Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio

The National Assembly for Wales
Audit Committee

Rhaglen Newid Strwythur GIG Cymru
NHS Structural Change Programme

Cwestiynau 1-44
Questions 1-44

Dydd Iau 27 Mawrth 2003
Thursday 27 March 2003

Aelodau o'r Cynulliad yn bresennol: Dafydd Wigley (Cadeirydd), Eleanor Burnham, Alun Cairns, Janet Davies, Jocelyn Davies, Janice Gregory, Alison Halford, Ann Jones.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Frank Grogan, Swyddfa Archwilio Genedlaethol Cymru; David Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru.

Tystion: Ann Lloyd, Cyfarwyddwr GIG Cymru, Chris Brown, Is-adran Cyllid y Gwasanaeth Iechyd Gwladol, Cynulliad Cenedlaethol Cymru.

Assembly Members present: Dafydd Wigley (Chair), Eleanor Burnham, Alun Cairns, Janet Davies, Jocelyn Davies, Janice Gregory, Alison Halford, Ann Jones.

Officials present: Sir John Bourn, Auditor General for Wales; Frank Grogan, National Audit Office Wales; David Powell, National Assembly for Wales Compliance Officer.

Witnesses: Ann Lloyd, Director, NHS Wales; Chris Brown, National Health Service Finance Division, National Assembly for Wales.

Dechreuodd y sesiwn cymryd tystiolaeth am 10.59 a.m.
The evidence-taking session began at 10.59 a.m.

[1] **Dafydd Wigley:** Symudwn ymlaen i eitem 4 ar yr agenda, sef y sesiwn cymryd tystiolaeth ar y rhaglen i ddiwygio strwythur GIG Cymru.

[1] **Dafydd Wigley:** We move on to item 4 on the agenda, which is the evidence-taking session on the NHS Wales structural change programme.

The Committee will take evidence in relation to the report by the Auditor General on that matter. I welcome Ann Lloyd back again. I invite her and her colleague to introduce themselves for our formal record.

Bydd y Pwyllgor yn cymryd tystiolaeth mewn cysylltiad â'r adroddiad gan yr Archwilydd Cyffredinol ar y mater hwnnw. Croesawaf Ann Lloyd yn ôl eto. Yr wyf yn ei gwahodd hi a'i chydweithiwr i gyflwyno eu hunain ar gyfer ein cofnod ffurfiol.

Ms Lloyd: Thank you. I am Ann Lloyd, the director of NHS Wales.

Ms Lloyd: Diolch. Fi yw Ann Lloyd, cyfarwyddwr GIG Cymru.

Mr Brown: I am Chris Brown. I work in the NHS Finance Division on structural change issues.

Mr Brown: Fi yw Chris Brown. Yr wyf yn gweithio yn Is-Adran Cyllid y GIG ar faterion newid strwythur.

[2] **Dafydd Wigley:** I am grateful to you. We turn to a very contemporaneous issue, which is the cost of restructuring the NHS in Wales. These changes come into effect next week, so we are very much up with it. The Minister for Health and Social Services yesterday updated her Subject Committee on the latest costings of the NHS Wales structural change programme. In his letter to Ann Lloyd dated 6 December 2002, the Auditor General noted that the estimated running cost envelope of the existing structure was £71.1 million. The ongoing running costs of the new structures

[2] **Dafydd Wigley:** Yr wyf yn ddiolchgar i chi. Yr ydym am droi at fater cyfoes iawn, sef y gost o ailstrwythuro'r GIG yng Nghymru. Bydd y newidiadau hyn yn dod i rym yr wythnos nesaf, felly yr ydym yng nghanol y bwrlwm. Rhoddodd y Gweinidog dros Iechyd a Gwasanaethau Cymdeithasol y newyddion diweddaraf i'w Phwyllgor Pwnc ddoe am gostau diweddaraf rhaglen newid strwythur GIG Cymru. Yn ei lythyr at Ann Lloyd dyddiedig 6 Rhagfyr 2002, nododd yr Archwilydd Cyffredinol bod amlen gost cynnal tybiedig y strwythur cyfredol yn £71.1

would have to be contained within this figure in order to achieve cost neutrality. At the time of the review, officials thought that this figure could rise, as they had not identified all relevant public health costs. The Minister yesterday, as I understand it, reported that validation work subsequent to the Auditor General's review has increased the running cost envelope slightly to £71.256 million.

miliwn. Byddai'n rhaid cynnwys costau cynnal cyfredol y strwythurau newydd o fewn y ffigur hwn er mwyn sicrhau bod y costau'n ddi-duedd. Pan gynhaliwyd yr adolygiad, credai swyddogion y gallai'r ffigur hwn godi, gan nad oeddent wedi nodi'r holl gostau iechyd cyhoeddus perthnasol. Adroddodd y Gweinidog ddoe, fel y deallaf, fod gwaith dilysu dilynol i adolygiad yr Archwilydd Cyffredinol wedi cynyddu'r amlen gost cynnal ychydig i £71.256 miliwn.

May I, therefore, ask you, Ann Lloyd, whether you are satisfied that the existing running cost envelope is now materially accurate, and not expected to rise further?

A gaf fi, felly, ofyn i chi, Ann Lloyd, a ydych yn fodlon bod yr amlen gost cynnal cyfredol yn gywir yn ei hanfod, ac nad oes disgwyl iddo godi ymhellach?

Ms Lloyd: Thank you, Chair. Yes, there has been robust validation going on over the past few months into the actual cost envelope. It is disappointing that we were not able to be absolutely secure in our assessment right at the beginning. However, we decided that we must exclude moneys that are provided on a non-recurrent basis at the moment, which encompass primary care development and some drugs budgets, and we had to make sure that we had identified all the public health costs, many of which were contained in service level agreements between health authorities and trusts. It was therefore slightly more difficult to get a grip on those, but that has been tested and retested in the past couple of months. I now feel very secure and can give reassurance to both the Committee and the Auditor General that these costs have now been formalised—there have been a couple of other adjustments that are terribly minor. The cost envelope is now at the £72.5 million level. [i]

Ms Lloyd: Diolch, Gadeirydd. Oes, mae dilysu brwd wedi digwydd yn ystod y misoedd diwethaf i'r amlen gost gwirioneddol. Mae'n siomedig nad oeddem yn gallu bod yn hollol sicr yn ein hasesiad yn y dechrau'n deg. Fodd bynnag, penderfynasom fod yn rhaid i ni eithrio arian a ddarperir yn achlysurol ar hyn o bryd, sy'n cwmpasu datblygiad gofal sylfaenol a rhai cyllidebau cyffuriau, ac yr oedd yn rhaid i ni sicrhau ein bod wedi nodi yr holl gostau iechyd cyhoeddus, gyda llawer o'r costau hyn wedi'u cynnwys yn y cytundebau lefel gwasanaeth rhwng awdurdodau ac ymddiriedolaethau iechyd. Yr oedd ychydig yn anoddach felly i fynd i'r afael â'r rheini, ond mae hynny wedi'i brofi a'i ailbrofi yn yr ychydig fisoedd diwethaf. Yr wyf yn awr yn teimlo'n hyderus iawn ac yn gallu rhoi sicrwydd i'r Pwyllgor a'r Archwilydd Cyffredinol bod y costau hyn wedi'u ffurfioli bellach—bu ychydig o addasiadau eraill sy'n fân iawn. Mae'r amlen gost ar lefel £72.5 miliwn ar hyn o bryd. [i]

[3] **Dafydd Wigley:** I am grateful to you. Janice, do you have a question?

[3] **Dafydd Wigley:** Yr wyf yn ddiolchgar i chi. Janice, a oes gennych gwestiwn?

[4] **Janice Gregory:** Thank you, Chair. Ann, you will know that the figure of £8.5 million is being talked about an awful lot in different places. Would you like to start by explaining this £8.5 million figure? Where has it come from? Some people think that it is quite a fictitious figure, and perhaps you would like to expand a bit more on that.

[4] **Janice Gregory:** Diolch, Gadeirydd. Ann, byddwch yn gwybod bod y ffigur £8.5 miliwn yn cael ei grybwyll yn aml iawn mewn gwahanol leoedd. A hoffech gychwyn drwy egluro'r ffigur £8.5 miliwn hwn? O ble y mae wedi dod? Mae rhai yn meddwl ei fod yn ffigur gweddol ffug, ac efallai y byddech yn hoffi ymhelaethu ychydig rhagor ar hynny.

