a perfectly natural part of looking at any policy outcome. I would guess that, in that respect, you would be looking for three or five years' experience or something of that order, and then you would want to make judgments about value for money and utility on the basis of that.

Cyfyd mater hefyd ynglŷn â gwerthuso'r polisi yn ei gyfanrwydd, sydd yn gwestiwn eithaf gwahanol, a thybiais mai'r cwestiwn hwnnw yr oeddech yn ei ofyn. O ran hynny, cyfyd mater inni fel Cynulliad pa un ai a fyddai'n briodol ystyried y profiad, ar ryw adeg, nid yn unig ar yr ochr iechyd, a barnu a yw'n cynhyrchu'r canlyniadau disgwyliedig. Byddai hynny'n rhan gwbl naturiol o ystyried unrhyw ganlyniad polisi. Tybiwn, yn hynny o beth, y byddech yn ystyried profiad o dair neu bum mlynedd neu ei gyffelyb, ac yna byddech am ddod i gasgliadau ynglŷn a gwerth am arian a defnyddioldeb ar sail hynny.

[84] **Janet Davies:** Having looked at the cost of primary care drugs, the report notes that this is rising steeply. What measures are available to control these costs?

[84] **Janet Davies:** Wedi ystyried cost cyffuriau gofal sylfaenol, mae'r adroddiad yn nodi bod hyn yn cynyddu'n gyflym. Pa fesurau sydd ar gael i reoli'r costau hyn?

Mr Gregory: You will know, Chair, because the Comptroller and Auditor General's report makes reference to it, that the per capita cost of drugs in Wales is higher and levels of prescribing higher than in England. Unit costs are actually lower than in England, but that is only because the number of prescriptions is very significantly higher. Self-evidently, we have a difficulty, and one that represents, if we are talking about ineffective prescribing—and I am not entirely sure that we are—a very serious overhead for the NHS. Mr Wigley mentioned how much clinical negligence might be costing us in nurse employment. In my judgment, that is nothing compared to the cost of the extent to which, by comparison with England, for instance, we are overprescribing, if I can put it that way.

Mr Gregory: Byddwch yn gwybod, Gadeirydd, gan fod adroddiad y Rheolwr ac Archwilydd Cyffredinol yn cyfeirio ato, fod cost cyffuriau y pen yng Nghymru yn uwch a'r lefelau rhagnodi yn uwch nag yn Lloegr. Mae costau uned yn is nag yn Lloegr mewn gwirionedd, ond dim ond oherwydd bod nifer y rhagnodion lawer iawn yn uwch. Yn amlwg, mae anhawster gennym, ac un sydd yn golygu, os ydym yn sôn am ragnodi aneffeithiol—ac nid wyf yn gwbl sicr ein bod—gorben difrifol iawn ar gyfer yr NHS. Soniodd Mr Wigley am faint fyddai cost bosibl esgeulustra clinigol inni o ran cyflogi nyrsys. Yn fy marn i, nid yw hynny'n cymharu o gwbl â chost y graddau yr ydym, o gymharu â Lloegr, er enghraifft, yn gor-ragnodi, os caf ei fynegi felly.

As far as tackling this issue is concerned, we have been trying to do that for several years. We have had a degree of success in reducing

Cyhyd ag mae mynd i'r afael â'r mater hwn yn y fantol, yr ydym wedi bod yn ceisio gwneud hynny ers nifer o flynyddoedd. Yr

the rates at which prescribing costs increase. The Audit Commission, as a consequence of a study in England, has also set out a whole raft of measures for improving prescribing. We are following that prescription and we would expect to achieve a significant cost saving. In addition, we have set up a prescribing task and finish group—which is, I think, mentioned in the report—which will report in the summer and will look at a whole range of issues in this respect. I confidently expect that that will produce a strategy for dealing with this issue over the next three to four years.

