

Cynulliad Cenedlaethol Cymru

Pwyllgor Archwilio

The National Assembly for Wales

Audit Committee

Archwiliad Pellach o Faterion yn Deillio o Waredu Ysbyty Canolbarth Cymru

Further Examination of Matters Arising from the Disposal of the Mid Wales Hospital

**Cwestiynau 1-105
Questions 1-105**

**Dydd Iau 15 Ionawr 2004
Thursday 15 January 2004**

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

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

Tystion: Ms Ann Lloyd, Cyfarwyddwr GIG Cymru; Allan Coffey, Prif Weithredwr Bwrdd Iechyd Lleol Sir Fynwy; Andy Williams, Prif Weithredwr Bwrdd Iechyd Lleol Powys.

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

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

Witnesses: Ann Lloyd, Director, NHS Wales; Allan Coffey, Chief Executive, Monmouthshire Local Health Board; Andy Williams, Chief Executive, Powys Local Health Board.

*Dechreuodd y sesiwn cymryd tystiolaeth am 11.15 a.m.
The evidence-taking session began at 11.15 a.m.*

[1] **Janet Davies:** The second hearing of this morning's Committee is a further examination of matters arising from the disposal of the Mid Wales Hospital. Before we go into it—and I will ask Sir John Bourn to give us a background—I inform people who were not here for the first session that there are headsets through which you will get a translation from Welsh and through which you will be able to hear more easily if you have difficulty in hearing. Sir John, could you set the context for this report?

Sir John Bourn: Thank you, Chair. When the Committee discussed the report that we had prepared in October 2002, it became clear, during the Committee's session, that there were further issues to be followed up. It was brought out very clearly, and I think very usefully, that this was so. I therefore suggested to the Committee that I should do further work on these issues, particularly in the areas of documentation, in the areas of planning criteria and clawback and in relation to a mysterious fax sent to the Secretary of State. This request, or suggestion, with which the Committee agreed, also enabled us to pick up subsequent allegations made that Powys Healthcare NHS Trust had improperly

[1] **Janet Davies:** Archwiliad pellach o faterion yn deillio o waredu Ysbyty Canolbarth Cymru yw ail wrandawriad y Pwyllgor y bore yma. Cyn i ni ddechrau arni—a byddaf yn gofyn i Syr John Bourn roi cefndir i ni—hoffwn atgoffa pobl nad oeddent yn bresennol yn y sesiwn gyntaf fod clustffonau ar gael i'ch galluogi i gael cyfieithiad o'r Gymraeg a'ch galluogi i glywed yn haws os ydych yn cael trafferth clywed. Syr John, a allwch roi cyd-destun yr adroddiad hwn?

Syr John Bourn: Diolch, Gadeirydd. Pan drafododd y Pwyllgor yr adroddiad yr oeddem wedi ei baratoi ym mis Hydref 2002, daeth yn amlwg, yn ystod sesiwn y Pwyllgor, fod materion pellach i'w trafod. Dangoswyd yn glir iawn, ac mewn modd buddiol iawn yn fy marn i, mai felly yr oedd hi. Felly awgrymais wrth y Pwyllgor y dylwn wneud rhagor o waith ar y materion hyn, yn enwedig o ran y dogfennau, ym maes meini prawf cynllunio ac adfachu ac o ran rhyw ffacs dirgel a anfonwyd at yr Ysgrifennydd Gwladol. Yr oedd y cais hwn, neu'r awgrym hwn, y cytunodd y Pwyllgor ag ef, yn ein galluogi hefyd i roi sylw i honiadau a wnaed wedi hynny fod Ymddiriedolaeth GIG Gofal

paid rent for its occupancy of the site after the sale. So, the further work that we have done picks up the points that came out in the Committee's first discussion of the issue and takes account of other points that had come out in our further research. What we have sought to do, Chair, is to put before the Committee a consolidated account of the issues that are outstanding for your examination.

[2] **Janet Davies:** Thank you, Sir John. I think that the Committee feels that this session should give us the opportunity to get a fuller understanding of the disposal process. Mrs Lloyd, would you and the other witnesses introduce yourselves?

Ms Lloyd: I am Ann Lloyd, the Director of the NHS in Wales.

Mr Coffey: I am Allan Coffey, chief executive of Monmouthshire Local Health Board.

Mr Williams: My name is Andy Williams; I am chief executive of Powys Local Health Board.

[3] **Janet Davies:** Thank you and welcome to this hearing.

I will start the questions. I would like to refer to paragraphs 7-15 of the report, where further reasons are given for not keeping full records. Mrs Lloyd, these paragraphs confirm that full and proper records were not kept. In your experience, do the gaps in documentation identified typify the standard of national health service business documentation in Wales?

Iechyd Powys wedi talu rhent yn amhriodol am fod â'r safle yn ei meddiant ar ôl ei werthu. Felly, mae'r gwaith pellach yr ydym wedi ei wneud yn rhoi sylw i'r pwyntiau a godwyd y tro cyntaf y trafododd y Pwyllgor y mater ac yn ystyried pwyntiau eraill a ddaeth i'r amlwg yn ein hymchwil bellach. Yr hyn yr ydym wedi ceisio ei wneud, Gadeirydd, yw rhoi gerbron y Pwyllgor adroddiad sy'n cyfuno'r materion sydd heb eu trafod fel y gallwch eu harchwilio.

[2] **Janet Davies:** Diolch, Syr John. Credaf fod y Pwyllgor yn teimlo y dylai'r sesiwn hon roi cyfle i ni ddeall y broses waredu yn well. Mrs Lloyd, a wnewch chi a'r tystion eraill gyflwyno'ch hunain?

Ms Lloyd: Ann Lloyd, Cyfarwyddwr y GIG yng Nghymru, wyf fi.

Mr Coffey: Allan Coffey, prif weithredwr Bwrdd Iechyd Lleol Sir Fynwy, wyf fi.

Mr Williams: Andy Williams yw fy enw i; fi yw prif weithredwr Bwrdd Iechyd Lleol Powys.

[3] **Janet Davies:** Diolch a chroeso i'r gwrandawriad hwn.

Dechreuaf y cwestiynau. Hoffwn gyfeirio at baragraffau 7-15 yn yr adroddiad, lle y rhoddir rhesymau pellach dros beidio â chadw cofnodion llawn. Mrs Lloyd, mae'r paragraffau hyn yn cadarnhau na chadwyd cofnodion llawn a chywir. Yn eich profiad chi, a yw'r bylchau a nodwyd yn y dogfennau yn nodweddiadol o safon dogfennau busnes y gwasanaeth iechyd gwladol yng Nghymru?

Ms Lloyd: Certainly not now, Chair. I was not working in Wales at the time of this particular set of transactions, so I am afraid that I am at a loss to be able to explain whether or not this was common practice then. However, since the very helpful report of the National Audit Office back in October 2002, we have issued a number of documents, as I said I would at that hearing, to ensure that there is proper probity in the management of records, in proper audit trails being undertaken in the disposal of property, and a mandatory requirement for the Welsh Health Estates Service to provide proper professional advice to individual organisations, which are thinking of disposing or acquiring property, thereby ensuring that a mandatory framework is placed on the NHS in Wales to ensure that it keeps accurate and good records of its transactions. It can be of no comfort to any of us to be in the position of having to defend actions of some years ago, where there has been really inadequate record-keeping of the nature described in the Auditor General's report. It is in everybody's best interest that the NHS is able to prove at every step that it has taken all its decisions with a good analysis of the risks surrounding the transaction and to ensure that proper probity can be safeguarded at all times.

[4] **Janet Davies:** Thank you, Mrs Lloyd. Denise?

Ms Lloyd: Nac ydynt erbyn hyn yn bendant, Gadeirydd. Nid oeddwn yn gweithio yng Nghymru adeg y gyfres benodol hon o drafodion, felly mae arnaf ofn na allaf egluro a oedd hyn yn arfer cyffredin bryd hynny ai peidio. Fodd bynnag, ers adroddiad defnyddiol iawn y Swyddfa Archwilio Genedlaethol ym mis Hydref 2002, yr ydym wedi cyhoeddi nifer o ddogfennau, fel y dywedais y byddwn yn gwneud yn y gwrandawriad hwnnw, i sicrhau bod gonestrwydd priodol wrth reoli cofnodion, fod trywyddau archwilio priodol yn cael eu dilyn wrth waredu eiddo, a'i bod yn orfodol bod Gwasanaeth Ystadau Iechyd Cymru yn darparu cyngor proffesiynol priodol i sefydliadau unigol, sy'n ystyried gwaredu neu gaffael eiddo, a thrwy hynny sicrhau bod fframwaith gorfodol yn cael ei gyflwyno i'r GIG yng Nghymru i sicrhau ei fod yn cadw cofnodion cywir a da o'i drafodion. Ni all fod yn fawr o gysur i neb ohonom orfod amddiffyn camau a gymerwyd rai blynyddoedd yn ôl, lle y bu cofnodi hollol annigonol o'r math a ddisgrifir yn adroddiad yr Archwilydd Cyffredinol. Mae er budd pawb fod y GIG yn gallu profi ym mhob cam ei fod wedi gwneud ei holl benderfyniadau gyda dadansoddiad da o'r risgiau sy'n gysylltiedig â'r trafodion gan sicrhau bod modd diogelu'r gonestrwydd priodol bob amser.

[4] **Janet Davies:** Diolch, Mrs Lloyd. Denise?

[5] **Denise Idris Jones:** Thank you. Good morning. Paragraph 23 on page 8 of the report refers quite clearly to the fact that Mrs Bailey made her bid on 12 May and that her fax on 17 May was not a late bid. In fact, Mrs Bailey's fax of 17 May seems to have led to a lot of allegations, when it appears to have been a simple request for some extra time to supply supporting documentation. Can you confirm that she did make her bid on 12 May and that she supplied the requested information by 17 May—that is, that she did not receive any preferential treatment?

Ms Lloyd: She did not receive preferential treatment; she faxed to ask for an extension.

[6] **Denise Idris Jones:** A 12-hour extension?

Ms Lloyd: Yes, a 12-hour extension, which, indeed, she did not take up. It was dealt with, as you can see. The information provided by the officials to the Secretary of State at the time is quite clearly stated. Added to the evidence that I gave at our last hearing about this issue, it certainly was not a late bid; late bids are not accepted.

[7] **Denise Idris Jones:** Would it therefore not be better if everyone was given the same amount of time, and then this kind of allegation would not happen again?

Ms Lloyd: Absolutely. Everybody is entitled to ask for a delay in providing us with information, but it is quite unusual that that should be done; it has to be done in a very open and honest manner, and the same accommodation has to be offered to all other bidders.

[5] **Denise Idris Jones:** Diolch. Bore da. Mae paragraff 23 ar dudalen 8 yn yr adroddiad yn nodi'n eithaf clir i Mrs Bailey wneud ei chynnig ar 12 Mai ac nad cynnig hwyr oedd ei ffacs ar 17 Mai. Mewn gwirionedd, mae'n ymddangos bod ffacs Mrs Bailey ar 17 Mai wedi arwain at lu o honiadau, er ei bod yn ymddangos mai cais syml am ragor o amser i gyflwyno dogfennau ategol ydoedd. A allwch gadarnhau iddi wneud ei chais ar 12 Mai ac iddi gyflwyno'r wybodaeth y gofynnwyd amdani erbyn 17 Mai—hynny yw, na chafodd hi ffafriaeth?

Ms Lloyd: Ni chafodd ffafriaeth; anfonodd ffacs i ofyn am estyniad.

[6] **Denise Idris Jones:** Estyniad 12-awr?

Ms Lloyd: Ie, estyniad 12-awr, ond, yn wir, ni fanteisiodd ar yr estyniad hwnnw. Deliwyd â'r mater, fel y gallwch weld. Mae'r wybodaeth a ddarparwyd gan y swyddogion i'r Ysgrifennydd Gwladol ar y pryd wedi ei nodi'n glir. O'i hychwanegu at y dystiolaeth a roddais yn ein gwrandawriad diwethaf am y mater hwn, nid cynnig hwyr ydoedd yn bendant; ni dderbynnir cynigion hwyr.

[7] **Denise Idris Jones:** Oni fyddai'n well felly pe bai pawb yn cael yr un faint o amser, yna ni fyddai honiad o'r math hwn yn digwydd eto?

Ms Lloyd: Yn hollol. Mae gan bawb yr hawl i ofyn am ragor o amser i ddarparu gwybodaeth i ni, ond mae'n bur anarferol i hynny ddigwydd; rhaid ei wneud mewn modd agored a gonest, a rhaid cynnig yr un hyblygrwydd i bob cynigydd arall.

[8] **Denise Idris Jones:** Was it not known, therefore, that they could ask for this extra time?

Ms Lloyd: I am afraid that I cannot answer that question; I do not have that information available to me.

[9] **Janet Davies:** Thank you. Alun?

[10] **Alun Cairns:** Thank you, Cadeirydd. Just to come back on the question that Denise Idris Jones asked, Ms Lloyd: if you do not have the information, who does?

Ms Lloyd: I can certainly investigate further with the NAO into the precise details that it acquired through its investigation—this obviously is a report of that investigation—on whether or not it was able, from the evidence available, to track down, to audit whether or not the same accommodation was extended to others, but I would have to go back to Sir John to ask for his opinion on whether or not he found that evidence.

[11] **Alun Cairns:** Thank you. I want to refer to—

[12] **Janet Davies:** Alun, can I stop you there for a second, because this is something that we can clear up here and now rather than let it drift on for a week or so.

Sir John Bourn: I wonder if I could ask Mr Usher to take that point.

Mr Usher: Certainly. Mrs Bailey made a request by fax to the Secretary of State for the 12-hour extension and that was granted, as the witness has said. That accommodation was not offered to other bidders, so she was, in that sense, placed at an advantage over other bidders.

[8] **Denise Idris Jones:** Onid ydoedd yn hysbys, felly, fod modd iddynt ofyn am yr amser ychwanegol hwn?

Ms Lloyd: Mae arnaf ofn na allaf ateb y cwestiwn hwnnw; nid yw'r wybodaeth honno gennyf.

[9] **Janet Davies:** Diolch. Alun?

[10] **Alun Cairns:** Diolch, Gadeirydd. A dod yn ôl at gwestiwn Denise Idris Jones, Ms Lloyd: os nad yw'r wybodaeth gennych chi, gan bwy y mae?

Ms Lloyd: Yn sicr, gallaf ymchwilio ymhellach gyda'r SAG i'r union fanylion a gasglodd drwy ei hymchwiliad—adroddiad yr ymchwiliad hwnnw yw hwn yn amlwg —ynghylch a fu modd iddi, yn ôl y dystiolaeth a oedd ar gael, ddarganfod, archwilio a gafodd yr un hyblygrwydd ei gynnig i eraill ai peidio, ond byddai'n rhaid i mi ddychwelyd at Syr John i ofyn iddo a ddaeth o hyd i'r dystiolaeth honno ai peidio yn ei farn ef.

[11] **Alun Cairns:** Diolch. Yr wyf am gyfeirio at—

[12] **Janet Davies:** Alun, a gaf fi dorri ar eich traws am eiliad, oherwydd mae hyn yn rhywbeth y gallwn ei ddatrys ar unwaith yn hytrach na gadael iddo lusgo am ryw wythnos.

Syr John Bourn: Ys gwn i a allwn ofyn i Mr Usher drafod y pwynt hwnnw?

Mr Usher: Wrth gwrs. Gwnaeth Mrs Bailey gais drwy ffacs i'r Ysgrifennydd Gwladol am yr estyniad 12-awr a rhoddwyd hwnnw, fel y dywedodd y tyst. Ni chynigiwyd yr hyblygrwydd hwnnw i'r cynigwyr eraill, felly yr oedd ganddi, yn hynny o beth, fantais ar y cynigwyr eraill.

[13] **Janet Davies:** Thank you.

[14] **Alun Cairns:** Mr Coffey, I would like to refer to paragraphs 30 and 31 of the Auditor General's report. It might be useful if I summarise it for people observing, or maybe to clarify my understanding that £355,000 was agreed as a sale price for the premises when the sale was completed in October 1999, together with a peppercorn rent for five years, with certain surrender arrangements built into that process. However, in March 2000, the trust had agreed a payment of £120,000 in order to buy itself out of its lease commitment, which was at a peppercorn rent. So, effectively, the £355,000 does not seem to be much, although it might well have been the market value at the time, but the trust effectively had to refund £120,000 on top.

Mr Coffey: If I can just describe the process of the arrangements for the buy-out of the lease. The sale was transacted and completed, as you say, in October 1999. As part of the sale and the benefits of the sale to the eventual owner, we had to insist upon a lease being inserted into that sale document because we still had 70 patients on the mid Wales site. So, by selling the property, we could sell it subject to us having the ability to lease back for a maximum period of five years at the time, until such time as we had relocated the patients back into other NHS property.