Ms Lloyd: Thank you. You will remember that I asked the Auditor General to undertake this review on our behalf so that we could be secure that we had properly identified all the costs and could evaluate the cost and effectiveness of the new structure in an open way. When the first structures came in from the fledgling organisations, the Auditor General reviewed the costs of those structures as they stood at the time. There was a clarity about the functions that the individual organisations had to undertake, which were also being refined at the time, and the net outcome was that the overall running costs were estimated to be in the area of £79 million, which would have left this gap of £8.5 million. However, the structures had not at that time been thoroughly scrutinised and, as a consequence of the scrutiny that we would anyway have given them in terms of the functionality as outlined, particularly, in local health boards, and in the other organisations that were changing as well, and in the final agreements on the structures, a movement has taken place. So my own department, Health Commission Wales, and the local health boards have now produced structures that can deliver the functions that are outlined for them within the cost envelope. So that means that the £8.5 million is down by £4.7 million. Additionally, since Dr Cerilan Rogers took up the mantle of the head of the National Public Health Service, we have been looking very thoroughly at the role and responsibilities that that public health service has to enact. It is, again, slightly different from the way in which they used to deliver services in the past. We have identified another £1.2 million that its original or initial structure has been reduced by.

The business services centre is the remaining area. We decided that, in the interests of stability—because this service largely pays contractors and manages the information technology and services and things like that, and they are scattered in six centres throughout Wales—and bearing in mind the fact that we are currently on the verge of a new contract for practitioners in the primary care field, and we knew that if contractors were not paid on day one we would be in difficulties, more time has been given for the business services centre to scrutinise its

Ms Lloyd: Diolch. Byddwch yn cofio fy mod wedi gofyn i'r Archwilydd Cyffredinol gynnal yr adolygiad hwn ar ein rhan er mwyn i ni allu bod yn sicr ein bod wedi nodi'r holl gostau'n iawn ac y gallem werthuso cost ac effeithlonrwydd y strwythur newydd mewn ffordd agored. Pan ddaeth y strwythurau cyntaf gan y sefydliadau newydd, adolygodd yr Archwilydd Cyffredinol brisiau'r strwythurau hynny fel yr oeddent ar y pryd. Yr oedd eglurder ynglŷn â'r swyddogaethau yr oedd yn rhaid i'r sefydliadau unigol eu cyflawni, a oedd hefyd yn cael eu cywreinio ar y pryd, a'r canlyniad clir oedd amcangyfrif bod y costau cynnal cyffredinol oddeutu £79 miliwn, a fyddai wedi gadael y bwlch hwn o £8.5 miliwn. Fodd bynnag, nid oedd y strwythurau wedi'u harchwilio'n drwyadl ar y pryd ac, o ganlyniad i'r archwiliad y byddem wedi'i gynnal beth bynnag o ran eu hymarferoldeb fel a amlinellir, yn benodol, mewn byrddau iechyd lleol, ac yn y sefydliadau eraill a oedd yn newid hefyd, ac yn y cytundebau terfynol ar y strwythurau, bu symudiad. Felly mae fy adran i, Comisiwn Iechyd Cymru, a'r byrddau iechyd lleol yn awr wedi cynhyrchu strwythurau sy'n gallu cyflawni'r swyddogaethau hyn o fewn yr amlen gost. Felly golyga hyn bod yr £8.5 miliwn i lawr o £4.7 miliwn. Yn ogystal â hyn, ers i Dr Cerilan Rogers ymgymryd â'i dyletswyddau fel pennaeth y Gwasanaeth Iechyd Cyhoeddus Cenedlaethol, yr ydym wedi bod yn edrych yn fanwl iawn ar y rôl a'r cyfrifoldebau y mae'n rhaid i'r gwasanaeth iechyd cyhoeddus eu cyflawni. Y mae, eto, ychydig yn wahanol i'r ffordd yr arferent ddarparu gwasanaethau yn y gorffennol. Yr ydym wedi clustnodi £1.2 miliwn arall y mae ei strwythur gwreiddiol neu gychwynnol wedi'i ostwng ganddo.

Y ganolfan gwasanaethau busnes yw'r maes sydd ar ôl. Penderfynasom, er mwyn cynaliadwyedd—oherwydd mai'r gwasanaeth hwn sy'n talu contractwyr ac yn rheoli'r dechnoleg gwybodaeth a gwasanaethau a phethau cyffelyb yn bennaf, ac maent ar wasgar dros chwe chanolfan ledled Cymru—ac o gofio ein bod ar hyn o bryd ar fin cytuno ar gontract newydd i ymarferyddion ym maes gofal sylfaenol, ac yr oeddem yn gwybod pe na bai contractwyr yn cael eu talu ar y diwrnod cyntaf y byddem mewn trafferthion, mae rhagor o amser wedi'i roi i'r ganolfan

structures to make it fit for purpose. The new director of that centre has just taken up his post. He is a most experienced person, and I expect to have a discussion with him in the next month about what his long-term structure will look like. Therefore, the costs of part of the public health service and the business services centre will need to be supported by transitional funding in the shorter term, and that has been included in some of the transitional costs budgets.

gwasanaethau busnes archwilio ei strwythurau er mwyn eu gwneud yn addas i'w diben. Mae cyfarwyddwr newydd y ganolfan honno newydd ymgymryd â'i ddyletswyddau. Mae'n rhywun profiadol iawn, a disgwyliaf gael trafodaeth ag ef yn y mis nesaf ynglŷn â'i strwythur hirdymor. Felly, bydd angen ategu cost rhan o'r gwasanaeth iechyd cyhoeddus a'r ganolfan gwasanaethau busnes gyda chyllid pontio yn y tymor byrrach, ac mae hynny wedi'i gynnwys yn rhai o'r cyllidebau costau pontio.

[5] **Janice Gregory:** Thank you. So am I right in thinking—and please say if I am not, because this is a really important issue—that this figure of £8.5 million was actually a figure that was not properly costed? Is it not that the figures overall were not properly costed, rather than that you have made savings?

[5] **Janice Gregory:** Diolch. Felly a wyf yn gywir yn meddwl—a dywedwch os nad wyf, oherwydd mae hwn yn fater pwysig iawn—bod y ffigur o £8.5 miliwn yn ffigur nad oedd wedi'i gyfrif yn gywir mewn gwirionedd? Onid yw'n wir na chyfrifwyd y ffigurau cyflawn, yn hytrach na'ch bod wedi gwneud arbedion?

Ms Lloyd: They were properly costed based on structures that had not received scrutiny at the time. Much more work has gone on, obviously, because we have to ensure that the functions are covered properly, and they have brought their costs down. We still have work to do on the public health service and the business services centre.

Ms Lloyd: Yr oeddent wedi'u cyfrifo'n iawn ar sail strwythurau nad oedd wedi'u harchwilio ar y pryd. Mae llawer mwy o waith wedi'i gyflawni, yn amlwg, oherwydd bod yn rhaid i ni sicrhau bod y swyddogaethau'n cael sylw digonol, ac mae hyn wedi dod â'r costau i lawr. Mae gennym waith i'w wneud o hyd ar y gwasanaeth iechyd cyhoeddus a'r ganolfan gwasanaethau busnes.

[6] **Janice Gregory:** The Auditor General made three recommendations in relation to the achievement of cost neutrality. You have touched on one—point two, which is the £8.5 million. You have also touched on the IT costs. Would you like to expand further on what else you have done to implement the Auditor General's recommendations?

[6] **Janice Gregory:** Gwnaeth yr Archwilydd Cyffredinol dri argymhelliad o ran sicrhau bod y costau'n ddi-duedd. Yr ydych wedi crybwyll un—pwynt dau, sef yr £8.5 miliwn. Yr ydych hefyd wedi crybwyll y costau TG. A hoffech ymhelaethu ar beth arall yr ydych wedi'i wneud i roi argymhellion yr Archwilydd Cyffredinol ar waith?

