Cynulliad Cenedlaethol Cymru

Pwyllgor Archwilio

The National Assembly for Wales

Audit Committee

Adnewyddu a Gwaredu Eiddo a Ddelir gan y Gwasanaeth Iechyd Gwladol yng Nghymru
The Renewal and Disposal of Property Held by the National Health Service in Wales

Cwestiynau 1-107
Questions 1-107

Dydd Iau 18 Gorffennaf 2002
Thursday 18 July 2002

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

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; Neil Davies, Cyfarwyddwr Ystadau Iechyd Cymru; Neil Jones, Prif Arolygwr Ystadau, Is-adran Ystadau, Cynulliad Cenedlaethol Cymru.

Assembly Members present: Dafydd Wigley (Chairman), Eleanor Burnham, Alun Cairns, Janet Davies, Janice Gregory, Alison Halford, Ann Jones, Helen Mary Jones, Val Lloyd.

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; Neil Davies, Director, Welsh Health Estates; Neil Jones, Principal Estates Surveyor, Estates Division, National Assembly for Wales.

Dechreuodd y sesiwn cymryd tystiolaeth am 2.36 p.m.
The evidence-taking session started at 2.36 p.m.

[1] **Dafydd Wigley:** Yr ydym yn cymryd tystiolaeth ar adroddiad a gyhoeddwyd ar ran Archwilydd Cyffredinol Cymru, ‘Adnewyddu a Gwaredu Eiddo a Ddelir gan y Gwasanaeth Iechyd Gwladol yng Nghymru’, ar 5 Gorffennaf. Croesawaf y tystion i’r sesiwn cymryd tystiolaeth hwn. A wnewch chi gyflwyno eich hunain i’r Pwyllgor, os gwelwch yn dda?

[1] **Dafydd Wigley:** We are taking evidence on the report published on behalf of the Auditor General for Wales, ‘The Renewal and Disposal of Property Held by the National Health Service in Wales’, on 5 July. I welcome the witnesses to this evidence-taking session. Will you please introduce yourselves to the Committee?

Mr Jones: I am Neil Jones from the National Assembly for Wales’s Estates Division.

Mr Jones: Neil Jones wyf fi o Is-adran Ystadau Cynulliad Cenedlaethol Cymru.

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

Ms Lloyd: Ann Lloyd wyf fi, cyfarwyddwr GIG Cymru.

Mr Davies: I am Neil Davies from Welsh Health Estates.

Mr Davies: Neil Davies wyf fi o Ystadau Iechyd Cymru.

[2] **Dafydd Wigley:** Diolch ichi am ddod gerbron y Pwyllgor. Clywodd y Pwyllgor gennych ym mis Ionawr fod Cyfarwyddiaeth y GIG yn cynhyrchu fframwaith strategol ystadau cenedlaethol newydd, ac y câi ei gyhoeddi fis Ebrill eleni. Cafodd y dasg o baratoi’r ddogfen hon ei hoedi, fel y deallaf. A ddywedwch beth yn union yw’r sefyllfa o safbwynt yr oedi hwn? Gofynnaf i chi wneud hynny yn sgîl eich sylwadau yn ein cyfarfod ar 24 Ionawr.

[2] **Dafydd Wigley:** Thank you for appearing before the Committee. The Committee heard from you in January that the NHS Directorate was producing a new national estates strategic framework, and that it would be published in April of this year. The task of preparing this document was delayed, as I understand it. Will you tell us what exactly the situation is regarding this delay? I ask you to do this in light of your comments in the meeting on 24 January.

You said in your evidence, Ms Lloyd, on 24 January, that

‘without a major strategic review and plan for services, I think that the organisations have been trying to plan and manage in a vacuum really. That is why so much weight is being placed on ensuring that these two major pieces of work are put into effect now.’

Dywedasoch yn eich tystiolaeth, Ms Lloyd, ar 24 Ionawr

‘heb adolygiad strategol mawr a chynllun ar gyfer gwasanaethau, credaf fod llawer o’r cyrff wedi bod yn ceisio cynllunio a rheoli mewn gwactod mewn gwirionedd. Dyna pam y rhoddir cymaint o bwys ar sicrhau y rhoddir y ddau ddarn gwaith pwysig hyn ar waith yn awr.’

Given that the commitment was that they would be available in April, and given that the relevant organisations have been working in a vacuum since that time—and are still doing so, presumably—will you confirm that it has not been possible to gain the savings that have been identified by the Auditor General in previous reports because of these delays? What is the reason for the delay, and how are you addressing the problems that have arisen from it?

O gofio mai'r ymrwymiad oedd y byddent ar gael ym mis Ebrill, ac o gofio bod y cyrff perthnasol wedi bod yn gweithio mewn gwactod ers hynny—a'u bod yn dal i wneud hynny, mae'n debyg—a wnewch chi gadarnhau na fu'n bosibl sicrhau'r arbedion a nodwyd gan yr Archwilydd Cyffredinol mewn adroddiadau blaenorol oherwydd yr oedi hwn? Beth yw'r rheswm dros yr oedi, a sut ydych yn ymdrin â'r problemau sydd wedi deillio ohono?

Ms Lloyd: The reasons for the delay are basically that we have had major sickness within the department itself. The leaders who were taking that work forward for me have had major problems. However, it was important that this document should be correct; we did not want two goes at it. I am pleased to say that it will be published next month. In the meantime, in order not to lose the impetus, work has been continuing in ensuring that the estate strategies that have been produced by the individual trusts and other organisations have been scrutinised thoroughly, and that they have been questioned on them. We have started to performance review and monitor the trusts against the proposals contained within their estate strategies so that, by the time the overarching paper is available from my department next month, considerable work will already have been undertaken in ensuring that the proposals put forward by the trusts—or where there needed to be adjustments and amendments to the proposals put forward—have not lost their momentum and that they can continue to pursue their proposals. I apologise to the Committee for the delay, but it was due to unavoidable and considerable sickness within my department.

Ms Lloyd: Y rhesymau sylfaenol am yr oedi yw ein bod wedi cael salwch mawr o fewn yr adran ei hun. Mae'r arweinwyr a oedd yn tywys y gwaith yn ei flaen ar fy rhan i wedi cael problemau mawr. Fodd bynnag, yr oedd yn bwysig i'r ddogfen hon fod yn iawn; nid oeddwn am orfod rhoi ail gynnig arni. Yr wyf yn falch o ddweud y caiff ei chyhoeddi fis nesaf. Yn y cyfamser, er mwyn peidio â cholli'r ysgogiad, parhawyd â'r gwaith o sicrhau craffu trylwyr ar y strategaethau ystadau a gynhyrchwyd gan yr ymddiriedolaethau unigol a chyrff eraill, ac maent wedi cael eu holi amdanynt. Yr ydym wedi dechrau adolygu perfformiad yr ymddiriedolaethau a'u monitro yn erbyn y cynigion a gynhwyswyd yn eu strategaethau ystadau ac, felly, erbyn y bydd y papur hollgwmpasog ar gael oddi wrth fy adran i fis nesaf, bydd gwaith sylweddol eisoes wedi'i wneud i sicrhau nad yw'r cynigion a gyflwynwyd gan yr ymddiriedolaethau—neu lle'r oedd angen cyflwyno addasiadau a gwelliannau i'r cynigion—wedi colli eu momentwm a'u bod yn gallu parhau i fwrw ymlaen â'u cynigion. Ymddiheuraf i'r Pwyllgor am yr oedi, ond y rheswm amdano oedd salwch sylweddol, na ellid ei osgoi, o fewn fy adran.