[13] **Janet Davies:** Diolch.

[14] **Alun Cairns:** Mr Coffey, hoffwn gyfeirio at baragraffau 30 a 31 yn adroddiad yr Archwilydd Cyffredinol. Efallai y byddai'n ddefnyddiol pe bawn yn ei grynhoi ar gyfer y bobl sy'n arsylwi, neu efallai i egluro fy nealltwriaeth bod £355,000 wedi ei dderbyn fel pris gwerthu'r eiddo pan gwblhawyd y gwerthiant ym mis Hydref 1999, ynghyd â rhent rhad am bum mlynedd, a rhai trefniadau ildio yn rhan o'r broses honno. Fodd bynnag, ym mis Mawrth 2000, yr oedd yr ymddiriedolaeth wedi cytuno ar daliad o £120,000 i'w rhyddhau ei hun o'i hymrwymiad i'r brydles, a oedd am rent rhad. Felly, i bob pwrpas, nid yw'r £355,000 yn ymddangos yn llawer, er ei bod yn eithaf posibl mai dyna oedd y gwerth marchnadol ar y pryd, ond bu'n rhaid i'r ymddiriedolaeth ad-dalu £120,000 ar ben hynny i bob pwrpas.

Mr Coffey: Os caf fi ddisgrifio proses y trefniadau ar gyfer prynu gweddill y brydles. Trafodwyd a chwblhawyd y gwerthiant, fel yr ydych chi'n dweud, ym mis Hydref 1999. Fel rhan o'r gwerthiant a buddiannau'r gwerthiant i'r perchennog yn y pen draw, yr oedd yn rhaid i ni fynnu bod prydles yn cael ei chynnwys yn nogfen y gwerthiant hwnnw oherwydd bod gennym 70 o gleifion ar y safle yn y Canolbarth o hyd. Felly, drwy werthu'r eiddo, gallem ei werthu ar yr amod ein bod ni'n gallu ei brydlesu yn ôl am gyfnod o hyd at bum mlynedd ar y pryd, nes ein bod wedi symud y cleifion yn ôl i rywle arall sy'n eiddo i'r GIG.

Now, the decision to buy out the lease was taken when we were able to relocate the elderly, long-stay patients. There are two tranches of patients. The first tranche of adult acute patients were transferred fairly rapidly and were subject to a separate lease, which was about a month long. The patients were transferred and the lease expired. The second lease, which related to the elderly, long-stay patients, which was the five-year lease, with the 12-month break clause, was there for two reasons really. The 12-month break clause was to limit the trust's financial liability, so, at any point within that five-year lease, we could instigate the 12-month break clause, and that would be the real extent of our financial commitment. In our judgment, that was a realistic amount of time, given the state of play and the vagaries around transferring patients, and what could hinder that process because, obviously, relatives have views and judicial reviews can be called. However, with a fair wind, we felt that we could relocate those patients within 12 months and, so, a 12-month termination was deemed viable, acceptable and reasonable. The five years was to protect the patients so that, should something untoward happen, we had the option to go up to the five years.

Now, the other thing to understand in all of this is that, while a peppercorn rent would be paid by us, the actual running costs of the hospital, in terms of the heating, maintenance, security, overheads and so on, would continue. So, had we continued with the lease for five years, we would have had to maintain that property, because another clause in the lease was to maintain the fabric of the building as at the point that it was completed and transferred to the ownership of Mrs Bailey. So, in order to do that, we could not just shut it down and so on. There were ongoing significant financial liabilities and, equally and

Yn awr, penderfynwyd prynu gweddill y brydles pan oeddem yn gallu symud y cleifion hirdymor, oedrannus. Mae dau grwp o gleifion.

Trosglwyddwyd y grwp cyntaf o gleifion aciwt mewn oed yn eithaf cyflym ac yr oeddent yn destun prydles ar wahân, a oedd yn para tua mis. Symudwyd y cleifion a daeth y brydles i ben. Yr oedd dau reswm mewn gwirionedd dros yr ail brydles, a oedd yn ymwneud â'r cleifion oedrannus, arhosiad hir, sef y brydles bum mlynedd, gyda'r cymal toriad 12-mis. Pwrpas y cymal toriad 12-mis oedd cyfyngu ar gyfrifoldeb ariannol yr ymddiriedolaeth, fel bod modd inni, ar unrhyw adeg yn ystod y brydles bum mlynedd honno, weithredu'r cymal egwyl 12-mis, a dyna fyddai gwir faint ein hymrwymiad ariannol. Yn ein barn ni, yr oedd hynny'n gyfnod realistig, o ystyried y sefyllfa a'r ansicrwydd sy'n gysylltiedig â symud cleifion, a'r hyn a allai lesteirio'r broses honno oherwydd bod gan berthnasau eu barn, mae'n amlwg, a gellir gofyn am adolygiadau barnwrol. Fodd bynnag, gyda thamaid bach o lwc, yr oeddem yn teimlo y gallem symud y cleifion hynny o fewn 12 mis ac, felly, tybid bod terfyniad 12 mis yn bosibl, yn dderbyniol ac yn rhesymol. Pwrpas y pum mlynedd oedd diogelu'r cleifion fel bod gennym yr opsiwn, pe bai rhywbeth annisgwyl yn digwydd, i aros hyd at bum mlynedd.

Yn awr, y pwynt arall i'w ddeall yn hyn i gyd yw, tra byddem ni'n talu rhent rhad, byddai costau gwirioneddol cynnal yr ysbyty, o ran y gwres, cynnal a chadw, diogelwch, costau cyffredinol ac yn y blaen, yn parhau. Felly, pe baem wedi parhau â'r brydles am bum mlynedd, byddem wedi gorfod cynnal yr eiddo hwnnw, oherwydd cymal arall yn y brydles oedd cynnal strwythur yr adeilad fel yr oedd pan gafodd ei gwblhau a'i drosglwyddo i berchenogaeth Mrs Bailey. Felly, er mwyn gwneud hynny, ni allem ei gau ac yn y blaen, a dyna ddiwedd arni. Yr oedd cyfrifoldebau ariannol sylweddol yn parhau

opposite if you like, for the owner to take on those liabilities earlier, clearly it would be a major financial commitment to her. So, it was done in that light.

[15] **Alun Cairns:** But, if I go back to the original report provided by the Auditor General, and to figure 3, it states that in the bid of £355,000, there were no conditions. So, I assume that this lease arrangement was arranged at the convenience of the trust. So, in the simplest terms, what effectively happened was that the health authority received £355,000 as a sale of the premises, but the trust then paid back £120,000 in order to buy itself out of the lease. Did that happen because of the lack of planning and foresight on behalf of the trust and the health authority in working together?

Mr Coffey: No, the trust and the health authority worked together in the sale of the hospital. It was predominantly within the remit of the health authority, whose property it was to sell. The health authority actually wrote in the five-year lease in terms of one of the conditions of the sale of the property. So, the sale of the property was together with a five-year lease; it was not a separate lease negotiated after the sale of the property. It was incumbent in the sale of the property that anybody who bought it had to afford the trust a five-year lease, because there were 70 patients still there.

ac, yn yr un modd ac i'r gwrthwyneb os hoffwch, byddai wedi bod yn ymrwymiad ariannol mawr, yn amlwg, i'r perchennog ysgwyddo'r cyfrifoldebau hynny yn gynharach. Felly, gweithredwyd ar y sail honno.

[15] **Alun Cairns:** Ond, os dychwelaf at yr adroddiad gwreiddiol a ddarparwyd gan yr Archwilydd Cyffredinol, ac at ffigur 3, mae'n nodi nad oedd amodau yn y cynnig o £355,000. Felly, yr wyf yn tybio i'r trefniant hwn o ran y brydles gael ei drefnu er hwylustod i'r ymddiriedolaeth. Felly, yn y termau symlaf, yr hyn a ddigwyddodd i bob pwrpas oedd i'r awdurdod iechedd dderbyn £355,000 drwy werthu'r adeiladau, ond wedyn ad-dalodd yr ymddiriedolaeth £120,000 i'w rhyddhau ei hun o'r brydles. Ai oherwydd diffyg cynllunio a rhagweld ar ran yr ymddiriedolaeth a'r awdurdod iechedd wrth weithio gyda'i gilydd y digwyddodd hynny?

Mr Coffey: Na, bu'r ymddiriedolaeth a'r awdurdod iechedd yn gweithio gyda'i gilydd wrth werthu'r ysbyty. Yr oedd o fewn cylch gorchwyl yr awdurdod iechedd yn bennaf, a hwnnw oedd yn gwerthu'r eiddo. Mewn gwirionedd, yr awdurdod iechedd a ychwanegodd y brydles bum mlynedd fel un o amodau gwerthu'r eiddo. Felly, yr oedd yr eiddo yn cael ei werthu gyda phrydles bum mlynedd; nid pryddles ar wahân wedi'i negodi ar ôl gwerthu'r eiddo ydoedd. Yr oedd yn rheidrwyd wrth i'r eiddo gael ei werthu fod unrhyw un a oedd yn ei brynu yn rhoi pryddles bum mlynedd i'r ymddiriedolaeth, oherwydd bod 70 o gleifion yno o hyd.

[16] **Alun Cairns:** Yes, but that condition and that request was made by the trust and the health authority on purchasing the property, but then, because of the lack of foresight and planning, just a short number of months later, from October 1999 to March 2000, we end up paying back £120,000 in order to buy ourselves out of the commitment that we forced the purchaser to accept.

Mr Coffey: The reason the five-year lease was insisted upon in the original sale is because there were 70 patients in the hospital. Those 70 patients could, in theory, take up to five years, if not more, to get out of the hospital. Had there been a judicial review, as there has been in other instances in the NHS, the hospital closure could have been forestalled, and those patients could have been in for a longer time. Our prime motivation was the protection of those patients, some of whom had lived there for in excess of 30 or 40 years, and their homes, so there had to be a proviso within the sale to accommodate the interests of the patients. So that was an absolute requirement. The fact that we then negotiated a break clause of 12 months was entirely due to our limiting our financial liability. They are two different things. It was one lease, but, in terms of financial contribution, in terms of the financial liability to the trust, we could invoke that lease at any time. We invoked it as soon as we knew that it was likely that we could resettle or relocate the patients within a 12-month period, and that we did. However, in order for us to buy ourselves out of the lease—the lease does not come without cost—the implication for the owners is that they would take on the liability that much earlier than they thought they would. Therefore, it would cost them a lot more money because they would have to take up the heating, lighting, maintenance, security, and so on, earlier than they had planned for in their business. Similarly to us, the equation to us was to say that, having given notice for 12

[16] **Alun Cairns:** Iawn, ond gwnaed yr amod hwnnw a'r cais hwnnw gan yr ymddiriedolaeth a'r awdurdod iechyd wrth i'r eiddo gael ei brynu, ond wedyn, oherwydd diffyg rhagweld a chynllunio, ychydig fisoedd yn ddiweddarach, o fis Hydref 1999 tan fis Mawrth 2000, yr ydym yn gorfod ad-dalu £120,000 er mwyn ein rhyddhau ein hunain o'r ymrwymiad yr oeddem wedi gorfodi'r prynwr i'w dderbyn.

Mr Coffey: Y rheswm dros fynnu cael y brydles bum mlynedd yn y gwerthiant gwreiddiol oedd bod 70 o gleifion yn yr ysbyty. Gallai'r 70 claf hynny, yn ddamcaniaethol, gymryd hyd at bum mlynedd, os nad mwy, i adael yr ysbyty. Pe bai adolygiad barnwrol wedi ei gynnal, fel sydd wedi digwydd mewn achosion eraill yn y GIG, gallai hynny fod wedi atal cau'r ysbyty, a gallai'r cleifion hynny fod wedi bod yn yr ysbyty yn hwy. Ein prif gymhelliad oedd diogelu'r cleifion hynny, rhai ohonynt yn byw yno ers dros 30 neu 40 mlynedd, a'u cartrefi, felly rhaid oedd cael amod yn y gwerthiant i ystyried lles y cleifion. Felly yr oedd hynny'n ofyniad pendant. Yr unig reswm y bu i ni negodi cymal toriad 12 mis wedyn oedd ein bod am gyfyngu ar ein cyfrifoldeb ariannol. Maent yn ddau beth gwahanol. Un brydles ydoedd, ond, o ran cyfraniad ariannol, o ran cyfrifoldeb ariannol yr ymddiriedolaeth, gallem roi'r brydles honno mewn grym ar unrhyw adeg. Bu i ni ei rhoi mewn grym cyn gynted ag yr oeddem yn gwybod ei bod yn debygol y gallem ailgartrefu neu adleoli'r cleifion o fewn cyfnod o 12 mis, a dyna a wnaethom. Fodd bynnag, er mwyn i ni allu ein rhyddhau ein hunain o'r brydles—ni ddaw'r brydles heb gost—y goblygiad i'r perchenogion yw y byddai'n rhaid iddynt ysgwyddo'r cyfrifoldeb yn llawer cynt nag yr oeddent wedi ei ddisgwyl. Felly, byddai'n costio llawer mwy iddynt oherwydd byddai'n rhaid iddynt dalu am y gwres, y golau, cynnal a chadw, diogelwch ac yn y blaen yn gynt nag yr oeddent wedi bwriadu

months—we had seven months remaining when we eventually transferred the patients—we had seven months' worth of direct costs of running that, which we estimated at the time to be around £90,000, and so, even if we had just stayed there, transferred the patients, retained the lease and paid the owner nothing, it would have cost us about £90,000.

So, the difference between the £90,000 and the eventual settlement was our estimate of the balance of risk, because it is a huge sprawling site—I do not know whether you are familiar with the site, but it is very large, comprising many buildings, and it is very remote and very prone to vandalism, and it was a high security risk. The replacement cost of the property was worth millions, and we were liable, as a trust, to make good any dilapidations in the condition of that entire estate that had been sold and which we had on leasehold. So, it was our judgment that we could either stay in it for seven months—it would cost us £90,000 to do that anyway—so, what was it worth to us to buy out that risk of the potential of vandalism, fire, theft and all the rest of it, and that comprised the £120,000 payment.

[17] **Alun Cairns:** I do not want to pursue this any further, other than to say that what it has effectively meant is that the net receipt to the health service in Wales was £235,000 rather than the £355,000 that was agreed at the outset, because we had to pay back that sum. I want to move on to ask you why this information was not made available to the Auditor General during his original investigation?

yn eu busnes. Yn debyg i ni, y sefyllfa gyffelyb i ni oedd dweud, ar ôl rhoi rhybudd o 12 mis—yr oedd gennym saith mis yn weddill pan fu i ni symud y cleifion yn y diwedd—fod gennym werth saith mis o gostau cynnal uniongyrchol, y bu i ni amcangyfrif ar y pryd eu bod oddeutu £90,000, ac felly, hyd yn oed pe baem wedi aros yno, symud y cleifion, cadw'r brydles a thalu dim i'r perchennog, byddai wedi costio rhyw £90,000 i ni.

Felly, y gwahaniaeth rhwng y £90,000 a'r setliad yn y pen draw oedd ein hamcangyfrif ni o'r cydbwysedd risg, oherwydd y mae'n safle eang enfawr—ni wn a ydych yn gyfarwydd â'r safle, ond mae'n fawr iawn, gyda llawer o adeiladau, ac mae'n anghysbell iawn ac yn agored iawn i fandaliaeth, ac yr oedd yn risg sylweddol o ran diogelwch. Byddai'n costio miliynau i ailadeiladu'r safle, ac yr oeddem yn gyfrifol, fel ymddiriedolaeth, am unioni unrhyw ddadfeiliad yng nghyflwr yr ystad gyfan a oedd wedi ei gwerthu ac yr oeddem yn ei phrydlesu. Felly, ein barn ni oedd y gallem naill ai aros ynddi am saith mis—byddai'n costio £90,000 i ni wneud hynny beth bynnag—felly, beth oedd y gwerth i ni o brynu rhyddid rhag y risg honno oherwydd posibilrwydd fandaliaeth, tân, lladrata ac yn y blaen, a dyna oedd y taliad o £120,000.

[17] **Alun Cairns:** Nid wyf am fynd ar ôl hyn ymhellach, heblaw dweud mai'r hyn y mae wedi ei olygu i bob pwrpas yw bod y gwasanaeth iechyd yng Nghymru wedi derbyn swm net o £235,000 yn hytrach na'r £355,000 a gytunwyd ar y dechrau, oherwydd i ni orfod ad-dalu'r swm hwnnw. Yr wyf am symud ymlaen i ofyn i chi pam na threfnwyd bod y wybodaeth hon ar gael i'r Archwilydd Cyffredinol yn ystod ei ymchwiliad gwreiddiol?

