

Judith Paget - Director General for Health and Social Services/Chief Executive

NHS Wales

Steve Ham - Chief Executive Officer Velindre University NHS Trust

23 March 2023

Dear Both,

I have received correspondence setting out concerns about the planned changes to Velindre cancer services and development of the new Velindre Cancer Centre. The issues raised touch on the overall clinical model and case for the new Centre that I am aware has been debated elsewhere, as well as the timeline and latest costs. However, these issues also cover the potential involvement in the Mutual Investment Model (MIM) contract of the firm Kajima, given litigation issues in England and reported criminal action against company executives overseas in relation to bidding practices. Similarly, a company called Sacyr, who is also in the Velindre Trust's preferred bidder, the 'Acorn consortium, for the new Velindre MIM contract has received a fine for bid-rigging.

Given the remit of the Public Accounts and Public Administration Committee, I am seeking further information and assurances, and I ask that you provide the following:

- Confirmation of the current status of the contractual arrangements for the main MIM contract, and any other related contracts.
- Details of the due diligence undertaken at different stages of the procurement process for the MIM contract, including how/whether the concerns around Kajima noted above have featured in that process, any additional assurances that have been sought as a result, or any relevant safeguards that are being reflected in the contracting arrangements.
- A breakdown of the costs to date of the project to develop the new Centre, and of current estimated lifetime project costs including the MIM contract. We would also ask for any comparison that can be provided with estimates earlier in the project lifecycle at key decision points (eg. full business case approval), and an explanation of the main reasons behind any cost increases.
- Details of the current timeframe for completion of the construction phase of the project and opening of the new Centre, again compared with estimates at key points earlier in the project lifecycle.
- Confirmation of whether, in advance of agreeing the MIM contract, there has been any reassessment by the Welsh Government and/or the Trust of the overall business case for the project given the impact of

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

inflationary pressures or other factors, including whether the Welsh Government and the Trust remain satisfied that the plans for the new Centre provide the best value for money and a sustainable clinical solution for the longer term (across the lifetime of the MIM contract and well beyond).

I recognise there may be commercial sensitivities involved in responding to some of these matters but would ask that you discuss any handling issues with the clerking team while seeking to respond as fully as possible.

I look forward to receiving your response as soon as possible.

Regards,

A handwritten signature in black ink, appearing to read 'Mark Isherwood', written over a horizontal line.

Mark Isherwood MS

Chair of the Public Accounts and Public Administration Committee

cc: Eluned Morgan MS - Minister for Health and Social Services