

Gill Harris
Acting Chief Executive
Betsi Cadwaladr University Health Board

6 November 2020

Dear Acting Chief Executive,

Auditor General for Wales' Reports:

Arrangements for Interim Senior Staff Appointments – BCUHB

The Refurbishment of Ysbyty Glan Clwyd

I refer to my earlier letter of 29 September. As you are aware, the Committee has had to re-prioritise its work programme for this term and coupled with your unavailability to attend, as requested, on 9 November, we are unable to offer you an alternative date. As such, I would welcome your detailed comments on the issues in the annex and look forward to receiving your response, by 16 December.

Yours sincerely,



Nick Ramsay MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English.



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

 SeneddArchwilio@senedd.cymru

 0300 200 6565

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

 SeneddPAC@senedd.wales

 0300 200 6565

AUDITOR GENERAL FOR WALES' REPORTS:

ARRANGEMENTS FOR INTERIM SENIOR STAFF APPOINTMENTS – BCUHB

The Health Board's reliance on interim senior staff

While the Auditor General's report looked at the processes around five specific senior interim appointments, the Committee understands there had been a larger number of interim appointments in senior roles as at late 2019 and with other individuals appointed to interim roles having moved on since autumn 2018.

What is the current position in terms of the Health Board's reliance on the use of interim senior staff (overall numbers, the roles covered and the duration of these appointments) and has that reliance increased or decreased over the past 12 months?

We would also welcome your reflections on any particular challenges that you are still facing in recruiting senior staff and the impact that the transient nature of some senior roles has had on the Health Board's ability to move forward.

Procurement arrangements

The Auditor General highlights issues with the lack of timely involvement of procurement staff in decision-making about interim appointments and certain other issues of non-conformance with procurement processes. In the case of the interim recovery director, the report notes that negotiations took place to secure preferential terms outside of the relevant framework agreement.

Why was the advice of the procurement team not sought on a timely basis, notably in the case of the interim recovery director, and what action has the Health Board taken to review and strengthen its processes where relevant, to follow up on any remedial actions or to check the issues identified in these cases are not symptomatic of wider process failings.

The cost/impact of the Interim Recovery Director

The Auditor General's report notes that the Welsh Government agreed to contribute £350,000 to the cost of the Interim Recovery Director but with the health board stating that the decision to appoint – which was made before that funding was confirmed – was not dependent on Welsh Government funding.

There were two core aspects to the interim role of the Recovery Director; the identification and securing of savings; and embedding governance arrangements that can sustain an improved position for the future. However, the Auditor General's report noted that it is difficult to identify the specific personal impact that the Interim Recovery Director is having on the Health Board's financial recovery efforts, given that staff across the organisation are contributing to this in various ways.

Given the wider financial pressures on the Health Board, how was it planning to cover the £350,000 that it received from the Welsh Government towards the cost of the Interim Recovery Director had this not been approved and what impact might that have had on other areas of activity?

Does the Health Board still believe that the daily rate and overall costs for the Interim Recovery Director represented good value for money for the Welsh taxpayer?

- *Can the Health Board point to any specific examples of financial or performance returns that can be attributed to the work of the Interim Recovery Director.*
- *What changes have been made, whether to capacity of governance arrangements, to ensure that any momentum brought about the Interim Recovery Director has been sustained since their departure?*

The Health Board's wider turnaround agenda

Beyond the role of the Interim Recovery Director, is the Health Board able to quantify the wider additional costs that it has incurred over recent years in an effort to turnaround in its overall financial position and/or its performance?

When can we expect to see a clear financial strategy which will deliver financially sustainable health services in North Wales and what is the Health Board's 2020–21 in-year and forecast year-end position now looking like considering the impact of COVID–19?

Recognising that it is presenting its own challenges, are there any key lessons that the Health Board is already identifying from the way it has had to respond to COVID–19 that might help to strengthen its governance and support turnaround in future.

THE REFURBISHMENT OF YSBYTY GLAN CLWYD

Post project evaluation

There have been several reports from internal auditors and independent consultants about various aspects of the project over the last six years and, responding to the recommendations raised in these reports, the Health Board has put in place new governance arrangements, structures and processes.

Now that the project is complete, we would welcome an overview of what 'post-project evaluation' work has taken place and how you have gone about reflecting on how the project went overall. As part of this it would be helpful to understand:

- *Who has been involved in this reflection process, and how have you involved key parties, such as the Supply Chain Partner, External Cost Advisor and NHS Wales Shared Services?*
- *How you might be sharing any lessons learnt from the project across NHS Wales?*

Value for money

Given that the project cost £60 million more than the original approved budget, does the Health Board believe that the £171 million spent on the project represents good value for money for the Welsh taxpayer? As part of this it would be helpful if you could indicate:

- *How the project has performed more generally against its wider objectives?*
- *Whether you consider that, had the full costs been appreciated at the outset, this might have led to a different decision around the refurbishment work, such as building a completely new hospital on another site?*

Scrutiny and approval of business cases

The Auditor General's report notes that 'There was no evidence of effective internal review and scrutiny of the business cases and the outcomes of the external scrutiny process were not shared with the Project Board or the Board of the Health Board.'

What assurances can you give the Committee that business cases are now subject to effective internal review and scrutiny before they are approved and submitted to the Welsh Government?

- *How, for example, have any process changes been applied on more recent business cases, such as the Wrexham Maelor infrastructure project and the Royal Alexandra hospital capital project in Rhyl?*

Financial monitoring of projects

The Auditor General's report draws attention to evidence of some serious failings in the reporting of the project's financial performance.

What actions have been taken to improve financial monitoring and the reporting of capital projects within the Health Board and to avoid a repeat of the sorts of issues summarised at paragraphs 52/53 and 73 of the Auditor General's report?

Governance and management of projects

While the report highlights failings with this project, encouragingly the Auditor General says in his report that the Health Board has taken steps to strengthen its approach to the management and approval of capital projects.

Over and above any specific issues covered above, what other key lessons has the Health Board learnt and how is that learning being applied to project management and governance arrangements for other significant capital projects?