Mr Coffey: That was for several reasons. The first reason was that I was not aware of the audit. I was not aware of the Auditor General's audit into the sale of the Mid Wales Hospital.

[18] **Alun Cairns:** When did you become aware of it?

Mr Coffey: I became aware of it when I was sent the draft NAO report in September 2002.

[19] **Alun Cairns:** Forgive me, but it was quite widely reported in the *Wales on Sunday* and outside in the press thereafter.

Mr Coffey: Well, I do not take the *Wales on Sunday*, and I did not see it in the *Wales on Sunday*. I was not aware that there was an audit going on into the hospital. It was with the health authority; it was not with us. We had no inclusion in that audit in terms of the scoping. The National Audit Office did not talk to us about whether we could contribute to that, so I was not aware of it. I had, during the process when I was negotiating the payment to Mrs Bailey of £120,000, engaged the district audit service in terms of the district audit manager for Powys Healthcare NHS Trust to inform him of our actions, to check with him whether they represented value for money for the health service, and to check for probity. So, I suppose, in my mind I had already involved audit—district audit, external audit—in this process. Audit did not flag up to me at the time that I needed to cross check this prior audit report. So it did not occur to me, because I did not know about it and even when I did know about it I did not link the two particularly because I thought that they were quite separate items.

Mr Coffey: Yr oedd sawl rheswm dros hynny. Y rheswm cyntaf yw nad oeddwn yn ymwybodol o'r archwiliad. Nid oeddwn yn ymwybodol o archwiliad yr Archwilydd Cyffredinol i werthu Ysbyty Canolbarth Cymru.

[18] **Alun Cairns:** Pryd y daethoch chi'n ymwybodol ohono?

Mr Coffey: Deuthum yn ymwybodol ohono pan anfonwyd adroddiad drafft y SAG ataf ym mis Medi 2002.

[19] **Alun Cairns:** Maddeuwch i mi, ond cafodd lawer o sylw yn y *Wales on Sunday* ac yng ngweddill y wasg wedi hynny.

Mr Coffey: Wel, nid wyf yn cael y *Wales on Sunday*, ac ni welais ef yn y *Wales on Sunday*. Nid oeddwn yn ymwybodol bod archwiliad o'r ysbyty yn digwydd. Gyda'r awdurdod iechyd yr oedd; nid oedd gyda ni. Nid oeddem yn rhan o'r archwiliad hwnnw o ran pennu ei gwmpas. Ni siaradodd y Swyddfa Archwilio Genedlaethol â ni ynghylch a allem gyfrannu at hynny, felly nid oeddwn yn ymwybodol ohono. Yn ystod y broses pan oeddwn yn negodi'r taliad o £120,000 i Mrs Bailey, yr oeddwn wedi cysylltu â'r gwasanaeth archwilio dosbarth drwy reolwr archwilio dosbarth Ymddiriedolaeth GIG Gofal Iechyd Powys i'w hysbysu am ein gweithredoedd, i edrych a oeddent yn werth yr arian i'r gwasanaeth iechyd yn ei olwg ef ac i gadarnhau gonestrwydd. Felly, mae'n debyg gennyf fy mod yn fy meddwl i wedi cynnwys archwiliad—archwiliad dosbarth, archwiliad allanol—yn y broses hon eisoes. Ni chefais fy hysbysu gan yr archwiliad ar y pryd fod angen i mi groeswiro'r adroddiad archwilio blaenorol hwn. Felly ni chroesodd hynny fy meddwl, oherwydd nid oeddwn yn gwybod amdano a hyd yn oed pan oeddwn yn ymwybodol ohono, ni chysylltais y ddau yn arbennig oherwydd fy mod

[20] **Alun Cairns:** With the greatest respect, Mr Coffey, this was quite a significant news item within the health service because of the actions of the Auditor General in terms of his investigation, because of the wild allegations—some accurate, some inaccurate—that had been made by members of the public. I am very surprised that you had not heard of it from your colleagues within the health service, bearing in mind the senior position that you hold.

Mr Coffey: I can only say that, if I was aware of it, it was very tangential. I was not aware of it as a mainstream issue that concerned the dealings of the trust.

[21] **Alun Cairns:** Is it fair to say then, that operations within the NHS are so compartmentalised that one department does not talk to another?

Mr Coffey: Well, no, it is the opposite, in fact, in that had any officials in Dyfed Powys Health Authority at the time who were being audited felt that it would have been useful to engage the trust as the continuing users of the hospital, then I guess that they would have done, and they did not. District audit did not flag up a link between the trust's dealings with Mrs Bailey and this previous audit. A connection was not made. They were two entirely different things. My understanding, when I did find out about the audit report, was that it was concerned solely with the disposal of the hospital.

yn credu eu bod yn ddau beth hollol ar wahân.

[20] **Alun Cairns:** Gyda phob parch, Mr Coffey, yr oedd hon yn eitem newyddion eithaf pwysig yn y gwasanaeth iechyd oherwydd gweithredoedd yr Archwilydd Cyffredinol o ran ei ymchwiliad, oherwydd yr honiadau gwyllt—rhai ohonynt yn gywir, rhai ohonynt yn anghywir—a oedd wedi eu gwneud gan aelodau o'r cyhoedd. Yr wyf yn synnu'n fawr nad oeddech wedi clywed amdano gan eich cydweithwyr yn y gwasanaeth iechyd, o gofio eich bod mewn swydd uchel.

Mr Coffey: Ni allaf ond dweud, os oeddwn yn ymwybodol ohono, mai mater ymylol iawn ydoedd. Nid oeddwn yn ymwybodol ohono fel mater prif ffrwd a oedd yn ymwneud â busnes yr ymddiriedolaeth.

[21] **Alun Cairns:** A yw'n deg dweud felly, fod gweithrediadau o fewn y GIG wedi eu rhannu yn adrannau i'r fath raddau nad yw'r naill adran yn siarad â'r llall?

Mr Coffey: Wel, na, i'r gwrthwyneb, mewn gwirionedd, oherwydd pe bai unrhyw un o swyddogion Awdurdod Iechyd Dyfed Powys ar y pryd a oedd yn cael eu harchwilio yn credu y byddai wedi bod yn ddefnyddiol cynnwys yr ymddiriedolaeth fel y rhai a oedd yn parhau i ddefnyddio'r ysbyty, yna tybiaf y byddent wedi gwneud hynny, ac ni wnaethant. Ni thynnodd yr archwiliad dosbarth sylw at gysylltiad rhwng ymwneud yr ymddiriedolaeth â Mrs Bailey a'r archwiliad blaenorol hwn. Ni welwyd cysylltiad. Yr oeddent yn ddau beth hollol wahanol. Yr hyn yr oeddwn i'n ei ddeall, pan gefais wybod am yr adroddiad archwilio, oedd ei fod yn ymwneud â gwaredu'r ysbyty yn unig.

[22] **Alun Cairns:** Ms Lloyd, can I ask you about the awareness or lack of awareness within the health service as a whole of the Auditor General's report? Would you say that senior personnel within the health service would generally be aware of general auditing of any division within the health service?

Ms Lloyd: I would expect all accountable officers and accounting officers to be well aware of any of the reports coming from the National Audit Office, because they will inform good practice and it will allow them to audit their own practice.

[23] **Alun Cairns:** Thank you, I am grateful for that answer. Mr Williams and Mr Coffey, and this is my final question, really—

[24] **Janet Davies:** Before you go on to that last question, could I just bring in Leighton?

[25] **Alun Cairns:** Yes, of course.

[26] **Leighton Andrews:** I just want to be clear about your reasons for what you said earlier, Mr Coffey. Paragraph 31 of the Auditor General's report says that the trust did not bring these issues to the NAO's attention because it felt that the scope of the NAO's inquiry related only up to the period of the sale in October 1999, which is slightly different to what you have just said to us. You are saying that you were not aware of it.

[22] **Alun Cairns:** Ms Lloyd, a gaf fi ofyn i chi am yr ymwybyddiaeth neu'r diffyg ymwybyddiaeth o fewn y gwasanaeth iechyd yn ei gyfanrwydd o adroddiad yr Archwilydd Cyffredinol? A fydddech yn dweud y byddai uwch bersonél yn y gwasanaeth iechyd ar y cyfan yn ymwybodol o archwilio cyffredinol yn unrhyw un o is-adrannau'r gwasanaeth iechyd?

Ms Lloyd: Byddwn yn disgwyl i bob swyddog atebol a swyddog cyfrifo fod yn gwbl ymwybodol o unrhyw adroddiadau gan y Swyddfa Archwilio Genedlaethol, oherwydd byddant yn llywio arferion da ac yn eu galluogi i archwilio eu harferion eu hunain.

[23] **Alun Cairns:** Diolch, yr wyf yn ddiolchgar am yr ateb hwnnw. Mr Williams a Mr Coffey, a dyma fy nghwestiwn olaf, mewn gwirionedd—

[24] **Janet Davies:** Cyn i chi ofyn y cwestiwn olaf hwnnw, a gaf fi alw ar Leighton?

[25] **Alun Cairns:** Cewch, wrth gwrs.

[26] **Leighton Andrews:** Yr wyf am fod yn glir am eich rhesymau dros yr hyn a ddywedasoich yn gynharach, Mr Coffey. Dywed paragraff 31 yn adroddiad yr Archwilydd Cyffredinol na wnaeth yr ymddiriedolaeth hysbysu'r SAG am y materion hyn oherwydd ei bod yn credu mai hyd at gyfnod y gwerthiant yn Hydref 1999 yn unig yr oedd cwmpas ymchwiliad y SAG, sydd fymryn yn wahanol i'r hyn yr ydych newydd ei ddweud wrthym ni. Yr ydych yn dweud nad oeddech yn ymwybodol ohono.

Mr Coffey: No, I think it is consistent with what I said. When we received the draft report in September, I circulated it within the trust for comment. The auditor was asking for our views on its completeness, accuracy and so on. It was officers within the trust at the time who received the report—and I cannot speak for them, as to whether it was their first knowledge of the audit or not—but, in terms of what the reference in that paragraph relates to, we did not make the connection between the two.

[27] **Janet Davies:** Okay. Alun?

[28] **Alun Cairns:** Thank you, Cadeirydd. That surprised me, even more than previous answers maybe. To begin with, Mr Coffey, you mentioned the risk that the trust would have faced if it had not surrendered the lease—or if it had not terminated the lease, I should say. That was because of the maintenance and so on of the buildings; there was an obligation to maintain the buildings in the condition in which you originally accepted them. Would it not have been sensible to have taken at least photographic evidence of some sort to protect the interests of the trust?

Mr Coffey: We did take a photographic survey of the site for our own records. We did not undertake a full structural survey: we considered that and our professional advice—my professional advice—from the estates department in the trust, which also consulted the health authority whose decision on this matter it was, and Welsh Health Estates, as to whether a full structural survey would serve any purpose in terms of the protection of the trust against future claims for dilapidation. The advice from all three bodies was that it would be prohibitively expensive to undertake such a survey given the

Mr Coffey: Na, credaf ei fod yn gyson â'r hyn a ddywedais. Pan dderbyniasom yr adroddiad drafft ym mis Medi, bu i mi ei ddosbarthu o amgylch yr ymddiriedolaeth i gael sylwadau arno. Yr oedd yr archwilydd yn gofyn am ein barn ynghylch pa mor gyflawn, pa mor gywir ac yn y blaen ydoedd. Swyddogion yn yr ymddiriedolaeth ar y pryd a gafodd yr adroddiad—ac ni allaf siarad drostynt, ai dyna pryd y daethant i wybod am yr archwiliad am y tro cyntaf ai peidio—ond, o ran yr hyn y mae'r cyfeiriad yn y paragraff hwnnw yn ymwneud ag ef, ni welsom y cysylltiad rhwng y ddau.

[27] **Janet Davies:** O'r gorau. Alun?

[28] **Alun Cairns:** Diolch, Gadeirydd. Cefais fy synnu gan hynny, hyd yn oed yn fwy nag atebion blaenorol efallai. I ddechrau, Mr Coffey, soniasoch am y risg y byddai'r ymddiriedolaeth wedi ei hwynebu pe na bai wedi ildio'r brydles—neu, yn hytrach, pe na bai wedi terfynu'r brydles. Yr oedd hynny oherwydd cynnal a chadw yr adeiladau ac yn y blaen; yr oedd rhwymedigaeth i gynnal a chadw'r adeiladau yn y cyflwr y cawsoch hwy yn wreiddiol. Oni fyddai wedi bod yn synhwyrol cymryd tystiolaeth ffotograffig o ryw fath o leiaf i ddiogelu buddiannau'r ymddiriedolaeth?

Mr Coffey: Gwnaethom arolwg ffotograffig o'r safle ar gyfer ein cofnodion ni ein hunain. Ni chynhaliwyd arolwg strwythurol llawn gennym: bu i ni ystyried hynny a'n cyngor proffesiynol—fy nghyngor proffesiynol i—gan adran ystadau'r ymddiriedolaeth, a fu hefyd yn ymgynghori â'r awdurdod iechyd a oedd yn gyfrifol am y penderfyniad ar y mater hwn, ac Ystadau Iechyd Cymru, ynghylch a fyddai arolwg strwythurol llawn o unrhyw fudd o ran amddiffyn yr ymddiriedolaeth rhag hawliadau am ddadfeiliad yn y dyfodol. Cyngor y tri chorff oedd y byddai'n afresymol o ddrud cynnal

nature of the site—it is an absolutely huge site, with many buildings. A photographic survey would not identify things such as rot, and so on, in wooden structures; it would be a very superficial account of the quality of the structure of the buildings, and it would not indicate damp, potentially. We therefore took the decision that, even had we commissioned an extremely expensive survey—and our estimates at the time were that that would cost us around £50,000—it would not have protected us against any future claims for dilapidation. It would not offer us a cast-iron guarantee that people could not come back and make claims for dilapidation that they could claim had occurred after the date of completion.

[29] **Alun Cairns:** In his report, the Auditor General accepts the issue about a full structural survey, but I did not mention that purposely because of the Auditor General’s comments. However, would it not have been sensible to have had a detailed photographic record in order to protect the interests of the trust, rather than some photographs, as you mentioned? It is quite clear from the Auditor General’s suggestion in his report that the photographic evidence was insufficient.

Mr Coffey: I think that the Auditor General went to a firm of surveyors that suggested that some sort of video record—which again is photographic, is it not—of the site may have protected the trust. However, I would say again that that is his professional view: our professional advice was contrary to that.

[30] **Alun Cairns:** Mr Williams, do you want to express your view on that question?

arolwg o’r fath o ystyried natur y safle—mae’n safle gwirioneddol enfawr, gyda llawer o adeiladau. Ni fyddai arolwg ffotograffig yn dod o hyd i bethau fel pydredd, ac yn y blaen, mewn strwythurau pren; cofnod arwynebol iawn a fyddai o ansawdd strwythur yr adeiladau, ac ni fyddai’n dangos lle y gallai lleithder fod. Felly, penderfynasom, hyd yn oed pe baem wedi comisiynu arolwg hynod ddrud—a’n hamcangyfrifon ar y pryd oedd y byddai’n costio tua £50,000 i ni—na fyddai wedi ein diogelu rhag unrhyw hawliadau am ddadfeiliad yn y dyfodol. Ni fyddai’n rhoi sicrwydd perffaith i ni na allai pobl ddod yn ôl a gwneud hawliadau am ddadfeiliad y gallent honni ei fod wedi digwydd ar ôl y dyddiad cwblhau.

[29] **Alun Cairns:** Yn ei adroddiad, mae’r Archwilydd Cyffredinol yn derbyn y ddadl ynglyn ag arolwg strwythurol llawn, ond ni soniais am hynny yn fwriadol oherwydd sylwadau’r Archwilydd Cyffredinol. Fodd bynnag, oni fyddai wedi bod yn synhwyrol cael cofnod ffotograffig manwl er mwyn diogelu buddiannau’r ymddiriedolaeth, yn hytrach na rhai ffotograffau, fel y soniasoch? Mae’n hollol amlwg yn ôl awgrym yr Archwilydd Cyffredinol yn ei adroddiad nad oedd y dystiolaeth ffotograffig yn ddigonol.

Mr Coffey: Credaf i’r Archwilydd Cyffredinol fynd at gwmni o syrfewyr a awgrymodd y gallai rhyw fath o gofnod fideo—sydd eto yn ffotograffig, onid ydyw—o’r safle fod wedi diogelu’r ymddiriedolaeth. Fodd bynnag, byddwn yn dweud eto mai ei farn broffesiynol ef yw hynny: yr oedd ein cyngor proffesiynol ni yn groes i hynny.