[3] **Dafydd Wigley:** Yr wyf yn siwr y byddwch yn ystyried sut i osgoi hynny yn y dyfodol o safbwynt staffio yn yr adran. Deallaf fod hyn wedi dal rhai cynlluniau eraill yn ôl. Dywedasoch eich bod yn gobeithio y bydd gennych ddrafft o adroddiad fis nesaf. Pa bryd y bydd yr adroddiad yn adroddiad llawn, gweithredol? Faint mwy o amser sydd ei angen ar ôl cyhoeddi'r ddogfen fis nesaf cyn y bydd yn gwbl weithredol?

[3] **Dafydd Wigley:** I am sure that you will consider how to avoid that in future in terms of staffing in the department. I understand that this has held other schemes back. You said that you hope that you will have a draft report next month. When will the report be a full, operational report? How much more time is needed after publishing the document next month before it will become fully operational?

Ms Lloyd: My intention is that the document will be published finally on 1 September. As far as I am concerned, it becomes operational on 1 September so that it can be utilised in the second series of performance reviews that we have with trusts during this year, which will take place at the end of September.

Ms Lloyd: Fy mwriad yw y caiff y ddogfen ei chyhoeddi'n derfynol ar 1 Medi. Yn fy marn i, daw'n weithredol ar 1 Medi fel bod modd ei defnyddio yn ein hail gyfres o adolygiadau perfformiad gydag ymddiriedolaethau eleni, a fydd yn cael eu cynnal ddiwedd Medi.

[4] **Dafydd Wigley:** A dderbyniwch bod diffyg symud ymlaen gyda hyn—am resymau a ddeallwn—wedi golygu bod gwireddu'r arbedion ariannol i'r graddau mwyaf posibl wedi cael ei ddal yn ôl?

[4] **Dafydd Wigley:** Do you accept that the lack of progress on this—for reasons that we understand—has meant that achieving the greatest extent of savings possible has been held back?

Ms Lloyd: No, not necessarily. The discussions that have been ongoing with the individual organisations, based on their estate plans, have ensured that progress could be maintained. However, I am willing to provide you with a note at the beginning of September, as to our aspirations, expectations and what we have achieved, so that you can consider that.

Ms Lloyd: Na, nid o reidrwydd. Mae'r trafodaethau a fu ar y gweill gyda'r cyrff unigol, ar sail eu cynlluniau ystadau, wedi sicrhau bod modd parhau i wneud cynnydd. Fodd bynnag, yr wyf yn barod i ddarparu nodyn i chi ddechrau Medi, ynglyn â'n dyheadau, ein disgwyliadau a'r hyn yr ydym wedi ei gyflawni, fel y gallwch ystyried hynny.

[5] **Dafydd Wigley:** Byddai hynny o gymorth mawr, a byddwn yn ddiolchgar pe baech yn ei anfon at y clerc mor fuan ac y gallwch wedi hynny.

[5] **Dafydd Wigley:** That would be of great assistance, and I would be grateful if you could send it to the clerk as soon as possible after that.

Symudwn ymlaen at baragraff 2.4 o adroddiad Archwilydd Cyffredinol Cymru, sydd yn nodi i arian cyfalaf canolog ostwng o £128 miliwn y flwyddyn i £73 miliwn y flwyddyn rhwng 1992-93 a 2000-01. Dros gyfnod o wyth mlynedd, yr oedd gostyngiad o £128 miliwn i £73 miliwn yn yr arian cyfalaf canolog. Pam ddigwyddodd hynny, a beth oedd effaith gostyngiad o 43 y cant mewn termau ariannol yn ystod cyfnod o'r fath ar y gwasanaeth iechyd gwladol yng Nghymru?

We move forward to paragraph 2.4 of the Auditor General for Wales's report, which notes that central capital funding decreased from £128 million a year to £73 million a year between 1992-93 and 2000-01. Over a period of eight years, there was a decrease from £128 million to £73 million in the central capital funding. Why did that happen, and what was the effect of a 43 per cent reduction in financial terms during such a period on the national health service in Wales?

Ms Lloyd: The decline in the amount of capital provided for the NHS in Wales resulted in increasing requirements for maintenance—the maintenance programme slipped. It also had a major effect on capital replacement. As you will know, an additional £40 million was provided at the end of the last financial year, and some of the equipment that we needed to replace had been in use for 10 years, which is longer than it should have been in use. Therefore, I think that there was a general slowing down of the capital programme as trusts started to take on the responsibility for their own capital resource—they

Ms Lloyd: Mae'r gostyngiad yn y cyfalaf a ddarparwyd i'r GIG yng Nghymru wedi arwain at gynnydd yn y galw am waith cynnal a chadw—llithrodd y rhaglen gynnal a chadw. Cafodd effaith fawr hefyd ar gyfalaf newydd. Fel y gwyddoch, darparwyd £40 miliwn ychwanegol ar ddiwedd y flwyddyn ariannol ddiwethaf, ac yr oedd peth o'r cyfarpar yr oedd angen inni ei amnewid wedi bod yn cael ei ddefnyddio am 10 mlynedd, sydd yn hwy nag y dylai fod wedi cael ei ddefnyddio. Felly, credaf fod y rhaglen gyfalaf wedi arafu yn gyffredinol wrth i ymddiriedolaethau ddechrau ysgwyddo'r cyfrifoldeb

were given delegated limits for capital expenditure. However, the major capital programme did decline, and as a consequence we saw the build-up in maintenance requirements, which are being redressed now, and major equipment replacement requirements—in that, I mean major x-ray equipment and so on.

am eu hadnodd cyfalaf eu hunain—rhoddwyd terfynau dirprwyedig iddynt o ran gwariant cyfalaf. Fodd bynnag, gwelwyd dirywiad yn y brif raglen gyfalaf, ac o ganlyniad gwelsom gynnydd yn y gofynion cynnal a chadw—mae'r rheini'n cael sylw yn awr—ac yn y gofynion i amnewid darnau mawr o gyfarpar—drwy hynny, yr wyf yn golygu cyfarpar pelydr x mawr ac ati.

[6] **Dafydd Wigley:** A oes unrhyw gysylltiad rhwng y gostyngiad hwn mewn cyfalaf uniongyrchol a ariennir yn gyhoeddus a'r broses o hyrwyddo cynlluniau cyllid menter preifat? A yw hynny'n un o'r ffactorau sydd wedi cyfrannu at hyn?

[6] **Dafydd Wigley:** Is there any link between the reduction in publicly funded direct capital and the process of promoting private finance initiative schemes? Is that one of the factors that has contributed to this?