Ms Lloyd: Yes. If we could take accommodation and IT costs first, when the local health boards were producing their business plans, it was clear that some were very fortunate and were able to secure accommodation for, say, £10,000 a year, which is an extraordinarily good deal, whereas others, because of where they were situated and other local circumstances, could not do that. So what we did was this. There was money already in the budget for IT and accommodation costs, but it seemed to me at the time that it would be unfair to put a

Ms Lloyd: Hoffwn. Os cawn drafod costau llety a TG yn gyntaf, pan oedd y byrddau iechyd lleol yn cynhyrchu eu cynlluniau busnes, yr oedd yn amlwg bod rhai yn ffodus iawn ac yn gallu sicrhau llety am, dyweder, £10,000 y flwyddyn, sy'n fargen anhygoel o dda, tra bod eraill, oherwydd eu lleoliad ac amgylchiadau lleol eraill, yn methu â gwneud hynny. Felly dyma'r hyn a wnaethom. Yr oedd arian yn y gyllideb yn barod ar gyfer costau TG a llety, ond yr oedd yn ymddangos i mi ar y pryd y byddai'n annheg rhoi baich o, dyweder, £150,000, o'i gymharu â

burden of, say, £150,000, as compared with £10,000, on individual local health boards when they had no ability to control and reduce that £150,000. So we amalgamated the whole of the IT and accommodation costs and spread them equitably throughout the local health boards so that they each bore the same costs for their IT. Now, if they want to move beyond that, then that is a matter for discussion with us. However, that is what we did. It was just unreasonable, I thought, to expect somebody to have to make a hole in other parts of their organisation in order to bear a commercial rate that was not having to be borne by other people.

£10,000, ar fyrddau iechyd lleol unigol pan nad oedd ganddynt y gallu i reoli a gostwng y £150,000 hwnnw. Felly bu i ni gyfuno yr holl gostau TG a llety a'u rhannu'n deg drwy'r holl fyrddau iechyd lleol fel eu bod i gyd yn talu'r un faint am eu TG. Nawr, os ydynt am symud y tu hwnt i'r ffigur hwnnw, mae'n fater i'w drafod â ni. Fodd bynnag, dyna'r hyn a wnaethom. Yr oedd yn afresymol, yn fy marn i, disgwyl i rywun orfod gwneud twll mewn rhannau eraill o'u sefydliad er mwyn cynnal cyfradd fasnachol nad oedd yn gorfod cael ei gario gan eraill.

[7] **Dafydd Wigley:** Can I just be clear on that point? If they wanted to go beyond that, as you say, it would be a matter for them to find the money within their own budgets, and they may or may not need to do that?

[7] **Dafydd Wigley:** A gaf fi fod yn glir ar y pwynt hwnnw? Os oeddent am fynd y tu hwnt i hynny, fel y dywedwch, mater iddynt hwy fyddai dod o hyd i'r arian o fewn eu cyllidebau eu hunain, ac efallai y byddai neu ni fyddai angen iddynt wneud hynny?

Ms Lloyd: Yes, indeed, and they would have to contain it within the overall costs.

Ms Lloyd: Ie, yn wir, a byddai'n rhaid iddynt ei gynnwys o fewn eu costau cyffredinol.

[8] **Dafydd Wigley:** Within the cost envelope?

[8] **Dafydd Wigley:** O fewn yr amlen gost?

Ms Lloyd: Yes.

Ms Lloyd: Ie.

[9] **Dafydd Wigley:** Right, thank you. Janice, please continue.

[9] **Dafydd Wigley:** Iawn, diolch. Janice, ewch ymlaen.

[10] **Janice Gregory:** The third recommendation was on the business services centre and the National Public Health Service.

[10] **Janice Gregory:** Yr oedd y trydydd argymhelliad yn ymwneud â'r ganolfan gwasanaethau busnes a'r Gwasanaeth Iechyd Cyhoeddus Cenedlaethol.

Ms Lloyd: On the business services centre, what we have to do is to be able to equip it to cope with the changes from the red book contractor payments to any new contract. Work has been done on that, but until the contract is agreed, we are not able to make those changes. Also, I am urging the new director to ensure that we have a very slick and efficient organisation, and that we place a heavier reliance on information technology in order to ensure that the human resources and the finance support that has to be given to local health boards is provided really efficiently and represents value for money. So he is currently having discussions with all the local health boards about their needs and

Ms Lloyd: O ran y ganolfan gwasanaethau busnes, yr hyn y mae'n rhaid i ni ei wneud yw gallu sicrhau ei bod yn gallu ymdopi â'r newidiadau o'r taliadau contractwr llyfr coch i unrhyw gontract newydd. Mae gwaith wedi'i gyflawni ar hynny, ond hyd nes y cytunir ar y contract, ni allwn wneud y newidiadau hynny. Hefyd, yr wyf yn annog y cyfarwyddwr newydd i sicrhau bod gennym sefydliad proffesiynol ac effeithlon, a'n bod yn dibynnu fwyfwy ar dechnoleg gwybodaeth er mwyn sicrhau bod yr adnoddau dynol a'r cymorth ariannol sy'n gorfod cael eu rhoi i fyrddau iechyd lleol yn cael ei ddarparu'n hynod effeithlon ac yn cynrychioli gwerth am arian. Felly ar hyn o

wishes. I expect to have an initial cut from him within the next couple of months about how he is going to manage this organisation within its first year and the changes that are then going to be effected from year two onwards. It has been delayed because of this uncertainty about the GP contracts. A lot of work has been done, but until you have a final settlement it is quite difficult to make that transition and to come to any solution. Staff have been successfully transferred to the business services centre, and I am also having discussions with the trusts throughout Wales about what sort of support the business services centre can provide to them in the next two to three years, because they again are providing routine accountancy and payment systems, and I want to ensure that those services are slickly provided throughout the NHS in Wales, and not just to LHBs.

bryd mae'n cynnal trafodaethau â'r holl fyrddau iechyd lleol ynglŷn â'u hanghenion a'u dymuniadau. Yr wyf yn disgwyl derbyn ymateb cychwynnol ganddo yn yr ychydig fisoedd nesaf ynglŷn â sut y mae'n mynd i reoli'r sefydliad hwn yn y flwyddyn gyntaf a'r newidiadau a fydd yn cael eu gweithredu wedyn o'r ail flwyddyn ymlaen. Mae wedi'i oedi oherwydd yr ansicrwydd hwn am gontractau meddygon teulu. Mae llawer o waith wedi'i gyflawni, ond mae'n eithaf anodd pontio a dod i unrhyw ddatrysiad hyd nes sicrhau trefniant terfynol. Mae staff wedi'u trosglwyddo'n llwyddiannus i'r ganolfan gwasanaethau busnes, ac yr wyf hefyd yn cynnal trafodaethau â'r ymddiriedolaethau ledled Cymru ynglŷn â sut fath o gefnogaeth y gall y ganolfan gwasanaethau busnes ei darparu iddynt yn y ddwy neu dair blynedd nesaf, oherwydd eu bod eto'n darparu systemau cyfrifydda a thalu rheolaidd, ac yr wyf am sicrhau bod y gwasanaethau hynny'n cael eu darparu'n effeithlon ledled y GIG yng Nghymru, ac nid i'r byrddau iechyd lleol yn unig.

In terms of the National Public Health Service, Dr Cerilan Rogers is very clear about the sorts of service that she would wish this organisation to deliver for and throughout Wales, and she has started to make those changes now as people come into post. She is currently looking at the balance of advice and guidance available right throughout the various localities in Wales to support local government and the LHBs and the trusts. The Chief Medical Officer for Wales and I are very keen indeed that more support goes to the trust services from the public health service than has been available in the past.

O ran y Gwasanaeth Iechyd Cyhoeddus Cenedlaethol, mae Dr Cerilan Rogers yn glir iawn am y math o wasanaethau y byddai am i'r sefydliad hwn eu darparu i a ledled Cymru, ac mae wedi cychwyn ar y newidiadau hynny yn awr wrth i bobl ddechrau yn eu swyddi. Ar hyn o bryd mae'n edrych ar gydbwysedd y cyngor a'r canllawiau sydd ar gael ledled yr ardaloedd amrywiol yng Nghymru i gefnogi llywodraeth leol a'r byrddau iechyd lleol a'r ymddiriedolaethau. Mae Prif Swyddog Meddygol Cymru a minnau yn awyddus iawn yn wir bod rhagor o gefnogaeth yn cael ei rhoi gan y gwasanaeth iechyd cyhoeddus i wasanaethau'r ymddiriedolaethau na'r hyn sydd wedi bod ar gael yn y gorffennol.

[11] **Janice Gregory:** And, of course, ensuring these sweeping, huge changes without jeopardising the service delivery would be at the forefront of your mind, I would assume.

[11] **Janice Gregory:** Ac, wrth gwrs, byddai sicrhau'r newidiadau enfawr, ysgubol hyn heb beryglu darpariaeth y gwasanaeth yn flaenllaw yn eich meddwl, byddwn yn rhagdybio.