[30] **Alun Cairns:** Mr Williams, a ydych am fynegi eich barn ar y cwestiwn hwnnw?

Mr Williams: Only to say that, when I took up post, I was invited to submit evidence as part of the Auditor General's investigation, and the advice available to me at the time was as Allan has described. It remained the professional view within the organisation that a photographic record would not be appropriate for the reasons that Allan described. Subsequently, of course, this report has suggested a different course of action, and I suspect that that is now something that all accountable officers will review in the light of the Auditor General's report. However, the advice that I was given when I assumed responsibility as accountable officer was exactly the same: a photographic record was not deemed to be a measure that would protect the organisation from charges of dilapidation.

[31] **Jocelyn Davies:** May I just come in there? One of the greatest dangers, and one of the biggest risks, that you cited earlier was vandalism. A photographic record, of course, would have been very useful should the buildings have been subject to vandalism, rather than just rotting and so on. You would have been able to capture vandalism.

Mr Coffey: Yes, and that would not have been in dispute; you would not need a survey. I guess that it would have assisted in that.

[32] **Jocelyn Davies:** It was one of the things that you cited earlier as being the biggest risk.

Mr Williams: Dim ond dweud, pan ddechreuais ar y swydd, fy mod wedi cael gwahoddiad i gyflwyno tystiolaeth fel rhan o ymchwiliad yr Archwilydd Cyffredinol, a'r cyngor a oedd ar gael i mi ar y pryd oedd yr hyn y mae Allan wedi ei ddisgrifio. Y farn broffesiynol yn y sefydliad o hyd oedd na fyddai cofnod ffotograffig yn briodol am y rhesymau a ddisgrifiodd Allan. Wedi hynny, wrth gwrs, mae'r adroddiad hwn wedi awgrymu ffordd wahanol o weithredu, a thybiaf fod hynny yn awr yn rhywbeth y bydd pob swyddog atebol yn ei adolygu yn sgîl adroddiad yr Archwilydd Cyffredinol. Fodd bynnag, yr oedd y cyngor a gefais pan ysgwyddais gyfrifoldeb fel swyddog atebol yr un peth yn union: nid ystyrid bod cofnod ffotograffig yn gam a fyddai'n diogelu'r sefydliad rhag hawliadau am ddadfeiliad.

[31] **Jocelyn Davies:** A gaf fi ddod i mewn yn y fan hon? Un o'r peryglon mwyaf, ac un o'r risgiau mwyaf, y bu i chi gyfeirio ati yn gynharach oedd fandaliaeth. Byddai cofnod ffotograffig, wrth gwrs, wedi bod yn ddefnyddiol iawn pe byddai fandaliaeth, yn hytrach na phydredd ac yn y blaen, wedi effeithio ar yr adeiladau. Byddech wedi gallu cael fandaliaeth.

Mr Coffey: Byddem, ac ni fyddai dadlau wedi bod am hynny; ni fyddai arnoch angen arolwg. Yr wyf yn tybio y byddai wedi bod o gymorth gyda hynny.

[32] **Jocelyn Davies:** Dyna oedd un o'r pethau y bu i chi gyfeirio ato yn gynharach fel y risg fwyaf.

Mr Coffey: Yes, and it was the biggest risk in the sense that, had vandalism occurred, it would be down to the trust to make that good. In terms of instances of vandalism or fire—major impacts on the quality of the estate—we had a photographic record of the estate that would have taken account of acts like that, but it would not have gone down to the detail of what windowsills needed replacing, whether there was damp in rooms and stuff like that, which may not seem a lot, but which would cost an awful lot to repair. Had a wing burnt down or been vandalised, then, clearly, the difference in state would be fairly obvious.

[33] **Alun Cairns:** With the greatest respect, Mr Coffey, I feel that the position is moving in that, on the one hand, you tell us that photographic evidence would not be helpful, and then, following Jocelyn Davies's question, you say that yes, quite clearly, it would be helpful. Which is it, and why, effectively, did we not have detailed photographic evidence? However, I want to leave that separate, because you partly answered the last question. Can you tell us: would photographic evidence have been helpful or not?

Mr Coffey: It would have been helpful for obvious major damage, clearly, but then—

[34] **Alun Cairns:** And that would have protected the interests of the trust to a certain extent?

Mr Coffey: Ie, a dyna oedd y risg fwyaf am mai cyfrifoldeb yr ymddiriedolaeth, pe bai fandaliaeth wedi digwydd, fyddai unioni hynny. O ran achosion o fandaliaeth neu dân—fyddai'n cael effaith fawr ar ansawdd yr ystad—yr oedd gennym gofnod ffotograffig o'r ystad a fyddai wedi ystyried gweithredoedd fel hynny, ond ni fyddai wedi rhoi manylion am ba siliau ffenestr yr oedd angen eu newid, a oedd ystafelloedd yn llaith a phethau felly, nad ydynt yn ymddangos yn bethau o bwys efallai, ond a fyddai'n costio llawer iawn i'w hatgyweirio. Pe bai adain wedi llosgi'n ulw neu wedi ei fandaleiddio, yna, yn amlwg, byddai'r gwahaniaeth yn ei chyflwr yn eithaf amlwg.

[33] **Alun Cairns:** Gyda phob parch, Mr Coffey, credaf fod eich safbwynt yn newid oherwydd, ar y naill llaw, dywedwch wrthym na fyddai tystiolaeth ffotograffig yn ddefnyddiol, ac yna, yn sgîl cwestiwn Jocelyn Davies, dywedwch y byddai, yn hollol amlwg, yn ddefnyddiol. Pa un ydyw, a pham, i bob pwrpas, na chawsom dystiolaeth ffotograffig fanwl? Fodd bynnag, yr wyf am roi hynny o'r neilltu, oherwydd atebasoch y cwestiwn diwethaf yn rhannol. A allwch ddweud wrthym: a fyddai tystiolaeth ffotograffig wedi bod yn ddefnyddiol ai peidio?

Mr Coffey: Byddai wedi bod yn ddefnyddiol ar gyfer difrod mawr amlwg, yn ddiamau, ond wedyn—

[34] **Alun Cairns:** A byddai hynny wedi diogelu buddiannau'r ymddiriedolaeth i ryw raddau?

Mr Coffey: No, because it would indicate that vandalism had taken place and we would have had to repair it. It is the opposite way round, really. It would not have protected our interests, I believe, because if vandalism had caused a room to be totally violated—windows smashed and so on—that would obviously be a clear change in the nature of the building. I think that the survey that we were talking about at the time of the photographic evidence was more concerned with the basic infrastructure of the building, with the condition of the woodwork, the roof, damp—a surveyor’s report like you would have for a house. For anything that was outside of that and major, including vandalism and fire, it would be obvious to both parties that it was a change in the condition. I do not think that photographic evidence—

[35] **Alun Cairns:** But unless you know the original position, you do not then know about deterioration that has happened subsequently, possibly partly due to vandalism.

Mr Coffey: Well, no.

[36] **Alun Cairns:** Thank you.

[37] **Janet Davies:** Chris, you have some questions?

[38] **Christine Gwyther:** Thank you very much, Chair. I would like to concentrate on quite mainstream record keeping and the lack of it at the time around the lease surrender. Paragraph 39 of the Auditor General’s memorandum refers to this. It states that the trust did not have a record of the formal risk assessment to establish the cost of the early lease surrender. I would like to ask you whether such an assessment was actually undertaken.

Mr Coffey: Na, oherwydd byddai’n dangos bod fandaliaeth wedi digwydd a byddem wedi gorfod wedi ei atgyweirio. Y gwrthwyneb sy’n wir, mewn gwirionedd. Ni fyddai wedi diogelu ein buddiannau, yn fy marn i, oherwydd pe bai ystafell wedi ei difrodi’n llwyr gan fandaliaeth—fffenestri wedi eu torri ac yn y blaen—byddai hynny’n amlwg yn newid clir yn natur yr adeilad. Credaf fod yr arolwg yr oeddem yn sôn amdano adeg y dystiolaeth ffotograffig yn ymwneud mwy ag adeiladwaith sylfaenol yr adeilad, â chyflwr y gwaith coed, y to, lleithder—adroddiad syrfëwr fel y byddech yn ei gael ar gyfer ty. O ran unrhyw beth mawr ar wahân i hynny, gan gynnwys fandaliaeth a thân, byddai’n amlwg i’r ddau barti ei fod yn newid yn y cyflwr. Ni chredaf y byddai tystiolaeth ffotograffig—

[35] **Alun Cairns:** Ond oni bai eich bod yn gwybod beth oedd y cyflwr gwreiddiol, yna ni fyddwch yn gwybod am ddirywiad sydd wedi digwydd ar ôl hynny, yn rhannol yn sgîl fandaliaeth o bosibl.

Mr Coffey: Wel, na.

[36] **Alun Cairns:** Diolch.

[37] **Janet Davies:** Chris, mae gennych gwestiynau?

[38] **Christine Gwyther:** Diolch yn fawr iawn, Gadeirydd. Hoffwn ganolbwyntio ar gofnodi eithaf prif ffrwd a diffyg hynny adeg ildio’r brydles. Cyfeiria paragraff 39 ym memorandwm yr Archwilydd Cyffredinol at hyn. Mae’n nodi nad oedd gan yr ymddiriedolaeth gofnod o’r asesiad risg ffurfiol i ddangos faint y byddai ildio’r brydles yn gynnar yn ei gostio. Hoffwn ofyn i chi a gynhaliwyd asesiad o’r fath ai peidio.

Mr Coffey: Yes, we did undertake a risk assessment in that we were faced with two choices. When it was apparent that we could move the last patients out in April, which was seven months before the lease expired, we had two choices. One was to retain the lease, with all its attendant costs and risks for the period, which was a clear option. The other option was to seek to buy ourselves out of that risk, and I have already explained our rationale for doing that. In doing that, the whole exercise implies a risk assessment. It was a judgment. I had to weigh up the pros and cons and the cost of maintaining the lease within the trust for a further seven months to determine how much that would cost us anyway. As I said previously, that would be £90,000 plus any indeterminate element of risk to make good vandalism, fire and so on. I discussed that balance of risk with the district auditor at the time to check whether my reading and my judgment of the situation was the best course of action for the trust. That was for the trust to buy itself out of the risk for the sum of £120,000, with around £30,000 representing the value of the risk transferred back to Mrs Bailey. I think that it is useful to remember the value of the open-ended liability on the trust at the time—again, this is a very large, sprawling, remote site—was potentially millions of pounds. Had the place been burnt down, had people got into it and set it on fire, it would have cost the health service millions of pounds. So, that was in my mind. We had a seven-month period when that could have happened and to my mind it was protecting the public purse to pay slightly over the odds of what it would have cost us anyway to transfer that risk to Mrs Bailey. That is what we did with the advice of the district audit service.

Mr Coffey: Do, bu i ni gynnal asesiad risg oherwydd ein bod yn wynebu dau ddewis. Pan ddaeth yn amlwg y gallem symud y cleifion olaf allan yn Ebrill, sef saith mis cyn i'r brydles ddod i ben, yr oedd gennym ddau ddewis. Un oedd cadw'r brydles, gyda'r holl gostau a risgiau oedd yn gysylltiedig drwy gydol y cyfnod, a oedd yn opsiwn clir. Yr opsiwn arall oedd ceisio talu i'n rhyddhau ein hunain o'r risg honno, ac yr wyf eisoes wedi egluro ein sail resymegol dros wneud hynny. Wrth wneud hynny, mae hynny i gyd yn golygu asesiad risg. Yr oedd yn rhaid barnu. Yr oedd yn rhaid i mi bwysu a mesur manteision ac anfanteision a chost cynnal y brydles o fewn yr ymddiriedolaeth am saith mis arall i benderfynu faint y byddai hynny'n ei gostio i ni beth bynnag. Fel y dywedais o'r blaen, byddai hynny'n £90,000 ynghyd ag unrhyw elfen benagored o risg i unioni difrod gan fandaliaeth, tân ac yn y blaen. Trafodais y cydbwysedd risg hwnnw gyda'r archwilydd dosbarth ar y pryd i gadarnhau ai fy nehongliad i a'm barn i ynghylch y sefyllfa oedd y dull gorau i'r ymddiriedolaeth weithredu. Byddai hynny'n golygu bod yr ymddiriedolaeth yn talu swm o £120,000 i'w rhyddhau ei hun o'r risg, a thua £30,000 yn cynrychioli gwerth y risg a oedd yn cael ei throsglwyddo yn ôl i Mrs Bailey. Credaf ei bod yn werth cofio y gallai gwerth cyfrifoldeb penagored yr ymddiriedolaeth ar y pryd—eto, mae hwn yn safle anghysbell, eang a mawr iawn—fod yn filiynau o bunnoedd o bosibl. Byddai wedi costio miliynau o bunnoedd i'r gwasanaeth iechyd pe bai'r lle wedi llosgi'n ulw, pe bai pobl wedi mynd yno a'i roi ar dân. Felly yr oedd hynny ar fy meddwl. Yr oedd gennym gyfnod o saith mis pan allai hynny fod wedi digwydd ac, yn fy marn i, yr oedd talu ychydig yn fwy na'r hyn y byddai wedi ei gostio i ni beth bynnag i drosglwyddo'r risg honno i Mrs Bailey yn diogelu arian y cyhoedd. Dyna'r hyn a wnaethom gyda chyingor y gwasanaeth archwilio dosbarth.

[39] **Christine Gwyther:** Right, thank you. In any risk assessment that I have been involved with, if I can just finish this point, Chair, there has been a very detailed justification of exactly how that decision was arrived at, and, really, you have not given me an answer, Mr Coffey, as to where that note—that detailed note, as it should have been—has actually got to.

Mr Coffey: No. I would accept that that thought process and that decision process was not adequately documented, and it should have been.

[40] **Christine Gwyther:** Sorry, Chair. I just wanted to pursue that.

[41] **Janet Davies:** Carl just wants to come in here, and then I will bring you back in.

[42] **Carl Sargeant:** You described how you established the £30,000 risk element, and you say that the site was particularly vulnerable to vandalism or fire. Have you any detail of specific threats to the establishment as it was?

Mr Coffey: No, there were no specific threats; there were no people threatening to do it. It was just that these things happen. When buildings are entirely shut down, with no presence there apart from, perhaps, security guards, it is highly likely—and it happens all the time—that they are vandalised, windows are smashed, people get in and squatters move in. Such buildings are highly vulnerable, particularly in remote areas. So, it was something that was more than likely to happen in my view.

[39] **Christine Gwyther:** O'r gorau, diolch. Mewn unrhyw asesiad risg yr wyf i wedi ymwneud ag ef, os caf orffen y pwynt hwn, Gadeirydd, bu cyfiawnhad manwl iawn o sut y daethpwyd i'r penderfyniad hwnnw yn union, ac, mewn gwirionedd, nid ydych wedi rhoi ateb i mi, Mr Coffey, ynglyn ag i ble yr aeth y nodyn hwnnw—a ddylai fod wedi bod yn nodyn manwl—mewn gwirionedd.

Mr Coffey: Na. Byddwn yn derbyn na chafodd y broses ystyried honno na'r broses benderfynu honno ei dogfennu'n briodol, a dylai hynny fod wedi digwydd.

[40] **Christine Gwyther:** Mae'n ddrwg gennyf, Gadeirydd. Yr oeddwn am fynd ar drywydd hynny.

[41] **Janet Davies:** Mae Carl am gyfrannu yn y fan hon, ac yna byddaf yn eich galw yn ôl.

[42] **Carl Sargeant:** Bu i chi ddisgrifio sut y bu i chi benderfynu ar yr elfen risg o £30,000, a dywedwch fod y safle yn arbennig o agored i fandaliaeth neu dân. A oes gennych fanylion ynglyn â bygythiadau penodol i'r sefydliad fel ag yr oedd?

Mr Coffey: Na, ni chafwyd bygythiadau penodol; nid oedd pobl yn bygwth gwneud hynny. Ond mae'r pethau hyn yn digwydd. Pan gaiff adeiladau eu cau'n llwyr, heb neb yn bresennol yno oni bai am, efallai, warchodwyr, mae'n dra thebygol—ac mae'n digwydd drwy'r amser—eu bod yn cael eu fandaleiddio, caiff ffenestri eu torri, mae pobl yn cael mynediad ac mae sgwatwyr yn symud i mewn. Mae'r cyfryw adeiladau yn ddiameddiffyn iawn, yn enwedig mewn ardaloedd anghysbell. Felly, yr oedd yn rhywbeth a oedd yn fwy na thebyg o ddigwydd yn fy marn i.

[43] **Carl Sargeant:** Okay. Thank you, Chair.