ydym wedi cael rhywfaint o lwyddiant wrth ostwng pa mor gyflym y mae'r costau rhagnodi yn cynyddu. Mae'r Comisiwn Archwilio, o ganlyniad i astudiaeth yn Lloegr, wedi amlinellu cyfres gyfan o fesurau ar gyfer gwella rhagnodi. Yr ydym yn dilyn yr argymhelliad hwnnw ac yr ydym yn disgwyl sicrhau arbediad cost sylweddol. Yn ogystal, yr ydym wedi sefydlu grŵp cyflawni a chwblhau rhagnodi—y sonnir amdano, fe gredaf, yn yr adroddiad—a fydd, yr wyf yn credu, yn cyflwyno adroddiad yn ystod yr haf ac a fydd yn ystyried ystod lawn o faterion yn ymwneud â hyn. Yr wyf yn ffyddiog y bydd yn llunio strategaeth ar gyfer ymdrin â'r mater hwn dros y tair neu'r pedair blynedd nesaf.

[85] **Dafydd Wigley:** Pe baem, fel Cynulliad Cendlaethol Cymru, eisiau tynhau ar y gost cyffuriau hon drwy symud at ddefnyddio mwy o gyffuriau generig, a ydym yn hapus bod gennym y pwerau i wneud hynny? Hynny yw, wrth i chi edrych i mewn i'r posibiliadau o arbed arian, a ydych hefyd yn edrych ar geisio sicrhau pwerau i ni wneud hynny?

[85] **Dafydd Wigley:** If we, as the National Assembly of Wales, wanted to reduce this drugs cost by moving towards using more generic drugs, are we happy that we have the powers to do that? That is, as you look into the possibilities of saving money, are you also looking at ensuring that we have the powers to do that?

Mr Gregory: I think that it is arguable that we have taken the prescribing of generic drugs in terms of the proportion of total prescribing—I would defer to Brian Gibbons and Geraint Davies on this—about as far as we are going to. Performance in Wales is very comparable to England and is flattening out. In the process, we are getting into difficulties about the availability of generic drugs. As you know, that has caused us a significant problem over the last year. I am not saying that we should not pursue this; we need to pursue every avenue. However, I think that we need to look at issues around joint formula redevelopments, prescribing incentive schemes and the incidence of repeat prescribing. All of these are avenues that need to be pursued. While generic drugs have played an important part in containing the rising costs, I am not absolutely sure that they will provide a basis for doing so to any significant extent in the future. I may be wrong about that, but that would be my judgment.

Mr Gregory: Credaf y gellir dadlau ein bod wedi mynd cyn belled ag y byddwn yn mynd o ran rhagnodi cyffuriau generig fel cyfran o gyfanswm yr hyn a ragnodir—byddwn yn ildio i farn Brian Gibbons a Geraint Davies ar hyn. Mae perfformiad yng Nghymru yn debyg iawn i Loegr ac mae'n gwastadu. Yn y broses, yr ydym yn mynd i anawsterau ynglŷn ag argaeledd cyffuriau generig. Fel y gwyddoch, achosodd hynny gryn broblem inni dros y flwyddyn ddiwethaf. Nid wyf yn dweud na ddylem fynd ar drywydd hyn; mae angen inni chwilio pob ffordd. Fodd bynnag, credaf fod angen inni ystyried materion sydd yn ymwneud ag ailddatblygu fformwlâu ar y cyd, cynlluniau cymell rhagnodi a mynychder ailragnodi. Mae angen mynd ar drywydd pob un o'r agweddau hyn. Er bod cyffuriau generig wedi chwarae rhan bwysig wrth gyfyngu ar gostau cynyddol, nid wyf yn gwbl sicr y gallant barhau i wneud hynny i raddau helaeth yn y dyfodol. Efallai y caf fy mhrofi'n anghywir ynglŷn â hynny, ond dyna fyddai fy marn i.

[86] **Janet Davies:** We have now come to the end of the session. I thank the witnesses for

[86] **Janet Davies:** Yr ydym bellach wedi dod i ddiwedd y sesiwn. Diolchaf i'r tystion

their very full and helpful answers. am eu hatebion llawn a defnyddiol iawn.

Daeth y sesiwn cymryd tystiolaeth i ben am 12.00 p.m.
The evidence-taking session ended at 12.00 p.m.