Ms Lloyd: Yes, that is a fair assumption. There was a growth in the applications for, or the desirability of, PFI schemes during that period. As you will be aware, all schemes at that time had to be tested as a matter of course against PFI requirements. In Wales, it would appear to me, from scrutinising this since I came here, that we also could have used, I think to greater effect, both the public-private partnership arrangements and also arrangements with voluntary and charitable organisations in order to procure more appropriate accommodation for the patients in our care.

Ms Lloyd: Ydy, mae hynny'n ragdybiaeth deg. Bu twf yn nifer y ceisiadau am gynlluniau PFI, neu'r dyhead amdanynt, yn ystod y cyfnod hwnnw. Fel y byddwch yn gwybod, yr oedd yn rhaid profi pob cynllun bryd hynny fel mater o drefn yn erbyn gofynion PFI. Yng Nghymru, byddai'n ymddangos i mi, o graffu ar hyn ers imi ddod yma, y gallem hefyd fod wedi defnyddio, yn fwy effeithiol fe gredaf, y trefniadau partneriaeth gyhoeddus-breifat a hefyd drefniadau gyda chyrff gwirfoddol ac elusennol er mwyn caffael adeiladau mwy priodol ar gyfer y cleifion yn ein gofal.

[7] **Dafydd Wigley:** O ystyried y symiau gyda'i gilydd, pe baech yn cymryd yr arian cyfalaf a ddarperir yn ganolog a'r cynlluniau menter cyllid preifat, a ydynt yn darparu'r holl adnoddau sydd eu hangen ar gyfer y broses o foderneiddio ac ad-drefnu? A yw'n ddigon?

[7] **Dafydd Wigley:** To consider these sums together, if you take the centrally provided capital and the private finance initiative schemes, do they provide all the required resources for the modernising and reorganising process? Is it sufficient?

Ms Lloyd: I think that we would always argue that we never have enough money. However, we have reinstated the capital programme now—it was a policy decision of the Welsh Assembly Government to do that. We are becoming much clearer about the benefits that can accrue from sensible PFI schemes. However, the majority of the money at the moment is being spent on major equipment renewal, major renewal to the estate where we have a number of buildings that are all of the same period and all have the same problems—you will know them well—to make sure that they are fit for purpose for the future, and also, the renewal and replacement of schemes that provide locally-based services where they have been provided

Ms Lloyd: Credaf y byddem bob amser yn dadlau nad oes gennym ddigon o arian. Fodd bynnag, yr ydym wedi ailsefydlu'r rhaglen gyfalaf erbyn hyn—penderfyniad polisi gan Lywodraeth Cynulliad Cymru oedd gwneud hynny. Yr ydym yn dod yn llawer cliriach ynglyn â'r buddion sy'n gallu deillio o gynlluniau PFI synhwyrol. Fodd bynnag, mae mwyafrif yr arian yn cael ei wario ar hyn o bryd ar adnewyddu cyfarpar mawr, gwaith adnewyddu mawr ar yr ystâd lle mae gennym nifer o adeiladau i gyd o'r un cyfnod ac â'r un problemau—byddwch yn gyfarwydd â nhw—er mwyn gwneud yn siwr eu bod yn addas i'w pwrpas i'r dyfodol, a hefyd, ar adnewyddu ac amnewid cynlluniau sy'n darparu

in the past from what we would now call quite old-fashioned accommodation. We need to really modernise that. The service would probably argue that it could always do with more money—the service always would. However, we must make sure that we have a really sensible capital programme using a capital modernisation fund, using spend to save schemes, and certainly pursuing active promotion of partnerships between the health service and, particularly, the voluntary and charitable sectors, where we are looking to expand some of the good practice that we know of from England, to ensure that you can get much better accommodation for patients.

gwasanaethau lleol lle mae'r rheini wedi cael eu darparu yn y gorffennol o'r hyn y byddem ni bellach yn eu galw yn adeiladau hen-ffasiwn. Mae angen inni foderneiddio hynny. Mae'n debyg y byddai'r gwasanaeth yn dadlau y gallai bob amser wneud â rhagor o arian—dyna ddywedai'r gwasanaeth bob amser. Fodd bynnag, rhaid inni wneud yn siwr fod gennym raglen gyfalaf wirioneddol synhwyrol yn defnyddio cronfa foderneiddio gyfalaf, yn defnyddio cynlluniau gwario i arbed, ac yn sicr yn bwrw iddi'n egnïol i hyrwyddo partneriaethau rhwng y gwasanaeth iechyd ac, yn arbennig, y sectorau gwirfoddol ac elusennol, lle'r ydym yn gobeithio ymestyn rhai o'r arferion da y gwyddom amdanynt o Loegr, i sicrhau y gallwch gael llawer gwell adeiladau ar gyfer cleifion.

[8] **Dafydd Wigley:** Mae gennyf un cwestiwn arall cyn gwahodd aelodau o'r Pwyllgor i'ch holi. I ba raddau y mae'r gostyngiad mewn arian cyfalaf canolog yn adlewyrchu'r ffaith, o bosibl, nad yw ymddiriedolaethau'r gwasanaeth iechyd gwladol yn cyflwyno prosiectau cyfalaf ymarferol digonol? Hynny yw, a oes posibilrwydd nad yw ymddiriedolaethau yn cyflwyno digon o geisiadau cyfalaf, a bod hynny'n rheswm pam nad oes digon o arian yn dod o'r canol?

[8] **Dafydd Wigley:** I have one final question before I invite Committee members to question you. To what degree does the reduction in central capital money reflect the fact that, possibly, national health service trusts do not present enough practical capital projects? That is, is it possible that trusts do not submit adequate numbers of capital applications, and that that is why not enough money comes from the centre?

Ms Lloyd: Due to the decrease in the major capital programme, it is perfectly understandable that trusts will ask themselves, 'Why should we come forward with projects?', as it is unlikely that there is a possibility of them being funded. The other major problem is that, often, the replacement of accommodation requires additional revenue and here again there have been issues involving affordability. They were contributory factors, but what we must do is ensure that the estates strategy reflects service priorities. We are now reviewing, and will publish again at the beginning of next year, hopefully, a service strategy for the next five years, attached to the financial strategy for the next five years. That will allow a much more sensible framework within which trusts can plan their estates and their utilisation of estate to reflect modern practice in medicine.

Ms Lloyd: Oherwydd y gostyngiad yn y rhaglen gyfalaf fawr, mae'n gwbl ddealladwy i'r ymddiriedolaethau holi eu hunain, 'Pa ddiben sydd inni gyflwyno prosiectau?', gan ei bod yn annhebygol y cânt eu cyllido. Y broblem fawr arall yw bod yn rhaid, yn aml, wrth refeniw ychwanegol er mwyn darparu adeiladau amgen ac yma eto bu ystyriaethau ynglyn â'r hyn y gellir ei fforddio. Ffactorau cyfrannol oedd y rhain, ond yr hyn y mae'n rhaid inni ei wneud yw sicrhau bod y strategaeth ystadau yn adlewyrchu blaenoriaethau'r gwasanaeth. Yr ydym wrthi'n adolygu, a gobeithiwn gyhoeddi unwaith eto ddechrau'r flwyddyn nesaf strategaeth i'r gwasanaeth dros y pum mlynedd nesaf, a fydd ynghlwm wrth y strategaeth ariannol am y pum mlynedd nesaf. Bydd hynny yn caniatáu fframwaith llawer mwy synhwyrol i ymddiriedolaethau gynllunio eu hystadau oddi mewn iddo a defnyddio eu hystâd i adlewyrchu arferion modern meddygaeth.