[44] **Christine Gwyther:** I have a second question on record keeping, or the lack of it. Paragraph 41 in the Auditor General's memorandum talks about either the non-retention or non-production of records of meetings after 7 January that involved the trust's chief executive and finance director with Chancefield Estates Ltd. I would like to ask probably Andy Williams and Allan Coffey why the trust did not retain any records of the meetings, if indeed any records were made at the time.

Mr Coffey: I will start on this. It is correct to say that no records were taken of the meetings between myself, the chief executive and Mrs Bailey and her colleagues in the sense of minutes of meetings. I hope that the Committee understands that the meetings were infrequent and informal and involved probably three or four people. They were not the type of meetings that you would normally formally minute. When anything significant and substantial came out of those meetings, certainly when agreements came out of those meetings, they were always recorded by way of letters. So, I would write to Mrs Bailey saying 'Further to our meeting, for clarification, can you please agree that we agreed the following: a, b, c, d, e, f, and g?'. So, in that sense, any material facts or agreements that emanated from those meetings were recorded, are documented, and they are in files for people to inspect. What we did not retain was notes of the meeting as you would have notes of this meeting. I think that that is probably general practice when you have informal meetings—you do not note them. I think, in hindsight, it would have been useful for us to take file notes of the meeting, just so that it is easier, when looking back, to see who said what at the time. However,

[43] **Carl Sargeant:** O'r gorau. Diolch, Gadeirydd.

[44] **Christine Gwyther:** Mae gennyf ail gwestiwn am gofnodi, neu'r diffyg cofnodi. Dywed paragraff 41 memorandwm yr Archwilydd Cyffredinol naill ai na chafodd cofnodion cyfarfodydd ar ôl 7 Ionawr rhwng prif weithredwr a chyfarwyddwr cyllid yr ymddiriedolaeth a Chancefield Estates Cyf eu cadw neu na chawsant eu cynhyrchu. Hoffwn ofyn i Andy Williams ac Alan Coffey mae'n siwr pam na chadwodd yr ymddiriedolaeth unrhyw gofnodion o'r cyfarfodydd, os yn wir y gwnaed unrhyw gofnodion ar y pryd.

Mr Coffey: Yr wyf am ddechrau ateb y cwestiwn hwn. Mae'n wir dweud na chymerwyd cofnodion o'r cyfarfodydd rhyngof i, y prif weithredwr a Mrs Bailey a'i chydweithwyr o ran cofnodion cyfarfod. Gobeithiaf fod y Pwyllgor yn deall na chynhaliwyd y cyfarfodydd yn aml a'u bod yn gyfarfodydd anffurfiol a oedd yn cynnwys tri neu bedwar unigolyn yn ôl pob tebyg. Nid oeddent y math o gyfarfodydd y byddech fel arfer yn cymryd cofnodion ffurfiol ohonynt. Pan oedd rhywbeth arwyddocaol a sylweddol yn deillio o'r cyfarfodydd hynny, yn sicr pan oedd cytundebau yn deillio o'r cyfarfodydd hynny, yr oeddynt bob amser yn cael eu cofnodi drwy lythyrau. Felly, byddwn yn ysgrifennu at Mrs Bailey yn dweud 'Yn dilyn ein cyfarfod, er eglurhad, a allwch gadarnhau i ni gytuno ar y canlynol: a, b, c, ch, d, dd ac e?'. Felly, yn yr ystyr hwnnw, cafodd unrhyw ffeithiau materol neu gytundebau a oedd yn deillio o'r cyfarfodydd hynny eu cofnodi, maent wedi eu dogfennu, ac maent mewn ffeiliau i bobl eu harchwilio. Yr hyn na chadwasom oedd nodiadau o'r cyfarfod yn yr un modd ag y byddai gennyh nodiadau o'r cyfarfod hwn. Credaf fod hynny yn arfer cyffredinol yn ôl pob tebyg pan eich bod yn cynnal cyfarfodydd anffurfiol—nid

those records were not kept, no.

[45] **Christine Gwyther:** Thank you. Given the climate surrounding this disposal and decommissioning, I find that extremely surprising and regrettable. Do you think that you would make it your policy in the future to make a record of every meeting, whether you consider it informal, formal or whatever?

Mr Coffey: I think, in those circumstances, definitely; where it involved a third party and a commercial transaction, yes.

[46] **Christine Gwyther:** Okay. Thank you, Chair.

[47] **Janet Davies:** Mark, you have some questions?

[48] **Mark Isherwood:** Yes. I refer to paragraph 42, which states that mothballing was considered by some trust officials as an alternative to the early end of the lease. Mr Coffey, given that occupancy of the site was shared and that, by November 1999, some parts were already occupied by Mrs Bailey, was the mothballing of the site, mentioned in paragraph 42, really a credible alternative to ending the lease early?

ydych yn gwneud nodyn ohonynt. Credaf, o edrych yn ôl, y byddai wedi bod yn ddefnyddiol i ni gymryd nodiadau ffeil o'r cyfarfod, fel ei bod yn haws, wrth edrych yn ôl, gweld pwy a ddywedodd beth ar y pryd. Fodd bynnag, na, ni chadwyd y cofnodion hynny.

[45] **Christine Gwyther:** Diolch. O ystyried hinsawdd y gwaredu a'r dadgomisiynu hyn, mae hynny yn fy synnu'n fawr ac mae'n destun cryn ofid. A ydych yn credu y byddwch yn ei wneud yn bolisi i chi yn y dyfodol i gadw cofnod o bob cyfarfod, waeth eich bod yn ei ystyried yn gyfarfod anffurfiol, ffurfiol neu beth bynnag?

Mr Coffey: Credaf, dan yr amgylchiadau hynny, yn bendant; lle yr oedd yn cynnwys trydydd parti a thrafodiad masnachol, byddwn.

[46] **Christine Gwyther:** O'r gorau. Diolch, Gadeirydd.

[47] **Janet Davies:** Mark, mae gennych gwestiynau?

[48] **Mark Isherwood:** Oes. Cyfeirïaf at baragraff 42, sy'n nodi i rai o swyddogion yr ymddiriedolaeth ystyried gosod y safle o'r neilltu fel opsiwn arall yn lle terfynu'r brydles yn gynnar. Mr Coffey, o ystyried bod meddiannaeth o'r safle wedi ei rhannu ac, erbyn mis Tachwedd 1999, fod Mrs Bailey eisoes yn meddiannu rhai rhannau, a oedd gosod y safle o'r neilltu, a grybwyllir ym mharagraff 42, yn opsiwn mwy ymarferol na therfynu'r brydles yn gynnar mewn gwirionedd?

Mr Coffey: It was credible. We would have had to remove Mrs Bailey from the hospital to do that, but she was there on a grace-and-favour basis. So, yes, we could have mothballed the site, and that was our declared intention should she not have been agreeable to terminating the lease earlier. In that case, we would have mothballed the site; that was our intention.

[49] **Mark Isherwood:** So how likely would it have been for mothballing to have led to expensive litigation, had you taken that route?

Mr Coffey: Well, it comes back to the balance of risk. Had we mothballed the site, that would imply that we would maintain minimum heating to protect the fabric of the building, and we would have had to employ security—people to give it 24-hour security. We would have incurred those costs identified earlier in the mothballing in one shape or another. We would have had to have continually monitored the site to protect it from all of the dangers that I have outlined. However, yes, we could have done that, and we would have had to have done that.

[50] **Mark Isherwood:** Was the chair of the trust misguided in thinking that mothballing was a credible alternative rather than just a bargaining position?

Mr Coffey: Yr oedd yn ymarferol. Byddem wedi gorfod symud Mrs Bailey o'r ysbyty i wneud hynny, ond yr oedd hi yno ar sail gras a ffafr. Felly, mae'n wir, gallem fod wedi gosod y safle o'r neilltu, a hynny oedd ein bwriad datganedig pe na byddai wedi cytuno i derfynu'r brydles yn gynharach. Yn yr achos hwnnw, byddem wedi gosod y safle o'r neilltu; dyna oedd ein bwriad.

[49] **Mark Isherwood:** Felly pa mor debygol oedd hi y byddai gosod y safle o'r neilltu wedi arwain at gyfreitha drud, pe baech wedi dilyn y llwybr hwnnw?

Mr Coffey: Wel, mae'n dod yn ôl at gydbwysedd risg. Pe baem wedi gosod y safle o'r neilltu, byddai hynny'n awgrymu y byddem yn cadw'r gwres ar y lefel isaf bosibl i ddiogelu strwythur yr adeilad, a byddai'n rhaid i ni fod wedi cyflogi gwarchodwyr—pobl i'w ddiogelu 24 awr y dydd. Byddem wedi gorfod talu'r costau hynny a nodwyd yn gynharach a oedd yn gysylltiedig â gosod y safle o'r neilltu mewn un ffordd neu'r llall. Byddai'n rhaid i ni fod wedi monitro'r safle yn barhaus i'w ddiogelu rhag yr holl beryglon yr wyf wedi eu hamlinellu. Fodd bynnag, mae'n wir, gallem fod wedi gwneud hynny, a byddai wedi bod yn rhaid i ni wneud hynny.

[50] **Mark Isherwood:** A oedd cadeirydd yr ymddiriedolaeth dan gamargraff wrth feddwl bod gosod y safle o'r neilltu yn ddewis ymarferol yn hytrach nag yn offeryn bargeinio yn unig?

Mr Coffey: The chair of the trust did not want the officers of the trust to pursue the mothballing alternative because that would involve the removal of Mrs Bailey from the premises. Our line in terms of mothballing, in terms of our negotiating line and line in how we would implement it, would be that, in order to mothball it, we could not allow any occupation of the site for security purposes, so we could not have Mrs Bailey and people in her employ visiting and coming and going to the site because we could not then make it secure. So to make it secure, it had to be closed down, fenced, patrolled and all the rest of it. That would involve her removal from the site. The chairman did not want that to happen because he was keen for Mrs Bailey to continue her operations there and to get on and start up the businesses that she aspired to start there.

[51] **Mark Isherwood:** Can I just ask, for my understanding, what area of the hospital, or proportion of the total area, was leased to the trust in the five-year agreement?

Mr Coffey: It was the main building as you approach the hospital—the facade, the ballroom, sorry, the boardroom, offices—it was the main block.

[52] **Mark Isherwood:** Okay. Thank you.

[53] **Jocelyn Davies:** Can I come in on that question?

[54] **Janet Davies:** Yes, certainly.

Mr Coffey: Nid oedd cadeirydd yr ymddiriedolaeth am i swyddogion yr ymddiriedolaeth fynd ati i osod y safle o'r neilltu oherwydd byddai hynny'n golygu symud Mrs Bailey o'r safle. Ein safbwynt o ran gosod y safle o'r neilltu, o ran ein safbwynt negodi a'n safbwynt o ran sut y byddem yn ei weithredu, fyddai, er mwyn ei osod o'r neilltu, na allem ganiatáu unrhyw feddiannaeth o'r safle am resymau diogelwch, fellu ni allem gael Mrs Bailey a phobl a gyflogir ganddi yn ymweld â'r safle ac yn mynd a dod oddi yno oherwydd wedyn ni fyddai modd i ni ei wneud yn ddiogel. Felly i'w wneud yn ddiogel, yr oedd yn rhaid ei gau, ei ffensio, ei batrolio ac yn y blaen. Byddai hynny'n cynnwys ei symud o'r safle. Nid oedd y cadeirydd am i hynny ddigwydd oherwydd yr oedd yn awyddus i Mrs Bailey barhau â'i gweithredoedd yno a bwrw ymlaen a sefydlu'r busnesau yr oedd yn awyddus i'w sefydlu yno.

[51] **Mark Isherwood:** A gaf fi ofyn, er mwyn fy nealltwriaeth, pa arwynebedd o'r ysbyty, neu gyfran o'r arwynebedd cyfan, a gafodd ei brydlesu i'r ymddiriedolaeth yn y cytundeb pum mlynedd?

Mr Coffey: Y prif adeilad ydoedd, wrth i chi nesáu at yr ysbyty—yr wyneb, y ddawnsfa, mae'n ddrwg gennyf, yr ystafell fwrdd, swyddfeydd—y prif flocc ydoedd.

[52] **Mark Isherwood:** O'r gorau. Diolch.

[53] **Jocelyn Davies:** A gaf fi ddod i mewn ar y cwestiwn hwnnw?

[54] **Janet Davies:** Cewch, wrth gwrs.

[55] **Jocelyn Davies:** What you told us earlier was that the provision of £120,000, which you felt was the best course of action, included £30,000 to transfer the risk to Mrs Bailey. You described that as paying over the odds, but you thought that it was worth it in order to transfer the risk to Mrs Bailey. However, we have just heard that it was entirely for Mrs Bailey's convenience that you did not mothball the site because she was on site. So we pay over the odds to the individual who we are accommodating for their own convenience so that they can remain on the site. Can you understand why the public might think that this is bizarre?

Mr Coffey: Well, no. I think that there are two different issues. The question was: would Mrs Bailey let us terminate the lease agreement early? She was saying that she did not want to do that because it would involve substantial costs for her—she quoted £315,000. So she did not want to do that. So we said that we would pay her an amount that was reasonable and that we could justify—given that these were public funds or public money—and agree with the district auditor for us to relinquish all of our liabilities to the site and hand it over to her. The fact that she was in the building did not inhibit that, in a sense; it only inhibited us getting her out because she was already there, but she had no right to be there. So we said that we would mothball it, and, if she would not let us terminate the lease earlier, she would need to remove her operation and conduct it elsewhere.

[55] **Jocelyn Davies:** Yr hyn a ddywedaso wrthym yn gynharach oedd bod y ddarpariaeth o £120,000, sef y cam gweithredu gorau yn eich barn chi, yn cynnwys £30,000 i drosglwyddo'r risg i Mrs Bailey. Bu i chi ddisgrifio hynny fel talu mwy na'r gwir gost, ond yr oeddech o'r farn bod trosglwyddo'r risg i Mrs Bailey yn werth yr arian. Fodd bynnag, yr ydym newydd glywed mai er cyfleustra Mrs Bailey yn gyfan gwbl y bu i chi beidio â gosod y safle o'r neilltu oherwydd ei bod hi ar y safle. Felly yr ydym yn talu mwy na'r disgwyl i'r unigolyn yr ydym yn ei gynorthwyo er ei gyfleustra fel y gall barhau ar y safle. A allwch ddeall pam y gallai'r cyhoedd feddwl bod hyn yn rhyfedd?

Mr Coffey: Wel, na. Credaf fod dau fater gwahanol. Y cwestiwn oedd: a fyddai Mrs Bailey yn caniatáu i ni derfynu'r cytundeb prydles yn gynnar? Yr oedd yn dweud nad oedd am wneud hynny oherwydd byddai'n golygu costau sylweddol iddi—rhoddodd amcan bris o £315,000. Nid oedd am wneud hynny. Felly dywedasom y byddem yn talu swm a oedd yn rhesymol ac y gallem ei gyfiawnhau iddi—o gofio mai cronfeydd cyhoeddus neu arian y cyhoedd a oedd y rhain—ac yn cytuno gyda'r archwilydd dosbarth i ni ildio'n holl gyfrifoldebau dros y safle a'i drosglwyddo iddi. Nid oedd y ffaith ei bod yn yr adeilad yn rhwystro hynny, ar ryw ystyr; yr oedd ond yn ein rhwystro ni rhag ei chael hi allan oherwydd ei bod yno'n barod, ond nid oedd ganddi hawl i fod yno. Felly dywedasom y byddem yn gosod yr adeilad o'r neilltu, a, phe na bai Mrs Bailey yn ein caniatáu i derfynu'r brydles yn gynharach, byddai angen iddi symud ei gweithredoedd a'u cynnal yn rhywle arall.

[56] **Jocelyn Davies:** Yes, but you just told us that the chief considerations for not mothballing were for her convenience. You just said that the chair—

Mr Coffey: Well, that was the chair's view; that was not—

[57] **Jocelyn Davies:** The chair's view was that he did not want to inconvenience Mrs Bailey, who was actually getting quite a bargain.

Mr Coffey: That was the chair's view; that was not the executive's view.

[58] **Jocelyn Davies:** But you did not mothball it; you allowed her to stay and paid her for the transfer of the risk.

Mr Coffey: No, no. When we transferred the risk, we got out of the site in April, and it was entirely hers then. Our risk was gone in April.

[59] **Jocelyn Davies:** But you did describe paying £30,000 for transferring the risk to her as paying over the odds. I think that those were the very words that you used.

Mr Coffey: I did not mean paying over the odds; what I meant was that that was an estimate of the cost of the financial worth to the trust of transferring the risk. There are another seven months to run from April, so by transferring all of the liabilities to Mrs Bailey from April, it was worth at least £30,000 for the trust to do that.