Ms Lloyd: Yes. In terms of public health, as you know, the Health Protection Agency has been established for England and Wales, and the way in which communicable disease specialists are available both to local

Ms Lloyd: Byddai. O ran iechyd cyhoeddus, fel y gwyddoch, mae'r Asiantaeth Diogelu Iechyd wedi'i sefydlu ar gyfer Cymru a Lloegr, ac mae'r ffordd y mae arbenigwyr ar glefydau heintus ar gael i lywodraeth leol ac

government and to the service itself at this particular time is absolutely vital. It has been our priority to secure those services and to make sure that they operate really effectively and seamlessly throughout any transition.

i'r gwasanaeth ei hun ar yr amser penodol hwn yn hollol hanfodol. Ein blaenoriaeth yw diogelu'r gwasanaethau hynny a sicrhau eu bod yn gweithredu'n wirioneddol effeithiol ac yn ddi-dor gydol unrhyw bontio.

[12] **Dafydd Wigley:** I think that you want to come in on the red book, Janet, and then I will bring Alun in.

[12] **Dafydd Wigley:** Credaf eich bod am gyfrannu at y drafodaeth ar y llyfr coch, Janet, ac yna caiff Alun gyfrannu.

[13] **Janet Davies:** I do not know what sort of level of costs is involved in the red book and the contractors, or what savings you were hoping to make there. However, if the contractors refuse to play ball on making changes, what are the implications and what are the likely costs that could be involved?

[13] **Janet Davies:** Nid wyf yn gwybod pa fath o lefel o gostau sydd ynghlwm wrth y llyfr coch a'r contractwyr, neu pa arbedion yr oeddech yn gobeithio'u gwneud. Fodd bynnag, os yw'r contractwyr yn gwrthod cydweithredu o ran gwneud newidiadau, beth yw'r goblygiadau a beth yw'r costau tebygol a allai fod ynghlwm?

Ms Lloyd: Well, there will not be an impact on the cost, because, in terms of the red book, I was not looking for the changes from the red book to result in something cheaper. It was that a very different job would have to be delivered then for the primary care practitioners, and that would be a matter of the skill mix. If the general practitioners do not accept the contract, then the red book stands, and we already have the resource in the business services centre to maintain that.

Ms Lloyd: Wel, ni fydd effaith ar y gost, oherwydd, o ran y llyfr coch, nid oeddwn yn edrych am i'r newidiadau o'r llyfr coch arwain at rywbeth rhatach. Byddai'n rhaid darparu gwaith gwahanol iawn i'r ymarferyddion gofal sylfaenol, a byddai hynny'n fater o'r gymysgedd sgiliau. Os nad yw'r meddygon teulu yn derbyn y contract, yna bydd y llyfr coch yn sefyll, ac mae gennym yr adnoddau'n barod yn y ganolfan gwasanaethau busnes i gynnal hynny.

[14] **Dafydd Wigley:** Alun, do you want to come in on this?

[14] **Dafydd Wigley:** Alun, a ydych am gyfrannu yma?

[15] **Alun Cairns:** Thank you, Cadeirydd. Ms Lloyd, I want to try to get this right in terms of a simple context. At the outset, the planning budget was £79.6 million. Now you come in with a revised budget of £71.256 million, which is in line with the cost neutrality that the Auditor General came up with. It seems very coincidental that, having had some exposure and scrutiny on this, the figures come in together. Was it that you got them wrong in the first place and they were wholly inaccurate estimates, or is it that you have cut things out? I am looking for substantiation of the changes in figures. I do not feel that we have heard that yet.

[15] **Alun Cairns:** Diolch, Gadeirydd. Ms Lloyd, yr wyf am geisio deall hyn yn iawn mewn cyd-destun syml. Ar y cychwyn, yr oedd y gyllideb gynllunio yn £79.6 miliwn. Yn awr yr ydych yn dod i mewn gyda chyllideb ddiwygiedig o £71.256 miliwn, sy'n unol â'r gost ddi-duedd a nododd yr Archwilydd Cyffredinol. Mae'n ymddangos yn gyd-ddigwyddiad cyfleus iawn, ar ôl datgelu ac archwilio hyn, bod y ffigurau'n cyd-fynd. Ai chi gafodd y ffigurau yn anghywir i ddechrau a'u bod yn amcangyfrifon hollol anghywir, neu a ydych wedi dileu rhai elfennau? Yr wyf yn chwilio am brawf o'r newidiadau i'r ffigurau. Ni theimlaf ein bod wedi clywed hynny eto.

Ms Lloyd: May I correct you? The £79 million figure was not a planning budget. This was a sum arrived at based on the sorts of structures that had come in initially from

Ms Lloyd: A gaf fi eich cywiro? Nid cyllideb gynllunio oedd y ffigur o £79 miliwn. Yr oedd hwn yn swm a gyfrifwyd ar sail y mathau o strwythurau a gyflwynwyd i

LHBs, my own department and others. Given scrutiny against the functions that had to be applied, the actual planning budget is now at £72.5 something million—

ddechrau gan y byrddau iechyd lleol, fy adran i ac eraill. O ystyried yr archwiliad yn erbyn swyddogaethau yr oedd yn rhaid ei gynnal, mae'r union gyllideb gynllunio yn £72.5 rhywbeth miliwn bellach—

[16] **Alun Cairns:** £71.256 million.

[16] **Alun Cairns:** £71.256 miliwn.

Ms Lloyd: Sorry, £71.256 million, and the Minister had, as you know, said that she wished any transition to be cost neutral. Nevertheless, when you looked at the functions that had to be delivered for the new structures, then, after scrutiny of the structures that had come in, it was obvious that we could live within the £71.256 planning budget—subject to transitional costs.

Ms Lloyd: Mae'n ddrwg gennyf, £71.256 miliwn, ac yr oedd y Gweinidog, fel y gwyddoch, wedi dweud ei bod yn dymuno i unrhyw bontio fod yn niwtral o ran cost. Er hynny, pan fu i chi edrych ar y swyddogaethau yr oedd yn rhaid eu cyflawni ar gyfer y strwythurau newydd, yna, ar ôl archwilio'r strwythurau a gyflwynwyd, yr oedd yn amlwg y gallem aros o fewn y gyllideb gynllunio o £71.256—yn amodol ar gostau pontio.

[17] **Alun Cairns:** With the greatest respect, Mrs Lloyd, I still do not see that the figures add up. It is coming in bang on what the Auditor General highlighted. There must be some things that you are cutting out now from what the Auditor General saw when he first came up with the figure of £79.6 million. Can you tell us what exactly has been cut out, or why the Auditor General was incorrect in the first place, if that is what you are suggesting?

[17] **Alun Cairns:** Gyda phob parch, Mrs Lloyd, ni allaf weld o hyd bod y ffigurau'n gywir. Y mae'n union yr un ffigur â'r un a amlygwyd gan yr Archwilydd Cyffredinol. Mae'n rhaid eich bod yn dileu rhai pethau'n awr o'r hyn a welodd yr Archwilydd Cyffredinol pan nododd y ffigur o £79.6 miliwn yn wreiddiol. A allwch ddweud wrthym yn union beth sydd wedi'i ddileu, neu pam fod yr Archwilydd Cyffredinol yn anghywir yn y lle cyntaf, os mai dyna yr ydych yn ei awgrymu?

Ms Lloyd: No, I am not suggesting that the Auditor General was incorrect, and I did not suggest that at all. What I said was that the structures that he saw back in October/November were the first cut of structures, and if I can speak—

Ms Lloyd: Na, nid wyf yn awgrymu bod yr Archwilydd Cyffredinol yn anghywir, ac ni awgrymais hynny o gwbl. Yr hyn a ddywedais oedd mai'r strwythurau a welodd yn ôl yn Hydref/Tachwedd oedd y gyfres gyntaf o strwythurau, ac os caf siarad—

[18] **Alun Cairns:** Forgive me for interrupting—

[18] **Alun Cairns:** Maddeuwch i mi am dorri ar eich traws—

[19] **Dafydd Wigley:** Allow Ms Lloyd to answer, Alun, and then you can come back.

[19] **Dafydd Wigley:** Gadewch i Ms Lloyd ateb, Alun, ac yna cewch ddod yn ôl.