[9] **Ann Jones:** May we turn to paragraph 2.8 of the report on page 11 and the subsequent figure 3 on page 12? The paragraph notes that there has been considerable time and cost slippage in the completion of some of the centrally funded projects. The largest one is the Royal Glamorgan Hospital, which was opened a year later than anticipated and was some £20 million over budget. Do you have any reasons for these slippages, and what can be done to minimise the risk of significant cost and time overrun occurring in any future projects?

[9] **Ann Jones:** A gawn ni droi at baragraff 2.8 yr adroddiad ar dudalen 11 a ffigur 3 wedi hynny ar dudalen 12? Noda'r paragraff y cafwyd llithriad sylweddol o ran amser a chostau cyn cwblhau rhai o'r prosiectau a gyllidir yn ganolog. Yr un mwyaf yw Ysbyty Brenhinol Morgannwg, a agorwyd flwyddyn yn hwyrach na'r disgwyl ac a oedd oddeutu £20 miliwn dros y gyllideb. A oes gennych unrhyw resymau am y llithriadau hyn, a beth y gellir ei wneud i leihau i'r eithaf y risg y bydd unrhyw brosiectau yn y dyfodol yn mynd gryn lawer y tu hwnt i'r costau a'r amser disgwyliedig?

Ms Lloyd: The NHS estates division was asked to undertake a review of the development of Royal Glamorgan Hospital to identify the principal factors that contributed to the overrun and the increase in cost. That review is currently being considered. As with all reviews, once it began it became more complex and further questions were asked. This was a complex scheme. It is highly successful now that the hospital has been opened, but nevertheless, we must reach a conclusion in the review that was commissioned to learn what we can avoid for the future and how we can project manage, and give advice to the service to project manage, such projects much more tightly for the future. Therefore, we are not in a position to give you chapter and verse on the definitive reasons for the delays, but we will be in a position to report again on that, as the review is coming to its conclusions now.

Ms Lloyd: Gofynnwyd i is-adran ystadau'r GIG fynd ati i adolygu datblygiad Ysbyty Brenhinol Morgannwg er mwyn canfod y prif ffactorau a gyfrannodd at gymryd cymaint o amser ac at y cynnydd mewn costau. Mae'r adolygiad hwnnw yn cael ei ystyried ar hyn o bryd. Megis gyda phob adolygiad, aeth yn fwy cymhleth ar ôl iddo ddechrau a gofynnwyd cwestiynau pellach. Yr oedd hwn yn gynllun cymhleth. Mae'n hynod lwyddiannus erbyn hyn, a'r ysbyty wedi agor, ond rhaid inni serch hynny ddod i gasgliad yn yr adolygiad a gomisiynwyd er mwyn dysgu yr hyn y gallwn ei osgoi yn y dyfodol a sut y gallwn reoli prosiectau o'r fath, a rhoi cyngor i'r gwasanaeth ar reoli prosiectau yn llawer llymach yn y dyfodol. Felly, nid ydym mewn sefyllfa i roi pennod ac adnod ichi ar y rhesymau diffiniol am yr oedi, ond byddwn mewn sefyllfa i adrodd eto ar hynny, gan fod yr adolygiad yn llunio'u gasgliadau yn awr.

[10] **Ann Jones:** Are there any other major projects that you are concerned about at this time?

[10] **Ann Jones:** A oes unrhyw brosiectau mawr eraill yr ydych yn pryderu yn eu cylch ar hyn o bryd?

Ms Lloyd: Not particularly. The major ones are those that are outlined in the report. We are clear about what happened with the accident and emergency unit at Cardiff Royal Infirmary and others. I think that they are okay. The two private finance initiative projects that are ongoing at present are progressing as we would have expected, and we are keeping a close eye on the Prince Charles Hospital and north Wales projects, which are largely about the renewal of hospitals.

Ms Lloyd: Ddim yn arbennig. Y rhai pennaf yw'r rhai a amlinellwyd yn yr adroddiad. Yr ydym yn glir ynglyn â'r hyn a ddigwyddodd gyda'r uned ddamweiniau ac achosion brys yn Ysbyty Brenhinol Caerdydd ac eraill. Credaf eu bod yn iawn. Mae'r ddau gynllun menter cyllid preifat sydd ar y gweill ar hyn o bryd yn mynd rhagddynt fel y byddem wedi disgwyl, ac yr ydym yn cadw llygad manwl ar Ysbyty'r Tywysog Siarl a phrosiectau yng ngogledd Cymru, sydd gan mwyaf yn golygu adnewyddu ysbytai.

[11] **Ann Jones:** You mentioned the Assembly's review, which is coming to a conclusion. Obviously, you are not able—and we would not ask you—to share with us those conclusions before the review has been finished. Do you have any ideas of how you will disseminate any information or any lessons that will be learnt from that to the NHS so that these problems do not arise again?

Ms Lloyd: Yes. With the advent of the regional offices, which will be created shortly, part of the performance management envelope includes the way in which capital projects are to be managed. There will be a much closer scrutiny now of how the trusts and other organisations are progressing their major capital projects, what the best methods for project management are, and how they are performing, so that we get a much more hands-on approach from the centre about the use of the capital resources and what skills are available to these trusts, firstly to deliver on business cases, and then to project manage the schemes. One of the problems was that, with the decentralisation of capital project management to the trusts, a certain degree of expertise might have been lost. Certainly, these trusts were not managing lots of projects on a regular basis, so we can understand why that would happen. As part of the reorganisation of my department, not only will the regional offices keep a day-to-day watch over the capital programmes and how they are progressing, but also, my department will be strengthened in terms of the type of support and guidance that will be available to trusts and other organisations in order to manage their estate and their capital in the most effective way.

[12] **Ann Jones:** May I move on to paragraphs 2.9, 2.10 and 2.11 on page 12 of the report, which mention documents that have been published on good practice in construction? What has been done by the NHS Wales department to encourage trusts in Wales to improve the management of individual construction projects based on these good practice documents?

[11] **Ann Jones:** Soniasoch am adolygiad y Cynulliad, sydd yn dirwyn i ben. Yn amlwg, ni allwch—ac ni fyddem yn gofyn ichi—rannu'r casgliadau hynny gyda ni cyn i'r adolygiad gael ei gwblhau. A oes gennych unrhyw syniadau sut y byddwch yn lledaenu unrhyw wybodaeth neu wersi a ddysgir o hynny i'r GIG fel na fydd y problemau hyn yn codi eto?