[60] **Jocelyn Davies:** I will check the verbatim record on that, Chair.

[56] **Jocelyn Davies:** Iawn, ond yr ydych newydd ddweud wrthym mai'r prif ystyriaethau dros beidio â gosod y safle o'r neilltu oedd er ei chyfleustra hi. Yr ydych newydd ddweud bod y cadeirydd—

Mr Coffey: Wel, barn y cadeirydd oedd honno; nid honno oedd—

[57] **Jocelyn Davies:** Barn y cadeirydd oedd nad oedd am beri trafferth i Mrs Bailey, a oedd yn cael tipyn o fargen mewn gwirionedd.

Mr Coffey: Barn y cadeirydd oedd honno; nid honno oedd barn y gweithgor.

[58] **Jocelyn Davies:** Ond ni osodasoch y safle o'r neilltu; bu i chi ganiatáu iddi aros a'i thalu am drosglwyddo'r risg.

Mr Coffey: Na, na. Pan y bu i ni drosglwyddo'r risg, yr oeddem wedi gadael y safle ym mis Ebrill, a'i safle hi ydoedd yn gyfan gwbl wedyn. Nid oedd risg i ni yn Ebrill.

[59] **Jocelyn Davies:** Ond bu i chi ddisgrifio talu £30,000 am drosglwyddo'r risg iddi fel talu mwy na'r gwir gost. Credaf mai'r rheini a oedd yr union eiriau i chi eu defnyddio.

Mr Coffey: Nid oeddwn yn golygu talu mwy na'r gwir gost; yr hyn yr oeddwn yn ei olygu oedd mai amcangyfrif o gost y gwerth ariannol i'r ymddiriedolaeth o drosglwyddo'r risg oedd hwnnw. Mae saith mis arall yn weddill ar ôl Ebrill, felly drwy drosglwyddo pob cyfrifoldeb i Mrs Bailey o fis Ebrill, yr oedd yn werth o leiaf £30,000 i'r ymddiriedolaeth wneud hynny.

[60] **Jocelyn Davies:** Byddaf yn gwirio'r cofnod gair am air ar hynny, Gadeirydd.

Mr Coffey: Sorry, can I just clarify that? What I meant to say was that we were paying over the direct cost. This was a cost that you could not calculate; it was a judgment of the value of the transfer of the risk. I did not say, or intend to say, that we were paying more than we should have done.

[61] **Jocelyn Davies:** Perhaps I misunderstood. So that amount was a judgment call?

Mr Coffey: Yes, absolutely.

[62] **Jocelyn Davies:** Thank you.

[63] **Janet Davies:** Leighton, you have some questions.

[64] **Leighton Andrews:** Before I ask Ms Lloyd about the role of chairs, can I just understand, Mr Coffey, for what period you were the finance director of the trust?

Mr Coffey: From April 1999.

[65] **Leighton Andrews:** Until?

Mr Coffey: Until the trust was dissolved, but I was acting chief executive as well for the last six months.

[66] **Leighton Andrews:** So what was the date please, roughly? Was it 31 March last year?

Mr Coffey: No, it was 31 December 2002.

Mr Coffey: Mae'n ddrwg gennyf, a gaf egluro hynny? Yr hyn yr oeddwn yn golygu ei ddweud oedd ein bod yn talu mwy na'r gost uniongyrchol. Nid oedd hon yn gost y gallech ei chyfrifo; yr oedd yn benderfyniad am werth trosglwyddo'r risg. Ni ddywedais, neu nid oeddwn yn bwriadu dweud, ein bod yn talu mwy nag y dylasem fod wedi ei dalu.

[61] **Jocelyn Davies:** Efallai i mi gamddeall. Felly mater o farn oedd y swm hwnnw?

Mr Coffey: Ie, yn bendant.

[62] **Jocelyn Davies:** Diolch.

[63] **Janet Davies:** Leighton, mae gennych gwestiynau.

[64] **Leighton Andrews:** Cyn i mi ofyn i Ms Lloyd am swyddogaeth cadeiryddion, a gaf fi ddeall, Mr Coffey, am ba gyfnod yr oeddech yn gyfarwyddwr cyllid yr ymddiriedolaeth?

Mr Coffey: O Ebrill 1999.

[65] **Leighton Andrews:** Tan?

Mr Coffey: Tan i'r ymddiriedolaeth gael ei diddymu, ond yr oeddwn hefyd yn brif weithredwr dros dro am y chwe mis olaf.

[66] **Leighton Andrews:** Felly pa ddyddiad oedd hynny os gwelwch yn dda, yn fras. Ai 31 Mawrth y llynedd ydoedd?

Mr Coffey: Nage, 31 Rhagfyr 2002 ydoedd.

[67] **Leighton Andrews:** Okay. May I ask you a couple of questions relating to the role of the chairs of these trusts, Ms Lloyd? I think that there is often confusion in the public mind about the role of the chair of an Assembly sponsored public body and the relationship between the chair and the chief executive. Can you set out for me what you see as the proper role of the chair of an NHS body?

Ms Lloyd: The primary responsibility of the chair is to lead the board itself, and the board itself has to scrutinise the decision making of the executives and ensure that they are conducting their transactions according to proper probity and proper governance and are taking the right information into consideration. So the chair has to ensure that the information and the issues discussed by the board are appropriate and well-informed. They also have to be almost the conscience of the organisation in that, at the end of the day, they have to be able to assure themselves and their board, and the general public, that the business conducted by the organisation is open and above suspicion, has been conducted on the basis of full information, and that all the policies of the Welsh Assembly Government, and whichever other policies come through, are effected within that organisation in making its decisions. They also, of course, have to be an ambassador for the organisation and its services with the general public, and they have a primary responsibility for assessing the performance and operation of the chief executive. They do not involve themselves in day-to-day management and operational business because, basically, they are the last line of defence in scrutiny. So they must not involve themselves in day-to-day operation because they would place themselves in a prejudicial position if they were having to make a judgment with their non-executive directors about the actions and recommendations of executives.

[67] **Leighton Andrews:** O'r gorau. A gaf fi ofyn rhai cwestiynau i chi ynglyn â swyddogaeth cadeiryddion yr ymddiriedolaethau hyn, Ms Lloyd? Credaf fod swyddogaeth cadeirydd corff cyhoeddus a noddir gan y Cynulliad a'r berthynas rhwng y cadeirydd a'r prif weithredwr yn aml yn peri penbleth i'r cyhoedd. A allwch ddweud wrthyf beth yw swyddogaeth briodol cadeirydd corff y GIG yn eich tyb chi?

Ms Lloyd: Prif gyfrifoldeb y cadeirydd yw arwain y bwrdd ei hun, a rhaid i'r bwrdd ei hun graffu sut y mae swyddogion gweithredol yn gwneud penderfyniadau a sicrhau eu bod yn cynnal eu trafodion yn unol â gonestrwydd priodol a llywodraethu priodol a'u bod yn ystyried y wybodaeth gywir. Felly rhaid i'r cadeirydd sicrhau bod y wybodaeth a'r materion a drafodir gan y bwrdd yn briodol a chytbwys. Rhaid iddynt hefyd fod yn gydwytbod i'r sefydliad, i raddau helaeth, oherwydd, yn y pen draw, rhaid iddynt allu sicrhau eu hunain a'u bwrdd, a'r cyhoedd, bod y busnes a weithredir gan y sefydliad yn agored ac uwchlaw amheuaeth, a'i fod wedi ei weithredu ar sail yr holl wybodaeth, a bod holl bolisiau Llywodraeth Cynulliad Cymru, a pha bynnag bolisiau eraill a weithredir, yn cael eu gweithredu yn y sefydliad hwnnw wrth iddo wneud ei benderfyniadau. Rhaid iddynt hefyd, wrth gwrs, fod yn llysgennad i'r sefydliad a'i wasanaethau gyda'r cyhoedd, a hwy sy'n bennaf gyfrifol am asesu perfformiad a gwaith y prif weithredwr. Nid ydynt yn ymwneud â busnes gweithredol a rheoli o ddydd i ddydd oherwydd, yn y bôn, hwy yw'r llinell amddiffyn olaf wrth graffu. Felly rhaid iddynt beidio ag ymwneud â'r gweithredu o ddydd i ddydd oherwydd byddent yn rhoi eu hunain mewn sefyllfa anffafriol pe baent yn gorfod gwneud dyfarniad gyda'u cyfarwyddwyr anweithredol am gamau gweithredu ac argymhellion swyddogion gweithredol.

The chief executive is primarily responsible to the board for the operation of the organisation, for the establishment of good management systems, for being the accountable officer, and, in that, they have to make sure that the internal controls are right and that the whole of the resource over which they act as steward is used effectively, and, including clinical governance, they must ensure that risk assessment is undertaken effectively. For all of that, they are accountable directly to me, and I am accountable, through the National Assembly for Wales and the Permanent Secretary, to the Treasury. So, it is a slightly different line, but, usually, the boards and I act in unison, in terms of overseeing the probity and regularity of an organisation.

They have to ensure that their organisation can maintain financial viability and advise the board appropriately. They have to make sure, particularly in Wales, that they deliver and develop effective partnerships in order to effect the policies of the Government, and they have to implement the board's decisions. So there are very distinct roles, and the chair and the chief executive's relationship needs to be very clear-cut and distinct because there are dangers if either starts to adopt somebody else's responsibilities.

[68] **Leighton Andrews:** So would you agree with the Auditor General's conclusion in paragraph 50 that the attendance of the chair of the trust at negotiations with Mrs Bailey was undesirable?

Ms Lloyd: I think that it was very unwise because it put him in a position that prejudiced his own position.

Mae'r prif weithredwr yn bennaf atebol i'r bwrdd am weithredu'r sefydliad, am sefydlu systemau rheoli da, am fod yn swyddog atebol, a, thrwy hynny, rhaid iddynt sicrhau bod yr holl fesurau rheoli mewnol yn gywir a bod yr holl adnoddau y maent yn gweithredu fel stiward drostynt yn cael eu defnyddio'n effeithiol, a, chan gynnwys llywodraethu clinigol, rhaid iddynt sicrhau bod asesu risg yn cael ei gyflawni'n effeithiol. Mewn perthynas â hynny oll, maent yn uniongyrchol atebol i mi, ac yr wyf fi yn atebol, drwy Gynulliad Cenedlaethol Cymru a'r Ysgrifennydd Parhaol, i'r Trysorlys. Felly, mae fymryn yn wahanol, ond, fel arfer, mae'r byrddau a minnau yn gweithredu fel un, o ran goruchwyllo gonestrwydd a rheoleidd-dra sefydliad.

Rhaid iddynt sicrhau bod eu sefydliad yn gallu cynnal hyfywedd ariannol a rhoi cyngor i'r bwrdd yn briodol. Rhaid iddynt sicrhau, yn enwedig yng Nghymru, eu bod yn darparu ac yn datblygu partneriaethau effeithiol er mwyn gweithredu polisiau'r Llywodraeth, a rhaid iddynt weithredu penderfyniadau'r bwrdd. Felly mae swyddogaethau unigryw iawn, a rhaid i berthynas y cadeirydd a'r prif weithredwr fod yn ddiamwys ac yn bendant iawn oherwydd mae peryglon os yw'r naill neu'r llall yn dechrau ysgwyddo cyfrifoldebau rhywun arall.

[68] **Leighton Andrews:** Felly a fydddech yn cytuno â chasgliad yr Archwilydd Cyffredinol ym mharagraff 50 nad oedd yn briodol i gadeirydd yr ymddiriedolaeth fod yn bresennol mewn trafodaethau â Mrs Bailey?

Ms Lloyd: Credaf mai annoeth iawn oedd ei roi mewn sefyllfa a oedd yn niweidio ei sefyllfa ef ei hun.

[69] **Leighton Andrews:** Do you think then that, as a result of this, we need to give greater clarification to chairs of NHS bodies about their roles?

Ms Lloyd: Action has already been taken on that. We were fortunate that we were in the position last year of appointing a large number of chairs to the newly established statutory bodies. The Minister had already tightened accountabilities between myself and chief executives, and herself and chairs, because it was her desire, when I came into post nearly three years ago, that that should be done. Therefore, last year, the Minister and I conducted appraisals with all chairs in post at that time against the criteria for the operation, and the effective operation, of the chair.

Over the last 18 months as well, we have been discussing, through our training and development programmes, with both chairs and chief executives—particularly of LHBs as they came into post—the appropriate responsibilities of chairs and chief executives. I have personally given seminars to chief executives about what being an accountable officer actually means in practice, peppering my lectures with practical experience of what can happen when things go slightly wrong and how, at the end of the day, the accountable officer has to put in place measures through which he or she is able to protect their position and protect the reputation of the organisation. Following extensive discussions with the organisations concerned, the Minister, in time for the next round of performance reviews of chairs—and I will do the chief executives’—is issuing very detailed guidance on precisely how performance assessment might be undertaken against the requirements of both chairs and chief executives.

[69] **Leighton Andrews:** A ydych o’r farn felly, o ganlyniad i hyn, bod angen i ni roi mwy o eglurhad i gadeiryddion cyrff y GIG ynglyn â’u swyddogaethau?

Ms Lloyd: Mae camau eisoes wedi eu cymryd mewn perthynas â hynny. Buom yn ffodus i fod yn y sefyllfa y llynedd o benodi sawl cadeirydd ar gyfer y cyrff statudol sydd newydd eu sefydlu. Yr oedd y Gweinidog eisoes wedi tynhau cyfrifoldebau rhyngof fi a’r prif weithredwyr, a rhyngddi hithau a chadeiryddion, oherwydd mai ei dyhead, pan ddechreuais fy swydd dair blynedd yn ôl, oedd y dylid gwneud hynny. Felly, y llynedd, bu i’r Gweinidog a minnau gynnal gwerthusiadau gyda phob cadeirydd a oedd yn weithredol bryd hynny ar sail y meini prawf ar gyfer gweithredu, a gweithredu effeithiol, gan y cadeirydd.

Yn ystod y 18 mis diwethaf hefyd, yr ydym wedi bod yn trafod, drwy ein rhaglenni hyfforddi a datblygu, gyda chadeiryddion a phrif weithredwyr—yn enwedig rhai BILl wrth iddynt ddechrau yn eu swyddi—gyfrifoldebau priodol cadeiryddion a phrif weithredwyr. Yr wyf i yn bersonol wedi cynnal seminarau gyda phrif weithredwyr ynglyn â’r hyn y mae bod yn swyddog atebol yn ei olygu yn ymarferol mewn gwirionedd, gan fritho fy narlithoedd â phrofiad ymarferol o’r hyn a all ddigwydd pan fo pethau’n mynd ychydig o chwith a sut, yn y pen draw, mae’n rhaid i’r swyddog atebol roi mesurau ar waith sy’n ei alluogi neu ei galluogi i ddiogelu ei swydd ac amddiffyn enw da y sefydliad. Yn dilyn trafodaethau helaeth â’r sefydliadau dan sylw, mae’r Gweinidog, mewn pryd ar gyfer y cylch nesaf o adolygiadau o berfformiadau cadeiryddion—a byddaf yn gwneud rhai y prif weithredwyr—yn cyhoeddi canllawiau manwl iawn ar sut yn union y gellid asesu perfformiad yn erbyn gofynion cadeiryddion a phrif weithredwyr.

[70] **Leighton Andrews:** Okay. May I ask you then, what would you expect a chief executive to do in the context of an occasion like this, where a chair has become, clearly, very involved in an operational matter?

Ms Lloyd: With their accountable officer hat on, I would expect them to advise a chair in unequivocal terms of the danger that was being run by chairs becoming involved in operational issues such as this—particularly transactions with third parties—because of the importance of the position of the chair in being able to scrutinise effectively the actions, decisions and recommendations of the executives. If the chair was unwilling to accept such advice, I would expect the accountable officer to report that to me, and I would deal with it, in the knowledge of the Minister—I would tell the Minister what I was going to do, obviously.

[71] **Leighton Andrews:** Okay. On this occasion, clearly, the chief executive did not take that view.

Ms Lloyd: I have to assume that he did not, because I cannot find any evidence that he did. I was not the accountable officer at the time.

[72] **Leighton Andrews:** Okay.

Ms Lloyd: However, certainly, where there has been, in the past 18 months, any question of any possible confusion of roles, they have been sorted out there and then, with a quick exchange between accountable officers and myself. This has been very, very minor stuff—nothing like transactions with third parties.

[70] **Leighton Andrews:** O'r gorau. A gaf fi ofyn i chi felly, beth y byddech yn disgwyl i brif weithredwr ei wneud yng nghyd-destun achlysur fel hwn, lle y mae cadeirydd, yn amlwg, wedi ymwneud yn helaeth â mater gweithredol?