Ms Lloyd: If I may give you an example—I will give you the example of my own department. My heads of division came forward with proposals for the restructuring of their individual sections—I have 10 divisions. I looked at these, as any manager would, with an eye to cost-effectiveness, value for money, and being able to get the job done. I could see many instances where, if we

Ms Lloyd: Os caf fi roi enghraifft i chi—defnyddiaf enghraifft o'm hadran fy hun. Cyflwynodd fy mhenaethiaid is-adran gynigion ar gyfer ailstrwythuro eu hadrannau unigol—mae gennyf 10 is-adran. Edrychais ar y rhain, fel y byddai unrhyw reolwr yn ei wneud, gan gadw llygad ar gost-effeithiolrwydd, gwerth am arian, a'r gallu i gyflawni'r gwaith. Yr oeddwn yn gallu gweld

undertook our work in a very different way from that which was traditional, we would be able to provide what I believed to be a more effective service to the divisions, to the Ministers and for the Assembly than was suggested originally.

sawl achlysur lle, pe baem wedi ymgymryd â'r gwaith mewn ffordd wahanol i'r ffordd draddodiadol, y byddem yn gallu darparu yr hyn yr oeddwn yn ei ystyried yn wasanaeth mwy effeithiol i'r is-adrannau, i'r Gweinidogion ac i'r Cynulliad na'r hyn a awgrymwyd yn wreiddiol.

Therefore, I took the decision, as the person responsible for that department, who would be accountable for delivery to the Assembly, to reconfigure that structure and to produce something that I believed would be much more effective than the traditional way in which the divisions had produced their original structures. Now, that is something that I would expect any self-respecting manager to do. You know, I am sure, as well as I do, that if you ask anybody for a staffing structure, they will load it, because that is what has always happened. When you look at some of the LHB structures, they were putting in corporate support units that could very easily be shared between LHBs, because there was just not the volume of work required to go for full-time staff.

Felly, penderfynais, fel y sawl sy'n gyfrifol am yr adran honno, ac a fyddai'n atebol dros ddarpariaeth yr adran i'r Cynulliad, i ailwampio'r strwythur hwnnw a chynhyrchu rhywbeth a fyddai, yn fy marn i, yn llawer mwy effeithiol na'r ffordd draddodiadol yr oedd yr is-adrannau wedi cynhyrchu eu strwythurau gwreiddiol. Nawr, mae hynny'n rhywbeth y byddwn yn disgwyl i unrhyw reolwr â hunan-barch ei wneud. Gwyddoch, mae'n siŵr, cystal â mi, os ydych yn gofyn i unrhyw un am strwythur staffio, y byddant yn ei lwytho, oherwydd dyna sydd wedi digwydd erioed. Pan edrychwch ar rai o strwythurau'r byrddau iechyd lleol, yr oeddent yn cyflwyno unedau cymorth corfforaethol y gellid eu rhannu'n hawdd rhwng y byrddau, oherwydd nid oedd digon o waith i gyfiawnhau staff llawn amser.

There has been a great deal of discussion, since those original structures, among LHBs about securing high-quality staff and sharing staff between them. A lot of work has gone on, for example, between Cardiff and the Vale, in order to secure the best value for money. I have been convinced by the local health board chairs and chief executives that they are happy with the structures that they have—everybody would always wish for more, because that is the nature of us all. Nevertheless, they are content that their functionality will not be prejudiced by their staffing structures. However, I can reassure you that I have also put into place an evaluation, over the next year, to ensure that the functionality can be maintained in view of the agenda that faces us all, and to ensure that we will still be able to deliver what is required by the Assembly in terms of quality of outcomes for patients and content, so that they are well supported and my department is still able to provide the service that is required by this Assembly.

Bu cryn drafod, ers y strwythurau gwreiddiol hynny, ymhlith byrddau iechyd lleol am sicrhau staff o'r radd flaenaf a rhannu staff rhyngddynt. Mae llawer o waith wedi'i gyflawni, er enghraifft, rhwng Caerdydd a'r Fro, er mwyn sicrhau'r gwerth gorau am arian. Yr wyf wedi fy argyhoeddi gan gadeiryddion a phrif weithredwyr y byrddau iechyd lleol eu bod yn hapus â'r strwythurau sydd ganddynt—byddai pawb wastad yn dyheu am fwy, oherwydd mai dyna natur pawb. Er hynny, maent yn fodlon na fydd eu hymarferoldeb yn cael ei lesteirio gan eu strwythurau staffio. Fodd bynnag, gallaf eich sicrhau fy mod hefyd wedi rhoi gwerthusiad ar waith, yn ystod y flwyddyn nesaf, i sicrhau y gellir cynnal yr ymarferoldeb yng ngoleuni'r agenda sy'n ein hwynebu i gyd, ac i sicrhau y byddwn yn parhau i allu darparu'r hyn sy'n ofynnol gan y Cynulliad o ran ansawdd canlyniadau i gleifion a chynnwys, fel eu bod yn derbyn cefnogaeth dda a bod fy adran yn parhau i allu darparu'r gwasanaeth sy'n ofynnol gan y Cynulliad hwn.

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

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

[21] **Dafydd Wigley:** One more question, Alun, then Alison wants to come in.

[21] **Dafydd Wigley:** Un cwestiwn arall, Alun, yna mae Alison am gyfrannu.

[22] **Alun Cairns:** In that answer, you did, at last, highlight some of the issues. You mentioned a number of divisions—there were 10 in your department—and that they have been streamlined or cut back, or whatever phrase you want to use. You also talked about corporate support units, and how they had been amended. Therefore, I assume that this information is readily available, with regard to structural changes and so on.

[22] **Alun Cairns:** Yn yr ateb hwnnw, fe wnaethoch, o'r diwedd, amlygu rhai o'r materion. Bu i chi grybwyll nifer o is-adrannau—yr oedd 10 yn eich adran chi—a'u bod wedi'u rhesymoli neu eu cwtogi, neu pa bynnag ymadrodd yr ydych am ei ddefnyddio. Crybwyllasoch hefyd unedau cymorth corfforaethol, a sut maent wedi'u diwygio. Felly, tybiaf fod y wybodaeth hon ar gael yn barod, o ran newidiadau strwythur ac ati.

Ms Lloyd: Yes, it certainly is.

Ms Lloyd: Ydyw, heb amheuaeth.

[23] **Alun Cairns:** Cadeirydd, is it possible perhaps for the Committee to have a paper on this information, which would substantiate the changes?

[23] **Alun Cairns:** Gadeirydd, a fyddai'n bosibl i'r Pwyllgor efallai gael papur ar y wybodaeth hon, a fyddai'n cadarnhau'r newidiadau?

Ms Lloyd: I would be very happy to provide that.

Ms Lloyd: Byddwn yn fwy na pharod i wneud hynny.

[24] **Dafydd Wigley:** I am sure that that would be helpful, and that Sir John would appreciate having a copy of any paper that analyses the changes. Obviously, it is a detailed exercise that we cannot go into here in that much detail. That would be very helpful.

[24] **Dafydd Wigley:** Yr wyf yn siŵr y byddai hynny'n ddefnyddiol, ac y byddai Syr John yn gwerthfawrogi cael copi o unrhyw bapur sy'n dadansoddi'r newidiadau. Yn amlwg, y mae'n ymarfer manwl na allwn ei drafod yn y fath fanylder yma. Byddai hynny'n ddefnyddiol iawn.

[25] **Alun Cairns:** One final brief question, if I may, Cadeirydd.

[25] **Alun Cairns:** Un cwestiwn byr i orffen, os caf fi, Gadeirydd.

[26] **Dafydd Wigley:** Very brief, please, Alun, because you will be coming back in later.

[26] **Dafydd Wigley:** Yn gryno iawn, os gwelwch yn dda, Alun, oherwydd byddwch yn cyfrannu eto yn ddiweddarach.

[27] **Alun Cairns:** Paragraph 4 on page 2 of the Auditor General's note mentioned that it would be good practice to include a contingency budget to allow for unforeseen events. Have you met that?

[27] **Alun Cairns:** Mae paragraff 4 ar dudalen 2 nodyn yr Archwilydd Cyffredinol yn crybwyll y byddai'n arfer da cynnwys cyllideb wrth gefn ar gyfer digwyddiadau annisgwyl. A ydych wedi cyflawni hynny?

[28] **Dafydd Wigley:** I think that we are coming on to that now, are we not?

[28] **Dafydd Wigley:** Credaf ein bod ar fin trafod hynny'n awr, onid ydym?