Ms Lloyd: Oes. Gyda dyfodiad y swyddfeydd rhanbarthol, a grëir yn fuan, mae rhan o'r amlen rheoli perfformiad yn cynnwys y ffordd y mae prosiectau cyfalaf i gael eu rheoli. Ceir craffu llawer manylach yn awr ar sut y mae'r ymddiriedolaethau a chyrff eraill yn tywys eu prosiectau cyfalaf mawr yn eu blaen, pa ddulliau yw'r gorau ar gyfer rheoli prosiectau, a sut y maent yn perfformio, fel y bydd gennym ddull llawer mwy byw o'r canol o ymdrin ag adnoddau cyfalaf a pha sgiliau sydd ar gael i'r ymddiriedolaethau hyn, yn gyntaf i wireddu achosion busnes, ac yna i reoli'r cynlluniau fel prosiectau. Un o'r problemau oedd y gallai rhywfaint o arbenigedd fod wedi ei golli yn sgîl datganoli rheolaeth prosiectau cyfalaf i'r ymddiriedolaethau. Yn sicr, nid oedd yr ymddiriedolaethau hyn yn rheoli llawer o brosiectau yn rheolaidd, felly gallwn ddeall pam y byddai hynny yn digwydd. Fel rhan o'r ad-drefnu ar fy adran i, nid yn unig y bydd y swyddfeydd rhanbarthol yn cadw llygad o ddydd i ddydd ar y rhaglenni cyfalaf a sut y maent yn mynd rhagddynt, ond hefyd, caiff fy adran ei hatgyfnerthu o safbwynt y math o gymorth a chanllawiau a fydd ar gael i ymddiriedolaethau a chyrff eraill er mwyn iddynt reoli eu hystâd a'u cyfalaf yn y ffordd fwyaf effeithiol.

[12] **Ann Jones:** A gaf i symud at baragraffau 2.9, 2.10 a 2.11 ar dudalen 12 yr adroddiad, sy'n cyfeirio at ddogfennau a gyhoeddwyd ar arferion da ym maes adeiladu? Beth mae adran GIG Cymru wedi ei wneud i annog ymddiriedolaethau yng Nghymru i wella rheolaeth prosiectau adeiladu unigol ar sail y dogfennau arferion da hyn?

Ms Lloyd: Firstly, through my department, we are developing a construction, design and procurement policy, which outlines the sorts of good practice that is available to trusts. We have told the service about the Egan report; the Assembly has established a construction forum, and we are ensuring that there are ongoing seminars with the trusts—not only with their estates managers but also with the board members—to pick up on the best practice contained in these two major reports to ensure that they start to think about implementing some of the recommendations. That again is part of monitoring their performance so that they manage estates and capital much better in the future.

Ms Lloyd: Yn gyntaf, drwy fy adran, yr ydym yn datblygu polisi adeiladu, dylunio a chaffael, sydd yn amlinellu'r mathau o arferion da sydd ar gael i ymddiriedolaethau. Yr ydym wedi dweud wrth y gwasanaeth am adroddiad Egan; mae'r Cynulliad wedi sefydlu fforwm adeiladu, ac yr ydym yn sicrhau bod seminarau cyson gyda'r ymddiriedolaethau—nid yn unig gyda'u rheolwyr ystadau ond hefyd gydag aelodau'r bwrdd—er mwyn tynnu sylw at yr arferion gorau a gynhwyswyd yn y ddau adroddiad pwysig hyn a sicrhau eu bod yn dechrau meddwl am weithredu rhai o'r argymhellion. Mae hynny eto yn rhan o fonitro eu perfformiad er mwyn iddynt reoli eu hystadau a'u cyfalaf yn llawer gwell yn y dyfodol.

[13] **Dafydd Wigley:** Eleanor, you wanted to ask a quick question?

[13] **Dafydd Wigley:** Eleanor, yr oeddech am ofyn cwestiwn cyflym?

[14] **Eleanor Burnham:** Will this include advice about using all kinds of eco-friendly solutions, such as solar panels and so on?

[14] **Eleanor Burnham:** A fydd hyn yn cynnwys cyngor am ddefnyddio pob math o atebion eco-gyfeillgar, megis paneli solar ac ati?

Ms Lloyd: Yes. There are a number of projects throughout the UK, which have been called energy efficient hospitals. I think that the first of those was in the Isle of Wight. The lessons learned from them have also been disseminated, and NHS Estates plays a major part in this, in having day-to-day contact with the trusts in terms of the technical aspects of design and construction. Certainly, we do have a green policy and, where possible, those best practices are considered very carefully.

Ms Lloyd: Bydd. Mae nifer o brosiectau ledled y DU, a alwyd yn ysbytai effeithlon o ran ynni. Credaf mai ar Ynys Wyth yr oedd y cyntaf o'r rheini. Mae'r gwersi a ddysgwyd ohonynt hefyd wedi eu lledaenu ac mae Ystadau'r GIG yn chwarae rhan o bwys yn hyn, gan fod ganddo gyswllt o ddydd i ddydd â'r ymddiriedolaethau ar agweddau technegol dylunio ac adeiladu. Yn sicr, mae gennym bolisi gwyrdd a, lle bo hynny'n bosibl, caiff yr arferion gorau hynny eu hystyried yn ofalus iawn.

[15] **Janet Davies:** Ms Lloyd, to begin, could we move on to page 13 of the report, which mentions projects involving private finance? Paragraphs 2.12 to 2.15 address the way in which private finance is used in the development of new capital projects. Paragraph 2.14 notes that trusts have commissioned projects with a current total capital value of £110 million and are committed to pay some £13 million annually under these contracts. How satisfied are you with the contribution that private finance initiative schemes are making in the modernisation of the NHS estate?

[15] **Janet Davies:** Ms Lloyd, i ddechrau, a gawn ni symud i dudalen 13 yr adroddiad, sydd yn sôn am brosiectau lle defnyddir cyllid preifat? Mae paragraffau 2.12 i 2.15 yn cyfeirio at y ffordd y defnyddir cyllid preifat i ddatblygu prosiectau cyfalaf newydd. Noda paragraff 2.14 fod yr ymddiriedolaethau wedi comisiynu prosiectau gwerth cyfanswm cyfalaf o £110 miliwn ar hyn o bryd a'u bod wedi ymrwymo i dalu oddeutu £13 miliwn yn flynyddol o dan y contractau hyn. Pa mor fodlon ydych chi â'r cyfraniad y mae'r cynlluniau menter cyllid preifat yn ei wneud tuag at foderneiddio ystâd y GIG?

Ms Lloyd: The application of PFI in Wales has been at a measured pace. We have some notable projects that have met the needs of the population and have modernised the service. Chepstow Community Hospital is regarded as an excellent improvement on the services available previously; it has brought together primary care and a community-orientated service for in-patients and out-patients and offers value for money. There has been caution and that is why we are only now seeing schemes such as the St David's Hospital replacement and the Baglan replacement coming on stream; they have both received some publicity recently. I think that we need to think very carefully about the way in which we can use the policies devised in Wales to ensure that we can have a very productive partnership with the private sector in order to work with it to improve the performance of our estate and the performance of capital within Wales. Of course, some of the problems about it being unattractive for private companies to invest in some of the schemes in Wales have largely been due to the fact that many of the major things that needed to be done to modernise were actually about the renewal of the estate, as in the case of Prince Charles Hospital, Merthyr Tydfil. That would not be attractive to a private contractor. However, it is a requirement that PFI should always be considered when modernising schemes or capital schemes of any magnitude are mooted. That is still the principle which applies.