Ms Lloyd: O weithredu fel swyddog atebol, byddem yn disgwyl iddynt roi cyngor di-flewyn ar dafod i gadeirydd ar y perygl sy'n codi pan fo cadeiryddion yn ymwneud â materion gweithredol fel hwn—yn enwedig trafodion gyda thrydydd partïon—oherwydd pwysigrwydd sefyllfa'r cadeirydd wrth allu craffu camau gweithredu, penderfyniadau ac argymhellion y swyddogion gweithredol yn effeithiol. Pe bai'r cadeirydd yn anfodlon derbyn y cyfryw gyngor, byddwn yn disgwyl i'r swyddog atebol fy hysbysu am hynny, a byddwn yn delio â'r sefyllfa, a byddai'r Gweinidog yn ymwybodol o hynny—byddwn yn dweud wrth y Gweinidog beth yr oeddwn yn mynd i'w wneud, yn amlwg.

[71] **Leighton Andrews:** Iawn. Ar yr achlysur hwn, yn amlwg, nid dyna oedd barn y prif weithredwr.

Ms Lloyd: Rhaid i mi dybio felly, oherwydd ni allaf ddod o hyd i unrhyw dystiolaeth o hynny. Nid fi oedd y swyddog atebol ar y pryd.

[72] **Leighton Andrews:** O'r gorau.

Ms Lloyd: Fodd bynnag, yn sicr, lle y bu, yn ystod y 18 mis diwethaf, unrhyw amheuaeth o unrhyw ddryswch posibl am swyddogaethau, maent wedi eu datrys yn y fan a'r lle, gyda thrafodaeth gyflym rhwng swyddogion atebol a minnau. Materion dibwys iawn, iawn oedd y rhain—dim byd tebyg i drafodion â thrydydd partïon.

[73] **Leighton Andrews:** Are you satisfied that, within the NHS, you have the right framework in place to allow people to blow the whistle where that is necessary? I mean NHS staff.

Ms Lloyd: Yes. A huge amount of work has been done on this very important area because, as you will know yourself, there was a huge amount of publicity around the smothering of potential whistleblowers within the service. That does nobody any good; it destroys public confidence, and it creates the wrong environment to actually effect changes in the way in which organisations might operate. Very clear guidance has been given to all organisations about the management of whistleblowers, and, as part of our annual audits, we will—given the balanced score card now—be auditing the effectiveness of those whistleblowing policies and procedures. Certainly, far more people are reporting directly through to management their concerns, and chief executives constantly keep me advised of such incidences. That does not mean to say that aggrieved individuals will not go straight to the press and the public, but there should be—and we are, again, auditing this—very good processes in place through which patients or staff who are concerned might receive a hearing from their own organisation before feeling the necessity of going outside. I think that what we have to do, though, with all such things, is to ensure that the culture of the organisation becomes very open and transparent so that people do gain confidence that they are able to blow the whistle appropriately within their own organisation.

[74] **Leighton Andrews:** Do you have confidential phone lines and so on for people to use?

[73] **Leighton Andrews:** A ydych yn fodlon bod gennych, o fewn y GIG, y fframwaith cywir i alluogi pobl i chwythu'r chwiban pan fo angen gwneud hynny? Cyfeiriaf at staff y GIG.

Ms Lloyd: Ydw. Mae llawer iawn o waith wedi ei wneud yn y maes pwysig hwn oherwydd, fel y byddwch yn gwybod eich hun, bu llawer iawn o gyhoeddusrwydd ynglyn â rhoi taw ar ddatgelwyr camarfer posibl yn y gwasanaeth. Nid yw hynny'n gwneud lles i unrhyw un; mae'n difetha hyder y cyhoedd, ac mae'n creu'r amgylchedd anghywir i fynd ati i newid y modd y gallai sefydliadau weithredu. Mae pob sefydliad wedi cael canllawiau clir iawn ar reoli datgelwyr camarfer, ac, fel rhan o'n harchwiliadau blynyddol, byddwn—o ystyried y cerdyn sgorio cytbwys yn awr—yn archwilio pa mor effeithiol yw'r polisiâu a'r gweithdrefnau chwythu'r chwiban hynny. Yn sicr, mae mwy o bobl o lawer yn adrodd eu pryderon yn uniongyrchol i'r rheolwyr, ac mae prif weithredwyr yn fy hysbysu'n gyson am y cyfryw ddigwyddiadau. Nid yw hynny'n golygu na fydd pobl sydd wedi dioddef yn mynd yn syth at y wasg a'r cyhoedd, ond dylai—ac yr ydym, eto, yn archwilio hyn—prosesau fod ar waith i alluogi cleifion neu staff sy'n gofidio i gael gwrandawriad gan eu sefydliad eu hunain efallai cyn teimlo'r angen i fynd y tu allan. Credaf mai'r hyn sy'n rhaid i ni ei wneud, fodd bynnag, gyda'r holl gyfryw faterion, yw sicrhau bod diwylliant y sefydliad yn datblygu'n agored ac yn dryloyw fel bod pobl yn magu hyder eu bod yn gallu chwythu'r chwiban yn briodol yn eu sefydliad eu hunain.

[74] **Leighton Andrews:** A oes gennych linellau ffôn cyfrinachol ac yn y blaen y gall pobl eu defnyddio?

Ms Lloyd: Some of the organisations do, and that is why we are conducting the audit of good practice.

[75] **Janet Davies:** Thank you. Alun, do you still want to ask a brief question on this?

[76] **Alun Cairns:** Yes. It is, possibly, to sum up some of the statements that have been made. It is commendable, obviously, that strong and clear guidance has already been given to chairs and chief executives of trusts and boards to prevent the chairs from putting themselves in compromising positions. If, indeed, you do receive a call from a chief executive about the actions of a chair, which may well compromise the chair's position, what powers do you—you mentioned that you would obviously discuss it with the Minister—and/or the Minister have to intervene in that situation? What I am getting at is this: is this a term of employment?

Ms Lloyd: A term of whose employment?

[77] **Alun Cairns:** A term or condition of employment of chairs.

Ms Lloyd: No, it is not, but I do not think that that interferes with an ability to exercise the accountable officer role, which is a very powerful and strong role, and one which has to be exercised well and effectively. It is in the interest of the individual and the organisation itself that probity, regularity and transparency are exercised well and effectively. The NHS boards, through the accountability framework, are responsible—I am responsible for ensuring that they do exercise their judgment, their recommendations and their decisions in an open, transparent way, in which full probity can be assured to the general public.

Ms Lloyd: Mae gan rai o'r sefydliadau, a dyna pam yr ydym yn cynnal yr archwiliad o arferion da.

[75] **Janet Davies:** Diolch. Alun, a ydych dal am ofyn cwestiwn byr am hyn?

[76] **Alun Cairns:** Ydw. Mae, o bosibl, i grynhoi rhai o'r datganiadau a wnaed. Mae'n ganmoladwy, yn amlwg, bod canllawiau cadarn a chlir eisoes wedi eu rhoi i gadeiryddion a phrif weithredwyr ymddiriedolaethau a byrddau i rwystro cadeiryddion rhag rhoi eu hunain mewn sefyllfaoedd sy'n eu cyfaddawdu. Os, yn wir, yr ydych yn derbyn galwad gan brif weithredwr am gamau gweithredu cadeiryddion, a allai, yn ddigon posibl, gyfaddawdu swydd y cadeirydd, pa bwerau sydd gennych chi—bu ichi grybwyll y byddech yn amlwg yn ei drafod gyda'r Gweinidog—a/neu'r Gweinidog i ymyrryd yn y sefyllfa honno? Yr hyn yr wyf yn ceisio ei ddweud yw: a yw hwn yn un o'r telerau cyflogaeth?

Ms Lloyd: Un o delerau cyflogaeth pwy?

[77] **Alun Cairns:** Un o delerau neu amodau cyflogaeth cadeiryddion.

Ms Lloyd: Na, nac ydyw, ond ni chredaf fod hynny'n amharu ar allu i gyflawni swyddogaeth swyddog atebol, sy'n swyddogaeth bwerus a chryf, ac yn un sy'n rhaid ei chyflawni'n dda ac yn effeithiol. Mae gweithredu gonestrwydd, rheoleidd-dra a thryloywder yn dda ac yn effeithiol o fudd i'r unigolyn a'r sefydliad ei hun. Byrddau'r GIG, drwy'r fframwaith atebolrwydd, sy'n gyfrifol—fi sy'n gyfrifol am sicrhau eu bod yn gweithredu eu barn, eu hargymhellion a'u penderfyniadau mewn modd agored, tryloyw, lle gellir sicrhau gonestrwydd llawn i'r cyhoedd.

[78] **Janet Davies:** Thank you. Mick?

[79] **Mick Bates:** Thank you, Chair. Mr Coffey, I would like to return to the issue of the estimate of retaining the lease, in paragraph 46. Trust officials have estimated that retaining the lease would have cost the trust some £90,000. Given that the trust did not retain full records of the cost of retaining the lease, what confidence can we have that this figure of £90,000 is correct?

Mr Coffey: At the time, I ascertained the direct costs that would be involved with finance colleagues and others within the trust and discussed those with audit. The key components were: security—that was £32,000, based on three security guards providing 24-hour cover around the site, boiler maintenance—we had quite detailed budgetary figures worked up, and that was £38,000, and maintenance—an estimate based on seven twelfths of the maintenance budget of the Talgarth Mid Wales Hospital, which was £20,000. That comes to £90,000. Again, while a record was not maintained at the time, records must have been in place for me to discuss it with audit, clearly, to get its go-ahead that the £120,000 represented value for money. Again, these records could be corroborated by a retrospective costing analysis—you can get the budget reports of the hospitals and see what would be necessary expenditure, should it continue for seven months. So, it is a fairly transparent process to produce these costs.

[80] **Mick Bates:** Thank you for the breakdown of the £90,000. That is very welcome. However, if I understand you correctly, Mr Coffey, there is not a record during these proceedings that that was the breakdown of the £90,000?

[78] **Janet Davies:** Diolch. Mick?

[79] **Mick Bates:** Diolch, Gadeirydd. Mr Coffey, hoffwn ddychwelyd at y mater o'r amcangyfrif o gadw'r brydles, ym mharagraff 46. Mae swyddogion yr ymddiriedolaeth wedi amcangyfrif y byddai cadw'r brydles wedi costio rhyw £90,000 i'r ymddiriedolaeth. O ystyried na chadwodd yr ymddiriedolaeth gofnodion llawn o gost cadw'r brydles, pa mor hyderus y gallwn fod bod y ffigur hwn o £90,000 yn gywir?

Mr Coffey: Ar y pryd, bu i mi bennu'r costau uniongyrchol a fyddai'n gysylltiedig â hynny gyda chydweithwyr cyllid ac eraill yn yr ymddiriedolaeth a thrafod y rheini gyda'r adran archwilio. Y cydrannau allweddol oedd: diogelwch—yr oedd hwnnw'n £32,000, yn seiliedig ar dri gwarchodwr yn darparu diogelwch 24 awr ar draws y safle, cynnal a chadw'r boeler—cawsom ffigurau cyllidebol eithaf manwl wedi eu cyfrifo, ac yr oedd hynny'n £38,000, a chynnal a chadw—amcangyfrif ar sail saith rhan o ddeuddeg cyllideb cynnal a chadw Ysbyty Canolbarth Cymru Talgarth, a oedd yn £20,000. Daw hynny i £90,000. Eto, er na chadwyd cofnod ar y pryd, rhaid bod cofnodion wedi bodoli er mwyn i mi ei drafod gyda'r adran archwilio, yn amlwg, i gael ei chaniatâd bod y £120,000 yn werth da am arian. Eto, gellid cefnogi'r cofnodion hyn gan ddadansoddiad prisio ôl-weithredol—gallwch gael adroddiadau cyllideb yr ysbytai a gweld beth fyddai'r gwariant angenrheidiol, pe bai'n parhau am saith mis. Felly, mae cynhyrchu'r costau hyn yn broses gymharol dryloyw.

[80] **Mick Bates:** Diolch am y dadansoddiad o'r £90,000. Mae hwnnw i'w groesawu'n fawr. Fodd bynnag, os wyf wedi deall yn gywir, Mr Coffey, nid oes cofnod yn ystod y trafodion hyn mai dyna oedd y dadansoddiad o'r £90,000?

Mr Coffey: Apparently, audit could not find a record, no.

[81] **Mick Bates:** Apparently it could not find a record? Presumably, then, you could identify the source of this information—the estates department or wherever?

Mr Coffey: Yes. The source of the information, when I first talked to audit about it, was my memory of it, and my checking back with the planning and development manager, who would have informed me of what costs would be incurred and what would not, and then by costing them up.

[82] **Mick Bates:** Did you talk to these people to corroborate your recollection?

Mr Coffey: Yes, I did.

[83] **Mick Bates:** I am sorry, but I have not found that in the report. Are there witnesses, and is there a statement to that effect within this?

Mr Coffey: No, I do not think so.

[84] **Mick Bates:** There is not?

Mr Coffey: No.

[85] **Mick Bates:** So, there is a whole area of doubt here, which leads me to believe that the whole process was not transparent. How could you convince me that these figures—albeit that they may be factual—were not actually put together after the event?

Mr Coffey: Mae'n debyg na lwyddodd yr adran archwilio i ddod o hyd i gofnod, na.

[81] **Mick Bates:** Mae'n debyg na lwyddodd i ddod o hyd i gofnod? Gellid tybio, felly, y gallech nodi ffynhonnell y wybodaeth hon—yr adran ystadau neu le bynnag?

Mr Coffey: Gallwn. Ffynhonnell y wybodaeth, pan siaradais â'r adran archwilio amdani y tro cyntaf, oedd fy nghof ohoni, a minnau'n gwirio gyda'r rheolwr datblygu a chynllunio, a fyddai wedi fy hysbysu o ba gostau a fyddai'n berthnasol a pha rai na fyddai'n berthnasol, ac yna eu cyfrifo.

[82] **Mick Bates:** A fu i chi siarad â'r bobl hyn i gadarnhau eich atgof?

Mr Coffey: Do, gwneuthum hynny.

[83] **Mick Bates:** Mae'n ddrwg gennyf, ond nid wyf wedi dod ar draws hynny yn yr adroddiad. A oes tystion, ac a oes datganiad i'r perwyl hwnnw yn hwn?

Mr Coffey: Nac oes, nid wyf yn meddwl hynny.

[84] **Mick Bates:** Nac oes?

Mr Coffey: Na.

[85] **Mick Bates:** Felly, mae'n faes yn llawn amheuaeth, sy'n gwneud i mi gredu nad oedd y broses gyfan yn dryloyw. Sut y gallech fy narbwylllo na chafodd y ffigurau hyn—er efallai eu bod yn ffeithiol—eu rhoi at ei gilydd ar ôl y digwyddiad mewn gwirionedd?

Mr Coffey: Because you can work back—you can construct the figures after the event from evidence. The evidence is still there. If an auditor visited Powys trust now and asked, ‘Can you give me an estimate of the costs of running that hospital for seven months?’, somebody in the management accounts department would look through the budgets and come up with figures like these. It is a matter of record. They will be there, but reporters reported the fact that there was not a piece of paper saying, ‘Here is a risk analysis, here are the costs; they add up to £90,000’. However, audit similarly concluded that these estimates were reliable and reasonable.

[86] **Mick Bates:** They may have concluded that, but I am still curious as to why there was no record, given that you must have taken advice as to the costs that you have given us now—this breakdown of £32,000, £38,000 and £20,000. Why is there not a record?

Mr Coffey: I do not know. There must have been a record at the time, because I discussed them with district audit, so I do not know why a record of these figures cannot be found. However, we must have assessed them at the time to have that conversation with the district auditor.

[87] **Mick Bates:** Yes. One would assume, given that you say that they were discussed, that somebody would have a recollection, even if there were not a record, and that does not appear to be the case.

Mr Coffey: The district auditor recalls it, I recall it, and people within the trust would recall it.

Mr Coffey: Oherwydd y gallwch weithio yn ôl—gallwch bennu’r ffigurau ar ôl y digwyddiad gan ddefnyddio tystiolaeth. Mae’r dystiolaeth yno o hyd. Pe bai archwilydd yn ymweld ag ymddiriedolaeth Powys heddiw ac yn gofyn, ‘A allwch roi amcangyfrif i mi o gostau cynnal yr ysbyty hwnnw am saith mis?’, byddai rhywun yn yr adran cyfrifon rheoli yn edrych drwy’r cyllidebau ac yn rhoi ffigurau fel y rhain. Mater o gofnod ydyw. Byddant yno, ond adroddodd gohebwy y ffaith nad oedd darn o bapur yn dweud, ‘Dyma ddadansoddiad risg, dyma’r costau; maent yn rhoi cyfanswm o £90,000’. Fodd bynnag, daeth yr adran archwilio i gasgliad tebyg bod yr amcangyfrifon hyn yn ddibynadwy ac yn rhesymol.