[29] **Alun Cairns:** I did not realise; I thought that I would raise it separately.

[29] **Alun Cairns:** Nid oeddwn yn sylweddoli hynny; credais y byddwn yn ei godi ar wahân.

[30] **Dafydd Wigley:** I understand that the question has only recently been added to the

[30] **Dafydd Wigley:** Deallaf mai dim ond yn ddiweddar yr ychwanegwyd y cwestiwn at

brief. Alison, did you want to come in?

y brîff. Alison, a ydych am gyfrannu?

[31] **Alison Halford:** Yes, very quickly, Chair; thank you very much. I think it must be remembered that Mrs Lloyd actually asked Sir John to put his slide rule over these figures, which shows openness and a willingness to get the figures right.

[31] **Alison Halford:** Ydwyf, yn gyflym iawn, Gadeirydd; diolch yn fawr iawn. Credaf fod yn rhaid cofio bod Mrs Lloyd mewn gwirionedd wedi gofyn i Syr John fwrw golwg ar y ffigurau hyn, sy'n dangos gonestrwydd a pharodrwydd i gael y ffigurau'n gywir.

I am a bit concerned about the very low level of accommodation and IT costs. I say this against the backcloth of the fact that the Assembly is due to have another system called MERLIN, which will cost—would you believe—a staggering 220 million smackers? Sir John is going to have fun and games with that one eventually. That will keep you going for years, Sir John. I do not want a paper, because I am not standing again, and I am not going to read anything that happens on this after I leave, although naturally I am interested in what goes on in Wales. I am just curious—why are your IT costs so low when we are going to pay so much for a new system? If it is not within your gift to answer that, then I shall shut up and slide away.

Yr wyf ychydig yn bryderus ynglŷn â'r lefel isel iawn o gostau llety a TG. Dywedaf hyn o ystyried y ffaith bod y Cynulliad am weithredu system arall o'r enw MERLIN, a fydd yn costio—goeliech chi fyth—y swm anferthol o 220 miliwn o bunnoedd? Bydd Syr John yn cael cryn hwyl gyda hynny ymhen amser. Bydd hynny'n eich cadw'n brysur am flynyddoedd, Syr John. Nid wyf am dderbyn papur, oherwydd nid wyf am sefyll eto, ac nid wyf am ddarllen unrhyw beth sy'n digwydd ar hyn ar ôl i mi adael, er yn naturiol mae gennyf ddiddordeb yn yr hyn sy'n digwydd yng Nghymru. Yr wyf yn chwilfrydig, dyna'i gyd—pam fod eich costau TG mor isel pan fyddwn yn talu cymaint am system newydd? Os nad yw'r ateb o fewn eich cylch gorchwyl, yna fe gaeaf fy ngheg a llithro ymaith.

Ms Lloyd: I think, Chair, that it would be almost impossible for me to analyse the difference between the NHS's information technology systems and the Assembly's. However, what I can say is that, in terms of accommodation and IT costs, those are costs that are already there. Any improvement or enhancement would have to be the subject of a business case, which would be scrutinised absolutely rigorously, if they were considering making any changes.

Ms Lloyd: Credaf, Gadeirydd, y byddai bron yn amhosibl i mi ddadansoddi'r gwahaniaeth rhwng systemau technoleg gwybodaeth y GIG a'r Cynulliad. Fodd bynnag, yr hyn y gallaf ei ddweud yw, o ran costau llety a TG, y mae'r rheini yn gostau sy'n bodoli eisoes. Byddai unrhyw le i wella neu gynnydd yn amodol ar achos busnes, a fyddai'n cael ei archwilio yn hollol drylwyr, pe baent yn ystyried gwneud unrhyw newidiadau.

[32] **Dafydd Wigley:** On that point and before I move on to Eleanor to continue the questioning, the third recommendation that was made by Sir John and his team with regard to new capital investment stated that

[32] **Dafydd Wigley:** Ar y pwynt hwnnw a chyn i mi symud ymlaen at Eleanor i barhau â'r cwestiynau, yr oedd y trydydd argymhelliad a wnaed gan Syr John a'i dîm o ran buddsoddiad cyfalaf newydd yn nodi

'if significant new capital investment is required, this should involve a full investment appraisal of options in accordance with the guidance issued by the Treasury.'

'os oes angen buddsoddiad cyfalaf newydd sylweddol, dylai hyn gynnwys gwerthusiad buddsoddiad llawn o'r opsiynau yn unol â'r canllawiau a gyhoeddir gan y Trysorlys.'

You are sticking by that, are you not?

Yr ydych yn cadw at hynny, onid ydych?

Ms Lloyd: Yes.

[33] **Dafydd Wigley:** If there were a significant cost relating to IT, it would be subject to that sort of appraisal?

Ms Lloyd: Yes.

[34] **Dafydd Wigley:** I am grateful. Eleanor, you have a question?

[35] **Eleanor Burnham:** Yes, thank you. Are you confident, Ms Lloyd, that the local health boards will be cost-effective, particularly given accusations that senior positions are going to be—in many people's opinions—very expensive? For instance, charges have been levelled that it is not possible to get quality finance chiefs, even though they are going to be paid vast amounts of money. That is my first question.

[36] **Dafydd Wigley:** You do have some other questions to ask that are actually down on the brief.

Ms Lloyd: Shall I deal with that question?

[37] **Dafydd Wigley:** Yes, please deal with that and we will come to the set questions afterwards.

Ms Lloyd: If I can deal with the cost-effectiveness and the amounts of money we have to pay for leadership and the deficiencies in terms of skills, it is an issue that concerns everybody. It is not just Wales that has this problem relating to the financial input into organisations and the skills that you need. That is why we have run finance training schemes for years in order to grow good quality finance directors. We have been successful in attracting people to Wales and from within Wales to fill these posts, but I think that more needs to be done to ensure that we have better succession planning in Wales. That is why I have put a considerable emphasis on succession planning and the development of leadership from now on, which will be prepared and produced by the centre for health leadership that we have established. We must ensure that we retain good-quality leaders in Wales and that we are able to replace those who decide to retire or move. That is not just something that is unique to Wales. If you look at the *Health*

Ms Lloyd: Ydwyf.

[33] **Dafydd Wigley:** Pe bai costau sylweddol yn gysylltiedig â TG, byddai'n amodol ar y math hwnnw o werthusiad?

Ms Lloyd: Byddai.

[34] **Dafydd Wigley:** Yr wyf yn ddiolchgar. Eleanor, mae gennych gwestiwn?

[35] **Eleanor Burnham:** Oes, diolch. A ydych yn hyderus, Ms Lloyd, y bydd y byrddau iechyd lleol yn gost-effeithiol, yn arbennig o ystyried cyhuddiadau y byddai uwch swyddi—ym marn llawer—yn ddrud iawn? Er enghraifft, gwnaed honiadau na fydd yn bosibl cael penaethiaid cyllid o ansawdd, er y byddant yn derbyn symiau enfawr o arian. Dyna fy nghwestiwn cyntaf.

[36] **Dafydd Wigley:** Mae gennych gwestiynau eraill i'w gofyn sydd i lawr yn y brîff mewn gwirionedd.

Ms Lloyd: A gaf fi ateb y cwestiwn hwnnw?

[37] **Dafydd Wigley:** Cewch, atebwch y cwestiwn hwnnw ac fe ddychwelwn at y cwestiynau a osodwyd wedi hynny.

Ms Lloyd: Os caf fi ddelio â'r gost effeithiolrwydd a'r symiau arian sydd yn rhaid i ni eu talu am arweinyddiaeth a diffygion o ran sgiliau, mae'n fater sy'n bryder i bawb. Nid Cymru yn unig sydd â'r broblem hon o ran y mewnbwn ariannol i sefydliadau a'r sgiliau sydd eu hangen arnoch. Dyna pam ein bod wedi cynnal cynlluniau hyfforddiant cyllid am flynyddoedd er mwyn meithrin cyfarwyddwyr cyllid o'r radd flaenaf. Yr ydym wedi bod yn llwyddiannus wrth ddenu pobl i Gymru ac o fewn Cymru i lenwi'r swyddi hyn, ond credaf fod angen gwneud mwy i sicrhau ein bod yn cynllunio olyniaeth yn well yng Nghymru. Dyna pam fy mod wedi rhoi pwyslais sylweddol ar gynllunio olyniaeth a datblygu arweinyddiaeth o hyn allan, a fydd yn cael ei baratoi a'i gynhyrchu gan ganolfan Cymru er arweiniad mewn iechyd yr ydym wedi'i sefydlu. Mae'n rhaid i ni sicrhau ein bod yn dal gafael ar arweinwyr o'r radd flaenaf yng Nghymru a'n bod yn gallu llenwi swyddi'r rheini sy'n penderfynu

Service Journal every week, you will see that there are huge numbers of vacancies right throughout the UK, and that is because I think that, in the past 10 years, not enough emphasis was placed on securing the leadership base.

ymddeol neu symud. Nid yw hon yn sefyllfa unigryw i Gymru. Os edrychwch ar yr *Health Service Journal* bob wythnos, byddwch yn gweld bod nifer sylweddol o swyddi gweigion ledled y DU, a chredaf fod hyn oherwydd, yn y 10 mlynedd diwethaf, nad oes digon o bwyslais wedi'i roi ar sicrhau sylfaen arweinyddiaeth.