Ms Lloyd: Mae PFI wedi cael ei ddefnyddio yn bwyllog yng Nghymru. Mae gennym rai prosiectau nodedig sydd wedi diwallu anghenion y boblogaeth ac wedi moderneiddio'r gwasanaeth. Caiff Ysbyty Cymunedol Cas-gwent ei ystyried yn welliant rhagorol ar y gwasanaethau a oedd ar gael cynt; mae wedi dod â gofal sylfaenol a gwasanaeth sydd â gogwydd cymunedol ar gyfer cleifion mewnol a chleifion allanol ynghyd ac mae'n cynnig gwerth am arian. Bu pobl yn ochelgar a dyna pam mai dim ond yn awr yr ydym yn gweld cynlluniau megis yr ysbyty newydd yn lle Ysbyty Dewi Sant ac ysbyty newydd Baglan yn dod i rym; maent ill dau wedi cael cyhoeddusrwydd yn ddiweddar. Credaf fod angen inni feddwl yn ofalus iawn am sut y gallwn ddefnyddio'r polisïau a ddyfeisiwyd yng Nghymru i sicrhau y gallwn gael partneriaeth gynhyrchiol iawn gyda'r sector preifat er mwyn gweithio gydag ef i wella perfformiad ein hystâd a pherfformiad cyfalaf yng Nghymru. Wrth gwrs, mae rhai o'r problemau ynglyn â nad yw'n ddeniadol i gwmnïau preifat fuddsoddi mewn rhai o'r cynlluniau yng Nghymru wedi deillio yn bennaf o'r ffaith mai mater o adnewyddu'r ystâd oedd llawer o'r gwaith mawr yr oedd angen ei wneud er mwyn moderneiddio, megis gydag Ysbyty'r Tywysog Siarl, Merthyr Tudful. Ni fyddai hynny'n ddeniadol i gontractwr preifat. Fodd bynnag, mae'n ofynnol fod yn rhaid ystyried PFI bob amser pan fydd cynlluniau moderneiddio neu gynlluniau cyfalaf o unrhyw faint yn cael eu crybwyll. Mae'r egwyddor honno'n dal i sefyll.

[16] **Janet Davies:** You mentioned earlier on that there is some increased public funding now for capital projects.

[16] **Janet Davies:** Soniasoch yn gynharach fod mwy o gyllid cyhoeddus erbyn hyn ar gyfer prosiectau cyfalaf.

Ms Lloyd: Yes.

Ms Lloyd: Oes.

[17] **Janet Davies:** Therefore, bearing that in mind, do you think that successful modernisation of the national health service estate is dependent upon increasing the number of major PFI schemes for hospital buildings? Is the increase in public funding still inadequate, or do you think that that could replace any future PFI schemes?

[17] **Janet Davies:** Felly, gyda hynny mewn golwg, a ydych yn meddwl bod moderneiddio ystâd y gwasanaeth iechyd gwladol yn llwyddiannus yn dibynnu ar gynyddu nifer y cynlluniau PFI mawr ar gyfer adeiladau ysbyty? A yw'r cynnydd mewn cyllid cyhoeddus yn dal yn annigonol, ynteu a ydych yn credu y gallai ddisodli unrhyw gynlluniau PFI i'r dyfodol?

Ms Lloyd: You always have to apply the test of value for money in any scheme that you propose. I think that it still has to be a partnership and a balance. We must use the major capital programme for schemes that we know will not be value for money if pursued through PFI. However, the test must always be achieved. I think that what we have to do is to be much more rigorous about looking at the schemes that are going to form part of a capital programme—be it funded by the Assembly or funded in other ways—to see what is likely to be achieved which has to be funded by a major capital programme funded by the Assembly and what might be achieved by partnerships elsewhere. I think that it is a balance, and given that we are to produce our service and financial framework in October, that is when those tests will apply. We have a capital programme at the moment, but we do really need to revisit this in the light of the new service and finance framework.

Ms Lloyd: Rhaid i chi bob amser ddefnyddio'r prawf gwerth am arian gydag unrhyw gynllun a gynigiwch. Credaf fod yn rhaid wrth bartneriaeth a chydbwysedd o hyd. Rhaid inni ddefnyddio'r rhaglen gwaith cyfalaf mawr ar gyfer cynlluniau y gwyddom na fyddent yn rhoi gwerth am yr arian pe defnyddid PFI. Fodd bynnag, rhaid cyflawni'r prawf bob amser. Credaf mai'r hyn y mae'n rhaid inni ei wneud yw bod yn llawer mwy manwl wrth edrych ar gynlluniau sy'n mynd i fod yn rhan o raglen gyfalaf—boed hi'n cael ei chyllido gan y Cynulliad neu drwy ffyrdd eraill—i weld yr hyn sy'n debygol o gael ei gyflawni y mae'n rhaid ei gyllido drwy raglen gyfalaf fawr a gyllidir gan y Cynulliad a'r hyn y gellid ei gyflawni drwy bartneriaethau mewn mannau eraill. Credaf mai mater o gydbwysedd yw, ac o gofio ein bod i gynhyrchu fframwaith i'r gwasanaeth a fframwaith ariannol ym mis Hydref, dyna pryd y bydd y profion hynny yn dod i rym. Mae gennym raglen gyfalaf ar hyn o bryd, ond bydd gwir angen inni edrych eto arni yng ngoleuni'r fframwaith gwasanaeth a chyllid newydd.

[18] **Janet Davies:** I am sure that someone will take the issue of the framework up later on. I would like to come back in a moment to one or two individual projects. However, could I ask you first how flexible the existing PFI contracts are to cope with current and planned future healthcare and estate development needs, as things can change so much as time goes by, can they not?

[18] **Janet Davies:** Yr wyf yn siwr y bydd rhywun yn codi mater y fframwaith yn ddiweddarach. Hoffwn ddod yn ôl mewn munud at un neu ddau o brosiectau unigol. Fodd bynnag, a gaf fi ofyn ichi yn gyntaf pa mor hyblyg yw'r contractau PFI presennol i ymdopi ag anghenion gofal iechyd a datblygu'r ystâd fel y maent ar hyn o bryd ac fel y'u cynlluniwyd ar gyfer y dyfodol, gan fod pethau'n gallu newid gyda threigl amser, onid ydynt?

