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**Ein cyf / Our ref:** JW/LJ//DP/CE21-356/2816

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**Dyddiad / Date:** 26 February 2021

Dear Mr Ramsay

**Re: Auditor General for Wales report: Arrangements for Interim Senior Staff Appointments**

Thank you for correspondence of 5 February 2021 regarding the above report, and also for your kind welcome and good wishes. Further to your request, I append the Health Board's response to the Committee's queries.

Please do not hesitate to contact me should you require further information,

Yours sincerely

**Jo Whitehead PSM**  
**Prif Weithredwr**  
**Chief Executive**

**Betsi Cadwaladr University Health Board Response to the Public Accounts  
Committee Queries Regarding the Auditor General for Wales's Report  
Arrangements for Interim Senior Staff Appointments – BCUHB**

## **Introduction**

Following the previous response to the Public Accounts Committee's request for information in December 2020, the Health Board is pleased to provide further detail on the role of the former Interim Recovery Director.

**Question:** *In respect of the interim staff arrangements response, I would welcome more detail on the performance and financial returns delivered where the interim Recovery Director's work was focused. We note the concerns raised in the AGW's Report that the rate paid was higher than most of the benchmark comparators used. Please could you explain whether the daily rate paid to the Interim Recover Director and overall cost of his services represented value for money.*

## **Performance**

A number of key objectives were agreed upon the appointment of the Interim Recovery Director which set out the outcomes required of the role. These were delivered as described below.

In order to provide additional oversight of the financial run rate and to further support delivery of efficiencies, the Interim Recovery Director implemented fortnightly meetings with the senior leadership of the Divisions, which provided scrutiny of the delivery against the savings targets and the expenditure run rate. Meetings were held with key work-stream improvement groups (such as procurement, medicines management and workforce), which reviewed progress against savings targets and delivery of improved efficiency and productivity.

A Financial Recovery Group was established which provided scrutiny of the recovery programme and reported to the Finance and Performance Committee. This additional oversight supported the improved delivery of efficiencies across the Health Board.

The Interim Recovery Director introduced external suppliers and partners to the Health Board to consider alternative efficiency models. These were procured through existing NHS frameworks and included the review of medical rotas, outpatient clinics and procurement. The service reviews identified opportunities to increase productivity or efficiency while the procurement review realised opportunities to deliver cash benefit from improving existing processes.

The Interim Recovery Director attended Executive Committee meetings and Finance and Performance Committee and advised on the identification of opportunities required to support the financial recovery of the Health Board. The Interim Recovery Director recommended an improved approach to the governance and scrutiny models needed to support and deliver the programme and these models were implemented by the Health Board.

The Interim Recovery Director worked with the project management team to develop a comprehensive reporting format which reported on a weekly basis to the Chief Executive and Chair and was scrutinised at the Financial Recovery Group. The Interim Recovery Director advised on the level of resources required to deliver the recovery programme. This included recommending the use of external partners to provide expertise in specific operational areas.

### **Financial returns**

In relation to financial returns, in 2018/19 the Health Board had achieved £38.3m of savings, of which £23.6m was cash releasing (62%). At the start of 2019/20, the savings position showed £12.4m identified, of which £8.2m was cash releasing, against a target of £34.5m.

The Interim Recovery Director was appointed in July 2019 and by the end of the financial year [when the Interim Recovery Director's contract finished], the Health Board had over-delivered against the planned savings target by £1.1m; £35.6m savings, of which £33.2m were cash releasing – 93%, which is £9.6m higher than in the previous year.

Supported by the work of the Interim Recovery Director, the Health Board implemented a more robust process for identifying and reporting on savings. This involved the daily update of the comprehensive savings tracker, based on the outputs from the Programme Management Office (PMO), service improvement team and feedback from the divisions.

A weekly report was issued to the Health Board, reporting through the Financial Recovery Group and ultimately to the Finance and Performance Committee. The recommendations from the PwC financial review were also implemented along with additional financial controls, to improve the expenditure run rate. Progress against these actions were also monitored by the Financial Recovery Group and the Finance and Performance Committee. The divisional reports were updated in line with the bi-monthly meeting schedule to include action plans and narrative around both savings and opportunities to reduce the expenditure run rate. Finally, the governance around both the savings pipeline and financial recovery was significantly strengthened.

The Health Board believes that the performance and returns outlined above represent value for money in terms of the daily rate paid to the Interim Recovery Director.

**Question:** *Can you also provide details of the impact of the Interim Recovery Director's work and a fuller explanation of why the response from the Health Board suggest the daily rate paid was in line with market rates.*

The impact of the Interim Recovery Director appointment is covered in the section above.

At the time of the interviews for the appointment of the Interim Recovery Director, discussions took place between the Wales Audit Office Lead and the Executive Director of Workforce & Organisational Development regarding the process for benchmarking appointments of this nature, to ensure value for money.

The then Chief Executive and Executive Director of Workforce & Organisational Development used knowledge and prior experience of turnaround/recovery roles appointed in previous organisations, together with a sense check of information available on the internet and social media.

There were three candidates interviewed for this role. The rates for the two unsuccessful candidates were:

- Candidate 1: £2,100 per day
- Candidate 2: £1,700 per day

At the time of appointment, this information also helped to inform the Health Board on the broad market values expected for these roles. Other examples of market rates considered which had been published in the media include:

- North Tyneside CCG: £1,700 per day (2016)
- Brighton & Sussex University Hospital, King's College Hospital: £3,000 per day (2016)

The Health Board agreed to pay the agency supplying the Interim Recovery Director the rate of £1,890 per day with a capped reimbursement of reasonable 'out of pocket' expenses paid of £100 per day for a nine month period. Payment was in accordance with the Health Board's expenses policy.

## **Conclusion**

It is hoped that the response provided above adequately addresses the Public Accounts Committee's queries. Should any further information be required, the Health Board will be pleased to provide the necessary detail.