The amount of money that we are spending on the heads of these organisations has all been carefully evaluated and compared with other positions outside of Wales. We are satisfied that it accurately reflects the range of skills that we need to deliver the job, which, as you said, is not an easy job.

Mae'r arian yr ydym yn ei wario ar benaethiaid y sefydliadau hyn i gyd wedi'i werthuso'n ofalus a'i gymharu gyda swyddi eraill y tu allan i Gymru. Yr ydym yn fodlon ei fod yn adlewyrchiad cywir o'r amrywiaeth sgiliau yr ydym ei angen i gyflawni'r gwaith, nad yw, fel y dywedasoch, yn waith hawdd.

In terms of cost-effectiveness and the evaluation of cost-effectiveness, I am putting into place an evaluation of the cost-effectiveness of these new structures compared with the functionality that they will have to effect. That will be undertaken over the next year and 18 months to ensure that the new organisations can deliver the outcomes that were established for them when we sent out the structural reform paper some 14 months ago.

O ran cost-effeithiolrwydd a gwerthuso cost-effeithiolrwydd, yr wyf yn rhoi gwerthusiad o gost-effeithiolrwydd y strwythurau newydd hyn ar waith i'w cymharu â'u hymarferoldeb. Bydd hwnnw yn cael ei gynnal yn ystod y flwyddyn a'r 18 mis nesaf er mwyn sicrhau bod y sefydliadau newydd yn gallu cyflawni'r canlyniadau a osodwyd ar eu cyfer pan anfonwyd y papur diwygio strwythur tua 14 mis yn ôl.

[38] **Eleanor Burnham:** Thank you, Chair, for your indulgence.

[38] **Eleanor Burnham:** Diolch, Gadeirydd, am eich goddefgarwch.

The Auditor General made two recommendations concerning transitional costs. The first was about undertaking a more detailed review of transitional staff costs, which, as you know, include redundancy, early retirement, protected salaries, excess fares and so on. When the main determinants of these costs became clearer, can you tell me what action you took in response to the Auditor General's recommendation and the recommendation about considering the need for tightly controlled contingency provision to deal with the unforeseen events as summarised by the Auditor General in the 2001-02 summarised accounts of the NHS?

Gwnaeth yr Archwilydd Cyffredinol ddau argymhelliad yn ymwneud â chostau pontio. Yr oedd y cyntaf yn ymwneud â chynnal adolygiad mwy trylwyr o gostau staff pontio, sydd, fel y gwyddoch, yn cynnwys diswyddiadau, ymddeoliadau cynnar, cyflogau a ddiogelir, gorbrisiau ac ati. Pan ddaw prif benderfynyddion y costau hyn yn gliriach, a allwch ddweud wrthyf pa gamau a gymerasoch fel ymateb i argymhelliad yr Archwilydd Cyffredinol a'r argymhelliad ynglŷn ag ystyried yr angen am ddarpariaeth wrth gefn wedi'i rheoli'n dynn i ddelio â'r digwyddiadau annisgwyl fel a grynhowyd gan yr Archwilydd Cyffredinol yng nghyfrifon crynodedig y GIG ar gyfer 2001-02?

Ms Lloyd: If I can first talk about what has happened with the transitional costs, day by day, the number of people that we anticipate transferring to the extended employment

Ms Lloyd: Os caf fi siarad gyntaf ynglŷn â'r hyn sydd wedi digwydd gyda'r costau pontio, dydd ar ôl dydd, mae nifer y bobl yr ydym yn disgwyl iddynt drosglwyddo i'r cynllun

scheme, which really covers a large amount of the transitional costs, is reducing as people are finding posts in the new structure. Today—although the figure has probably come down—but certainly yesterday, only about 44 people were going to be transferring to the extended employment scheme, which in itself I think is really good. First, we are continuing to secure people's skills, and, secondly, not as many people are uncertain about their futures. The vast majority of those people have jobs that need to be done anyway over the next year. The extended employment scheme, which I circulated some two months ago, outlines exactly what will happen to those people and the sorts of support that they will be given. What we want to ensure is that as few people as possible are made redundant, because if that happens we lose those skills from Wales and we can ill-afford to do that. We also want to ensure that they will be helped to find the right job for them.

cyflogaeth estynedig, sydd mewn gwirionedd yn cynnwys swm sylweddol o'r costau pontio, yn gostwng wrth i bobl ddod o hyd i swyddi yn y strwythur newydd. Heddiw—er mae'n debyg bod y ffigur wedi gostwng—ond yn sicr ddoe, dim ond tua 44 o bobl oedd am drosglwyddo i'r cynllun cyflogaeth estynedig, sydd yn ei hun yn dda iawn. Yn gyntaf, yr ydym yn parhau i ddiogelu sgiliau pobl, ac, yn ail, nid oes cymaint o bobl yn ansicr am eu dyfodol. Mae gan y mwyafrif llethol o'r bobl hynny swyddi sydd angen eu gwneud beth bynnag yn ystod y flwyddyn nesaf. Mae'r cynllun cyflogaeth estynedig, a ddosbarthwyd tua deufis yn ôl, yn amlinellu'n union beth fydd yn digwydd i'r bobl hynny a'r math o gymorth y byddant yn ei dderbyn. Yr hyn yr ydym am ei sicrhau yw bod cyn lleied o bobl â phosibl yn cael eu diswyddo, oherwydd os yw hynny'n digwydd yr ydym yn colli'r sgiliau hynny o Gymru ac ni allwn fforddio hynny. Yr ydym hefyd am sicrhau y byddant yn cael eu cynorthwyo i ddod o hyd i'r swydd iawn ar eu cyfer.

I have set up a small team, funded from the transitional costs, to look at the management of the careers of these individuals who have not yet been successfully placed so that we can use the skills that they have in the best possible way. There are also ongoing projects that need to be managed and need people to help manage them. Many of the people on the scheme are also being diverted towards those projects so that they have a purposeful job while they are seeking an alternative with us. So, that is what has happened regarding the transitional costs.

Yr wyf wedi sefydlu tîm bach, a gyllidir o'r costau pontio, i edrych ar reolaeth gyrfaoedd yr unigolion hynny nad ydym wedi'u lleoli'n llwyddiannus eto er mwyn i ni allu defnyddio'r sgiliau sydd ganddynt yn y ffordd orau bosibl. Mae prosiectau sydd ar y gweill hefyd sydd angen eu rheoli ac sydd angen pobl i'w helpu i reoli. Mae nifer o bobl ar y cynllun hefyd yn cael eu cyfeirio at y prosiectau hynny er mwyn iddynt gael swydd bwrpasol wrth iddynt chwilio am swydd arall gyda ni. Felly, dyna beth sydd wedi digwydd o ran y costau pontio.

In terms of the contingencies, we took good notice of the Auditor General's warning about contingencies and they are going to be managed by the transitional costs, because you will also remember that he said that he believed that the transitional cost period should be lengthened, and we have also taken that on board. So, the extension of a transitional period and the contingency has been built in as a sliding scale on the transitional cost statements.

O ran y cynlluniau wrth gefn, bu i ni gymryd sylw da o rybudd yr Archwilydd Cyffredinol am gynlluniau wrth gefn a byddant yn cael eu rheoli gan y costau pontio, oherwydd byddwch hefyd yn cofio ei fod wedi dweud ei fod yn credu y dylid ymestyn y cyfnod costau pontio, ac yr ydym hefyd wedi gwneud hynny. Felly, mae ymestyn y cyfnod pontio a'r cynlluniau wrth gefn wedi'u hychwanegu fel graddfa symudol at y datganiadau costau pontio.