Ms Lloyd: Yes indeed. I think that the same rules would apply whether it is PFI or a major capital programme funded by the Assembly. What we are trying to get people to consider very carefully is what the requirements of the population and the patients are going to be for the future. Given the publication of the health plan for Wales and the subsequent publication of the primary care strategy—which has a section on the management of primary care estate, which is not covered by this report—what we are testing in all business cases is: is this suitable for today's needs, and how is it going to be suitable for the needs in 10 years' time? We know about the demography and the health needs of the population over the next 10 years, and part of the testing of a business case is about flexibility. We all know that capital projects are often

Ms Lloyd: Ydynt yn wir. Credaf y byddai'r un rheolau yn gymwys pa un a yw'n gynllun PFI ynteu'n rhaglen gyfalaf fawr a gyllidir gan y Cynulliad. Yr hyn yr ydym yn ceisio cael pobl i'w ystyried yn ofalus iawn yw beth fydd gofynion y boblogaeth a chleifion yn y dyfodol. O gofio cyhoeddi'r cynllun iechyd ar gyfer Cymru a chyhoeddi'r strategaeth gofal sylfaenol wedi hynny—sy'n cynnwys adran ar reoli'r ystâd gofal sylfaenol, nad ymdrinnir ag ef yn yr adroddiad hwn—yr hyn yr ydym yn rhoi prawf arno ym mhob achos busnes yw: a yw hyn yn addas at anghenion heddiw, a sut bydd yn addas ar gyfer yr anghenion ymhen 10 mlynedd? Gwyddom am ddemograffeg ac anghenion iechyd y boblogaeth dros y 10 mlynedd nesaf, ac mae rhan o'r prawf a roddir ar achos busnes yn ymwneud â hyblygrwydd. Gwyr pawb ohonom fod

many years in the planning, and there is always a criticism—or there has been in the past anyway—that by the time you get something up and running, it was planned 10 years ago and designed to meet the expectations of the last 10 years. That is why it is really important to test the flexibility of any scheme that comes up so that we can say, if the health service starts to change—and we have the plan for Wales, which is an extremely good guide as to what a good health service could look like in 10 years' time—is the scheme going to be able to flex to meet those needs? If not, what do we have to build into it to ensure that it is going to provide us with really good value for money and a flexible suite of accommodation for patients? Therefore, it is a fairly rigorous test that is applied.

prosiectau cyfalaf yn aml yn cymryd blynyddoedd lawer i'w cynllunio, a cheir beirniadaeth bob amser—neu bu beirniadaeth felly yn y gorffennol o leiaf—erbyn i rywbeth gael ei sefydlu a dod yn weithredol, ei fod wedi ei gynllunio 10 mlynedd yn ôl ac wedi ei ddylunio i ateb disgwyliadau'r 10 mlynedd diwethaf. Dyna pam y mae'n wirioneddol bwysig profi hyblygrwydd unrhyw gynllun sy'n codi fel y gallwn ddweud, os bydd y gwasanaeth iechyd yn dechrau newid—ac mae gennym y cynllun ar gyfer Cymru, sy'n ganllaw hynod dda i sut wasanaeth fyddai gwasanaeth iechyd da ymhen 10 mlynedd—a yw'r cynllun yn mynd i allu plygu er mwyn diwallu'r anghenion hynny? Os nad yw, beth y mae'n rhaid inni ei ymgorffori i sicrhau ei fod yn mynd i roi gwerth gwirioneddol dda inni am yr arian ynghyd ag ystod hyblyg o adeiladau ar gyfer cleifion? Felly, mae'r prawf a ddefnyddir yn weddol fanwl.

[19] **Janet Davies:** Could we turn to look at figures 4 and 5 on pages 14 and 15? Figure 5 gives examples of three large hospital construction projects that have been carried out under PFI recently. I think that you have named most of them already: the Chepstow Community Hospital, St David's Hospital in Cardiff and Neath Port Talbot Hospital in Baglan. Do you think that these developments have been successful and how would you measure that success?

[19] **Janet Davies:** A gawn ni droi i edrych ar ffigyrau 4 a 5 ar dudalennau 14 a 15? Rhydd ffigur 5 enghreifftiau o dri phrosiect codi ysbytai mawr a gyflawnwyd yn ddiweddar o dan PFI. Credaf eich bod wedi enwi'r rhan fwyaf ohonynt yn barod: Ysbyty Cymunedol Cas-gwent, Ysbyty Dewi Sant yng Nghaerdydd ac Ysbyty Castell-nedd a Phort Talbot ym Maglan. A ydych yn credu i'r datblygiadau hyn fod yn llwyddiant a sut byddech chi'n mesur y llwyddiant hwnnw?

Ms Lloyd: One of the measurements of success is whether or not they achieve the portfolio that was set out in the business case. Business cases always have to set out very clearly what service is intended to be provided and how it is intended to be provided, so that you can test suitability for the future. It also has to set out whether it provides value for money in the way in which it utilises space and staff. St David's Hospital in Cardiff has only just opened and so we obviously have not taken any assessment on that, and Neath Port Talbot Hospital is due to open shortly, slightly ahead of time, we think. However, it is coming up to two years since Chepstow Community Hospital opened, and this is the right time to look at whether it has met the aspirations contained within the business case, and this sort of information has to be disseminated as part of a teaching and learning process for the service in Wales.

Ms Lloyd: Un o'r ffyrdd o fesur llwyddiant yw pa un a ydynt yn cyflawni'r portffolio a nodwyd yn yr achos busnes ai peidio. Rhaid i achosion busnes nodi'n glir iawn bob amser pa wasanaeth y bwriedir ei ddarparu a sut y bwriedir ei ddarparu, fel eich bod yn gallu profi addasrwydd ar gyfer y dyfodol. Rhaid hefyd iddo nodi a yw'n darparu gwerth am arian yn y ffordd y mae'n defnyddio gofod a staff. Dim ond newydd agor y mae Ysbyty Dewi Sant yng Nghaerdydd ac wrth reswm felly nid ydym wedi cynnal unrhyw asesiad o hynny, ac mae Ysbyty Castell-nedd Port Talbot i fod i agor yn fuan, ychydig o flaen yr amser, yn ôl a gredwn. Fodd bynnag, aeth bron i ddwy flynedd heibio ers agor Ysbyty Cymunedol Cas-gwent, a dyma'r amser iawn i ystyried pa un a yw wedi cyflawni'r dyheadau a gynhwyswyd yn yr achos busnes, ac mae'n rhaid lledaenu'r math hwn o wybodaeth fel rhan o broses addysgu a dysgu i'r gwasanaeth yng Nghymru.

[20] **Janet Davies:** Achieving what you have been looking for in your portfolio is, of course, extremely important for patients. There is also an issue of the financial costs involved in providing hospitals in this way. I notice that two of the hospitals—at Baglan and Chepstow—involved land transfers, and I am not quite sure what value was put on that land when the transfers were made. However, I am particularly interested in the percentage of capital repayment and revenue costs in the figures that we have been given in figure 4. For example, for Neath Port Talbot Hospital we have £275 million during the contract for something with a total capital value of £66 million. The figures are much smaller for Chepstow Community Hospital, but it is still £30 million compared with £10 million. Yet, as I understand it, if you were to put the two old hospitals in Neath and Port Talbot together, you would have more beds than you have at the new hospital in Baglan that replaces them. Accepting that I do not know how much of this is capital repayment, it seems to me to be quite an expensive scheme for what we are gaining. Will you comment on that?