[86] **Mick Bates:** Efallai eu bod wedi dod i’r casgliad hwnnw, ond yr wyf yn chwilfrydig o hyd ynglyn â pham nad oedd cofnod, o gofio bod yn rhaid eich bod wedi derbyn cyngor ar y costau yr ydych wedi eu rhoi i ni yn awr—y dadansoddiad hwn o £32,000, £38,000 a £20,000. Pam nad oes cofnod?

Mr Coffey: Ni wn. Mae’n rhaid bod cofnod ar y pryd, oherwydd i mi eu trafod gyda’r adran archwilio dosbarth, felly ni wn pam na ellir canfod cofnod o’r ffigurau hyn. Fodd bynnag, mae’n rhaid ein bod wedi eu hasesu ar y pryd i gael y sgwrs honno gyda’r archwilydd dosbarth.

[87] **Mick Bates:** Rhaid. Byddai dyn yn tybio, o gofio eich bod yn dweud iddynt gael eu trafod, y byddai gan rywun gof, hyd yn oed pe na bai cofnod, ac nid yw’n ymddangos mai hynny yw’r achos.

Mr Coffey: Mae’r archwilydd dosbarth yn ei gofio, yr wyf i yn ei gofio, a byddai pobl yn yr ymddiriedolaeth yn ei gofio.

[88] **Mick Bates:** But there is no record of that?

Mr Coffey: No.

[89] **Mick Bates:** So you can understand my lack of confidence in the transfer—

Mr Coffey: Well, I think that a record must have existed, but the record cannot be found.

[90] **Mick Bates:** Okay, thank you. I will leave it there. Thank you, Chair.

[91] **Janet Davies:** Thank you. Looking at the question that Carl was due to ask, I think that that has already been asked and, Val, possibly yours has also been asked, or is there anything else that you want to ask?

[92] **Val Lloyd:** I think that it has already been dealt with by Alun and Carl and somebody else—Christine, I think.

[93] **Janet Davies:** Sorry about that.

[94] **Val Lloyd:** That is all right. I think that it was probably better that it was taken at that time. It fitted in.

[95] **Janet Davies:** Jocelyn, do you want to come in?

[96] **Jocelyn Davies:** Yes, I wanted to ask Mrs Lloyd a question. Do you consider the payment of the early surrender of the lease to be novel and contentious?

Ms Lloyd: I do.

[97] **Jocelyn Davies:** Why?

[88] **Mick Bates:** Ond nid oes cofnod o hynny?

Mr Coffey: Nac oes.

[89] **Mick Bates:** Felly gallwch ddeall fy niffyg hyder yn y trosglwyddo—

Mr Coffey: Wel, credaf fod yn rhaid bod cofnod wedi bodoli, ond ni ellir dod o hyd i'r cofnod.

[90] **Mick Bates:** O'r gorau, diolch. Yr wyf am orffen yn y fan honno. Diolch, Gadeirydd.

[91] **Janet Davies:** Diolch. Gan edrych ar y cwestiwn yr oedd Carl yn mynd i'w ofyn, credaf fod hwnnw eisoes wedi cael ei ofyn a, Val, mae'n bosibl bod eich un chi wedi cael ei ofyn hefyd, neu a oes rhywbeth arall yr ydych am ei ofyn?

[92] **Val Lloyd:** Credaf fod Alun a Carl a rhywun arall—Christine, dybiwn i—eisoes wedi delio ag ef.

[93] **Janet Davies:** Mae'n ddrwg gennyf am hynny.

[94] **Val Lloyd:** Popeth yn iawn. Credaf ei bod yn well iddo gael ei gynnwys bryd hynny. Yr oedd yn berthnasol.

[95] **Janet Davies:** Jocelyn, a ydych am gyfrannu?

[96] **Jocelyn Davies:** Ydw, yr oeddwn am ofyn cwestiwn i Ms Lloyd. A ydych yn ystyried y taliad i ildio'r brydles yn gynnar yn anarferol ac yn ddadleuol?

Ms Lloyd: Ydw.

[97] **Jocelyn Davies:** Pam?

Ms Lloyd: We issue guidance to the service that any payment like this—which was not anticipated, and which certainly was not within any business case upon which agreement would have been given—which is above about £50,000, but anyway it was substantial enough, and it would have affected a business case at the end of the day, should be reported in, so that guidance can be given and so that we know about it and can assure ourselves that a proper value-for-money exercise was conducted into its payment and into why it was being paid, and to ensure, ourselves, that the situation had been properly risk-assessed.

[98] **Jocelyn Davies:** Of course, the Auditor General for Wales agrees with you that it was novel and contentious, and the relevant department should have been informed. Do you think that the guidance on that is clear enough?

Ms Lloyd: There was guidance issued in December 1998 on losses and special payments, which draws attention to novel and contentious payments. Also, there was the estates code guidance, although the Auditor General rightly pointed out in 2002 that that was out of date, and that was why we revised it and issued it again six weeks later. However, I believe that there was sufficient information available at the time for individuals within organisations to recognise a novel and contentious payment and to seek advice.

[99] **Jocelyn Davies:** Well, we know that the trust did not seek advice, but how do you feel about the reasons given for not notifying the Assembly about this transaction? Do you think that they are valid?

Ms Lloyd: Yr ydym yn rhoi canllawiau i'r gwasanaeth y dylai unrhyw daliad fel hwn—nad oedd wedi ei ddisgwyll, ac nad oedd yn bendant o fewn unrhyw achos busnes y byddai caniatâd wedi ei roi ar ei sail—sy'n fwy na thua £50,000, ond yr oedd yn ddigon mawr beth bynnag, a byddai wedi effeithio ar achos busnes yn y pen draw, gael ei adrodd, fel y gellir rhoi canllawiau ac fel ein bod yn gwybod amdano ac yn gallu sicrhau'n hunain bod proses gywir i bennu gwerth da am arian wedi ei chynnal mewn perthynas â'i dalu a pham yr oedd yn cael ei dalu, ac i sicrhau, ein hunain, bod asesiad risg cywir o'r sefyllfa wedi ei gyflawni.

[98] **Jocelyn Davies:** Wrth gwrs, mae Archwilydd Cyffredinol Cymru yn cytuno â chi ei fod yn anarferol ac yn ddadleuol, a dylid bod wedi hysbysu'r adran berthnasol. A ydych o'r farn bod y canllawiau ar hynny yn ddigon clir?

Ms Lloyd: Cyhoeddwyd canllawiau ym mis Rhagfyr 1998 ar golledion a thaliadau arbennig, sy'n tynnu sylw at daliadau anarferol a dadleuol. Yn ogystal, cafwyd y canllawiau cod ystadau, er i'r Archwilydd Cyffredinol nodi'n gywir yn 2002 nad oeddynt yn berthnasol bellach, a dyna pam y bu i ni eu hadolygu a'u cyhoeddi eto chwe wythnos yn ddiweddarach. Fodd bynnag, yr oedd digon o wybodaeth ar gael ar y pryd yn fy marn i i unigolion o fewn sefydliadau allu adnabod taliad anarferol a dadleuol a gofyn am gyngor.

[99] **Jocelyn Davies:** Wel, gwyddom na ofynnodd yr ymddiriedolaeth am gyngor, ond beth yw eich barn ar y rhesymau a roddwyd dros beidio â hysbysu'r Cynulliad am y trafodiad hwn? A ydynt yn ddilys yn eich barn chi?

Ms Lloyd: I can understand that, if the trust looked at its standing financial instructions at the time, there was sufficient delegated authority given to the chief executive at that time to be able to underwrite, I think, anything up to £500,000. So I can understand its believing from its standing financial instructions, which are usually its bible, that it had the authority to do this. I can understand that.

[100] **Jocelyn Davies:** What would you regard, then, as a good reason for not notifying the Assembly?

Ms Lloyd: It was because, I think, that the trust believed that it was acting within its own standing financial instructions, a script of which is provided by the Welsh Assembly Government.

[101] **Jocelyn Davies:** But you think, looking at the guidance at the time, that it would have at least been wise to ask for advice?

Ms Lloyd: I think that it would have been wise, because this was not an expected payment.

[102] **Jocelyn Davies:** Okay. I will leave it there, Chair.

[103] **Janet Davies:** Finally, Mrs Lloyd, would there be improvements in the disposal and decommissioning of significant national health sites in the future and, if so, could you give some indication of how it would be improved?

Ms Lloyd: Gallaf ddeall, pe bai'r ymddiriedolaeth yn edrych ar ei chyfarwyddiadau ariannol sefydlog ar y pryd, bod digon o awdurdod wedi ei ddirprwyo i'r prif weithredwr ar y pryd i allu tanysgrifennu, yn fy nhyb i, unrhyw beth hyd at £500,000. Felly gallaf ddeall ei bod wedi credu ar sail ei chyfarwyddiadau ariannol sefydlog, sef ei beibl fel arfer, bod ganddi'r hawl i wneud hyn. Gallaf ddeall hynny.

[100] **Jocelyn Davies:** Beth fydddech yn ei ystyried, felly, yn rheswm da dros beidio â hysbysu'r Cynulliad?

Ms Lloyd: Yr oedd, yn fy marn i, oherwydd bod yr ymddiriedolaeth yn credu ei bod yn gweithredu o fewn ei chyfarwyddiadau ariannol sefydlog ei hun, a darperir sgrïpt o'r rheini gan Lywodraeth Cynulliad Cymru.

[101] **Jocelyn Davies:** Ond a ydych yn credu, gan edrych ar y canllawiau ar y pryd, y byddai o leiaf wedi bod yn ddoeth gofyn am gyngor?

Ms Lloyd: Credaf y byddai wedi bod yn ddoeth, oherwydd nid oedd hwn yn daliad disgwylidig.

[102] **Jocelyn Davies:** O'r gorau. Yr wyf am orffen yn y fan honno, Gadeirydd.

[103] **Janet Davies:** Yn olaf, Mrs Lloyd, a fyddai gwelliannau yn y gwaith o waredu a dadgomisiynu safleoedd iechyd gwladol pwysig yn y dyfodol ac, os felly, a allwch roi rhyw syniad o sut y byddai'n cael ei wella?

Ms Lloyd: Well, we have already taken certain actions since the publication of the first report. We have issued Welsh health circulars to advise on the disposal and the acquiring of property. We have ensured that Welsh Health Estates provides all the professional advice, and it is given the responsibility now of disposing of surplus property. It is mandatory on the health service that these processes are used. We have re-issued the estates code, which is highly complicated, but, to make things easier, we have also issued a guidance note to chief executives on the management of property within the NHS to ensure that they are well aware of the issues that they need to consider when disposing of property or, indeed, when constructing a business case on which the disposal of property is resting. So we have done all that. Additionally, because I believe that the management of capital, the management of the estate, needed to be put into a strategic context, I have established a capital investment board that now looks at all business cases and all capital investment programmes for which I have a responsibility, which includes the disposal of estates. To underpin that, we have established an estates investment panel of experts who can advise us thoroughly. I have a senior officer now in charge of all estates issues, who works very closely with my estates department and with Welsh Health Estates. In that way, I think that we have managed to tighten, and to give better guidance as well, to the service to ensure that it can effect a good estates disposal process.

Ms Lloyd: Wel, yr ydym eisoes wedi cymryd camau penodol ers cyhoeddi'r adroddiad cyntaf. Yr ydym wedi cyhoeddi cylchlythyron iechyd Cymru i roi cyngor ar waredu a chaffael eiddo. Yr ydym wedi sicrhau bod Ystadau Iechyd Cymru yn darparu'r holl gyngor proffesiynol, a rhoddir y cyfrifoldeb iddo bellach o waredu eiddo dros ben. Mae'n ofynnol i'r gwasanaeth iechyd ddefnyddio'r prosesau hyn. Yr ydym wedi ailgyhoeddi'r cod ystadau, sy'n dra chymhleth, ond, i hwyluso pethau, yr ydym hefyd wedi cyhoeddi nodyn canllaw i brif weithredwyr ar reoli eiddo yn y GIG i sicrhau eu bod yn hollol ymwybodol o'r materion sy'n rhaid iddynt eu hystyried wrth waredu eiddo neu, yn wir, wrth ddatblygu achos busnes y mae gwaredu eiddo yn dibynnu arno. Felly yr ydym wedi gwneud hynny i gyd. Yn ogystal, oherwydd yr oedd angen rhoi rheoli cyfalaf, rheoli'r ystâd, mewn cyd-destun strategol yn fy marn i, yr wyf wedi sefydlu bwrdd buddsoddi cyfalaf sydd bellach yn edrych ar yr holl achosion busnes a'r holl raglenni buddsoddi cyfalaf yr wyf yn gyfrifol amdanynt, sy'n cynnwys gwaredu ystadau. I gefnogi hynny, yr ydym wedi sefydlu panel buddsoddi ystadau o arbenigwyr sy'n gallu ein cynghori'n drylwyr. Mae gennyf uwch swyddog bellach sy'n gyfrifol am holl faterion ystadau, sy'n gweithio'n agos iawn gyda'm hadran ystadau a chyda Ystadau Iechyd Cymru. Yn y modd hwnnw, credaf ein bod wedi llwyddo i dynhau, a rhoi canllawiau gwell hefyd, i'r gwasanaeth i sicrhau ei fod yn gallu gweithredu proses gwaredu ystadau dda.

To make estates issues more live, you will recall that, when we had evidence about the overarching report by the Auditor General on the disposal of estates throughout the NHS in Wales, the conclusion reached was that estate surplus was almost a free good. Well, from this year, the Minister has decided that capital charges will become a live issue. They will not just be a top up; they will actually be part of the revenue allocation. So that would encourage organisations within the NHS in Wales to really regard surplus property as a real resource that has to be managed very effectively, otherwise, they will not be using their resources and moneys effectively. I think that that should cause a change in behaviour from that which we have seen in the past.

[104] **Janet Davies:** Thank you, Mrs Lloyd.

Ms Lloyd: However, there are other things that I could do—if you would like me to say?

[105] **Janet Davies:** I think that we will probably leave it at that for the moment. Perhaps you would like to give us a note on the other things that you feel you could do. I thank Mr Coffey and Mr Williams. Before the transcript of the proceedings is published, you will receive a draft, so that you can come back if you feel that anything is incorrect. I am afraid that it is not possible to change what you have said because you do not agree with it, or may have had another thought, but you do have a chance to see that it is correct.

I wneud materion ystadau yn fwy byw, fe gofiwch, pan gawsom dystiolaeth am yr adroddiad trosfwaol gan yr Archwilydd Cyffredinol ar waredu ystadau ledled y GIG yng Nghymru, y casgliad y daethpwyd iddo oedd bod gormodedd ystadau bron yn nwydd am ddim. Wel, gan ddechrau eleni, mae'r Gweinidog wedi penderfynu y bydd taliadau cyfalaf yn fater byw. Nid ychwanegiad yn unig y byddant; byddant yn rhan o'r refeniw a ddyrennir. Felly byddai hynny'n annog sefydliadau yn y GIG yng Nghymru i ystyried eiddo dros ben fel adnodd go iawn sy'n rhaid ei reoli'n effeithiol iawn, neu fel arall, ni fyddant yn defnyddio'u hadnoddau a'u harian yn effeithiol. Credaf y dylai hynny achosi newid o'r ymddygiad hwnnw yr ydym wedi ei weld yn y gorffennol.

[104] **Janet Davies:** Diolch, Mrs Lloyd.

Ms Lloyd: Fodd bynnag, mae pethau eraill y gallwn eu gwneud—os hoffech i mi ddweud?

[105] **Janet Davies:** Credaf y gwnawn ni mae'n debyg orffen yn y fan honno am y tro. Efallai yr hoffech roi nodyn i ni am y pethau eraill y credwch y gallech eu gwneud. Diolchaf i Mr Coffey a Mr Williams. Cyn y cyhoeddir trawsgrifiad o'r trafodion, byddwch yn derbyn drafft, fel y gallwch ein hysbysu os ydych o'r farn bod rhywbeth yn anghywir. Mae arnaf ofn na allwch newid yr hyn i chi ei ddweud oherwydd nad ydych yn cytuno ag ef, neu efallai eich bod wedi ailfeddwl, ond cewch gyfle i weld ei fod yn gywir.

*Daeth y sesiwn cymryd tystiolaeth i ben am 12.24 p.m.
The evidence-taking session ended at 12.24 p.m.*