[39] **Eleanor Burnham:** In respect of the transitional costs, they are obviously close to budget, particularly with regard to project management and recruitment. How do you

[39] **Eleanor Burnham:** O ran y costau pontio, maent yn amlwg yn agos i'r gyllideb, yn arbennig o ran rheoli prosiect a recriwtio. Sut yr ydych yn bwriadu cadw o fewn y

propose to remain within budget on these elements?

gyllideb gyda'r elfennau hyn?

Ms Lloyd: They are being rigorously scrutinised. It is the same as managing any project. Part of the transitional cost-management is part of rigorous and ongoing project management—

Ms Lloyd: Maent yn cael eu harchwilio'n fanwl. Mae'r un fath â rheoli unrhyw brosiect. Mae rhan o reoli'r costau pontio yn rhan o reoli prosiect manwl a chyfredol—

[40] **Dafydd Wigley:** I think that we have covered that to some extent already. Alun, you have a question.

[40] **Dafydd Wigley:** Credaf ein bod wedi rhoi sylw i hynny i ryw raddau yn barod. Alun, mae gennych gwestiwn.

[41] **Alun Cairns:** Thank you, Cadeirydd. Our successors will, no doubt, want to return to this issue to find out whether the cost estimates were indeed accurate or not. We would expect the relevant data to be captured and recorded and on a basis consistent with the budgeting exercise, so that accurate and complete comparisons can be made. Can you assure the Committee that that will be the case, and what steps have you taken to ensure that it is the case?

[41] **Alun Cairns:** Diolch, Gadeirydd. Bydd ein holynwyr, heb os, am ddychwelyd at y mater hwn i weld a oedd yr amcangyfrifon costau yn gywir ai peidio. Byddem yn disgwyl i'r data perthnasol gael ei gadw a'i gofnodi ar sail sy'n gyson â'r ymarfer cyllidebu, er mwyn gallu gwneud cymariaethau cywir a chyflawn. A allwch roi sicrwydd i'r Pwyllgor y bydd hyn yn digwydd, a pha gamau yr ydych wedi'u cymryd i sicrhau bod hyn yn digwydd?

Ms Lloyd: It will be the case, because it is in all our interests that it is the case. I will have to justify the costs of the project to your successors. I am lucky to have with me Chris Brown, who has been seconded from the NAO—so he is on both sides of the fence, basically—and he is managing the cost parcel on my behalf. He remains with me. Well, you did not know that, Chris, but never mind. It is news; I was sure you would not mind. He will remain with me until this project is completed and we can put out a final set of accounts for it. We will have an ongoing project covering all the transitional costs, because we have to account for all this cash.

Ms Lloyd: Bydd hyn yn digwydd, oherwydd y bydd pawb ar eu hennill pe bai hynny'n digwydd. Bydd yn rhaid i mi gyfiawnhau costau'r prosiect i'ch olynwyr. Yr wyf yn lwcus o gael Chris Brown gyda mi, sydd wedi'i secondio o'r SAG—felly mae'n gallu cadw'r ddysgl yn wastad—ac mae'n rheoli'r parsel costau ar fy rhan. Mae'n parhau gyda mi. Wel, nid oeddech yn gwybod hynny, Chris, ond na phoener. Mae'n newyddion; yr oeddwn yn sicr na fyddech yn gwrthwynebu. Bydd yn parhau gyda mi tan y cwblheir y prosiect ac y gallwn gyflwyno cyfres derfynol o gyfrifon ar ei gyfer. Bydd gennym brosiect ar y gweill yn rhoi sylw i'r holl gostau pontio, oherwydd mae'n rhaid i ni fod yn atebol am yr arian hwn i gyd.

[42] **Alun Cairns:** Thank you for that. You have certainly reassured me about this centrally. What guidance have you issued to the NHS bodies throughout Wales that are involved in these changes?

[42] **Alun Cairns:** Diolch am hynny. Yr ydych yn sicr wedi rhoi sicrwydd i mi am hyn yn ganolog. Pa ganllawiau yr ydych chi wedi'u rhoi i gyrff y GIG ledled Cymru sy'n rhan o'r newidiadau hyn?

Ms Lloyd: The same guidance goes to them. They will be scrutinised anyway, on a month-by-month basis, by the regional offices about their expenditure against all their headings. They will have to keep proper accounts of the costs of their organisation and the other costs

Ms Lloyd: Mae'r un canllawiau'n cael eu rhoi iddynt hwy. Byddant yn cael eu harchwilio beth bynnag, fis ar ôl mis, gan y swyddfeydd rhanbarthol ar eu gwariant yn erbyn eu holl benawdau. Bydd yn rhaid iddynt gadw cyfrif trylwyr o gostau eu

that they are incurring.

sefydliadau a'r costau y maent yn mynd iddynt.

[43] **Dafydd Wigley:** This is on the basis of having a like-for-like comparison, is it not? So that figures will stand scrutiny in comparison.

[43] **Dafydd Wigley:** Onid yw hyn ar sail llunio cymhariaeth tebyg-i-debyg? Er mwyn i ffigurau allu cael eu harchwilio wrth gymharu.

Ms Lloyd: Yes.

Ms Lloyd: Ie.

[44] **Dafydd Wigley:** Good. I am grateful. I think it very perspicacious of you to get someone from the national audit team to help you. I hope that this does not become a general practice, because there would be no-one left. Everybody would be signing up the team.

[44] **Dafydd Wigley:** Da iawn. Yr wyf yn ddiolchgar. Credaf eich bod wedi bod yn graff iawn i gael rhywun o'r tîm archwilio cenedlaethol i'ch cynorthwyo. Gobeithio na fydd hyn yn dod yn ymarfer cyffredin, oherwydd ni fyddai unrhyw un ar ôl. Byddai pawb yn ceisio defnyddio'r tîm.

I am very grateful for the responses that you have given, Ms Lloyd. You have been very positive, very confident, and I assume that you do put your reputation on achieving what is down here. However, we are very grateful to you for coming here and answering our questions fully. As I have indicated before, there will be a draft transcript in order for you to verify the factual aspects of your replies before publication as part of the minutes. The transcript will be included as an attachment to our eventual report on this matter. No doubt, the future Committee will want to come back to this at some appropriate time, within six months or 12 months or whatever, to see what progress has been made. We are very grateful to both of you, to Chris Brown and to yourself. You have had a long morning. You deserve to escape now.

Yr wyf yn ddiolchgar iawn am yr ymatebion yr ydych wedi'u rhoi, Ms Lloyd. Yr ydych wedi bod yn bositif iawn, yn hyderus iawn, a thybiaf eich bod yn seilio'ch enw da ar gyflawni'r hyn sydd i lawr yma. Fodd bynnag, yr ydym yn ddiolchgar iawn i chi am ddod yma ac am ateb ein cwestiynau'n llawn. Fel y soniais eisoes, bydd trawsgrifiad drafft er mwyn i chi allu gwirio agweddau ffeithiol eich ymatebion cyn eu cyhoeddi fel rhan o'r cofnodion. Bydd y trawsgrifiad yn cael ei gynnwys fel atodiad i'ch adroddiad terfynol ar y mater hwn. Heb os, bydd y darpar Bwyllgor am ddod yn ôl at hyn pan fydd hynny'n briodol, o fewn chwe mis neu 12 mis neu beth bynnag, i weld pa gynnydd sydd wedi'i wneud. Yr ydym yn ddiolchgar iawn i chi'ch dau, i Chris Brown ac i chithau. Yr ydych wedi cael bore hir. Yr ydych yn haeddu cael dianc yn awr.

Ms Lloyd: Thank you, Chair, and the Committee, for the way in which you have asked me difficult questions, for the way in which you have responded, and for the work between yourself and the Auditor General, which I find extremely helpful.

Ms Lloyd: Diolch, Gadeirydd, a'r Pwyllgor, am y ffordd yr ydych wedi gofyn cwestiynau anodd i mi, am y ffordd yr ydych wedi ymateb, ac am y gwaith rhyngoch chi a'r Archwilydd Cyffredinol, sy'n ddefnyddiol iawn i mi.

Daeth y sesiwn cymryd tystiolaeth i ben am 11.33 a.m.
The evidence taking-session ended at 11.33 a.m.

[i] Yr union ffigur yw £71.256 miliwn.

The exact figure is £71.256 million.