Ms Lloyd: Thank you for that. It must be remembered that, even if you have a major capital programme, you have to actually run it; whatever you build, you have to run. Often in the past, the costs of running a major capital programme were not taken fully into account in the process. Anything that is undertaken via PFI has to be able to prove that it is as good as or better value for money than providing the accommodation by traditional means. That is what is reflected here. I was not around when any of these were put through the process, so I cannot tell you exactly what questions were asked. However, having been through PFI procurement myself in the past, I know how very rigorous the test is to prove that we are using public money in an effective way. It was an extremely rigorous experience when I had to go through it, and I would have to assume that, as the rules are the same in Wales, the same process was experienced by the people putting forward these projects—by the Welsh Office as it then was.

[20] **Janet Davies:** Mae cyflawni yr hyn yr oeddech yn ei geisio yn eich portffolio, wrth reswm, yn hynod bwysig i gleifion. Mae yna hefyd fater ynglyn â’r costau ariannol sydd ynghlwm wrth ddarparu ysbytai fel hyn. Sylwaf fod dau o’r ysbytai—ym Maglan a Chas-gwent—yn golygu trosglwyddo tir, ac nid wyf yn gwbl siwr pa werth a roddwyd ar y tir hwn pan wnaethpwyd y trosglwyddiadau. Fodd bynnag, mae gennyf ddiddordeb arbennig yng nghanran yr ad-daliadau cyfalaf a’r costau refeniw yn y ffigyrau a roddwyd inni yn ffigur 4. Er enghraifft, ar gyfer Ysbyty Castell-nedd Port Talbot, mae gennym £275 miliwn yn ystod y contract am rywbeth sydd â gwerth cyfalaf llawn o £66 miliwn. Mae’r ffigyrau yn llawer llai ar gyfer Ysbyty Cymunedol Cas-gwent, ond maent yn dal yn £30 miliwn o’i gymharu â £10 miliwn. Eto’i gyd, yn ôl a ddeallaf, pe baech yn rhoi’r ddau hen ysbyty yng Nghastell-nedd a Phort Talbot gyda’i gilydd, byddai gennych fwy o welyau nag sydd gennych yn yr ysbyty newydd ym Maglan sy’n eu disodli. A derbyn nad wyf yn gwybod faint o hyn sy’n ad-daliadau cyfalaf, mae’n ymddangos yn gynllun pur gostus i mi am yr hyn yr ydym yn ei ennill. A wnewch chi roi eich sylwadau ar hynny?

Ms Lloyd: Diolch ichi am hynny. Rhaid cofio, hyd yn oed os oes gennych raglen gyfalaf fawr, mae’n rhaid i chi ei redeg; pa beth bynnag a adeiladwch, rhaid ichi ei redeg. Yn aml yn y gorffennol, ni chafodd y costau o redeg rhaglen gyfalaf fawr eu llawn ystyried yn y broses. Rhaid i unrhyw beth yr ymgymerir ag ef drwy PFI allu profi ei fod yn rhoi cystal neu well gwerth am arian na darparu’r adeiladau drwy ddulliau traddodiadol. Dyna a adlewyrchir yma. Nid oeddwn yma pan oedd yr un o’r rhain yn mynd drwy’r broses, felly ni allaf ddweud wrthych pa gwestiynau yn union a ofynnwyd. Fodd bynnag, gan fy mod wedi bod drwy gaffaeliad PFI fy hun yn y gorffennol, gwn mor hynod fanwl yw’r prawf i brofi ein bod yn defnyddio arian cyhoeddus mewn ffordd effeithiol. Yr oedd yn brofiad hynod fanwl pan euthum i drwyddo, a byddai’n rhaid imi dybio, gan mai’r un yw’r rheolau yng Nghymru, fod y bobl a oedd yn rhoi’r prosiectau hyn gerbron—y Swyddfa Gymreig fel yr oedd ar y pryd—wedi bod drwy’r un broses.

[21] **Janet Davies:** May I ask one last question? You mentioned the running costs of publicly funded buildings in the past. Am I picking up a suggestion that perhaps you feel that the services in those buildings were not run as efficiently as they might have been in order to ensure value for money?

Ms Lloyd: No, because, since about 1983, the services in all NHS hospitals have had to go through a value-for-money process, as you will know, because that was when contracting out first came along and all those circulars came out. That is not what I am suggesting. However, with PFI, we have to organise and run things over a number of years. I think that, sometimes, in scrutinising business cases in the past—which were not going for PFI because it had not been thought up—all the costs of running a project were not included. I know that that is the case because that was not one of the tests for getting a major capital programme in the past.

[22] **Janet Davies:** You probably realise from my questions that I have concerns about privately funded projects and feel that, as time goes by, we will find that they were not such good value for money as perhaps was thought at the start.

[23] **Dafydd Wigley:** I would like to take that on, Janet. Clearly, the question of PFI is quite a sensitive political question. People may take polarised views, depending where they come from on this. It has been sold on the value-for-money benefits that it can deliver. Therefore, it is essential that we know that the promises made when projects were put forward have turned out to be either sustained and proven, or indeed, if they have not, we need to know what lessons can be learnt in case we make the same mistakes with such projects in the future. Would it be a good idea at the appropriate time—and we may be approaching that appropriate time now in the case of somewhere like Chepstow, which is up and running—to compare what is actually happening now with what was anticipated when the PFI was put forward in order to see whether, in fact, that is transpiring in detail along the anticipated lines, or whether there have been

[21] **Janet Davies:** A gaf fi ofyn un cwestiwn olaf? Sonioch am gostau rhedeg adeiladau a gyllidwyd ag arian cyhoeddus yn y gorffennol. A oes awgrym eich bod yn teimlo efallai nad oedd y gwasanaethau yn yr adeiladau hynny yn cael eu rhedeg mor effeithlon ag y gallent er mwyn sicrhau gwerth am arian?

Ms Lloyd: Nac oes, oherwydd, ers tua 1983, mae'r gwasanaethau ym mhob ysbyty GIG wedi gorfod mynd drwy broses gwerth-am-arian, fel y byddwch yn gwybod, oherwydd dyna pryd y cyflwynwyd contractio allan am y tro cyntaf ac y cyhoeddwyd yr holl gylchlythyron hynny. Nid dyna wyf yn ei awgrymu. Fodd bynnag, gyda PFI, mae'n rhaid inni drefnu a rhedeg pethau dros nifer o flynyddoedd. Credaf, wrth graffu ar achosion busnes yn y gorffennol—nad oeddynt yn ymgeisio am PFI gan nad oedd wedi ei ddyfeisio—nad oedd holl gostau rhedeg prosiect yn cael eu cynnwys weithiau. Gwn fod hynny'n wir oherwydd nid oedd hynny'n un o'r profion er mwyn cael rhaglen gyfalaf fawr yn y gorffennol.

[22] **Janet Davies:** Mae'n siwr y byddwch yn sylweddoli o'm cwestiynau fod gennyf bryderon ynglyn â phrosiectau a gyllidir yn breifat a'm bod yn teimlo y byddwn, ymhen amser, yn canfod nad oeddynt yn rhoi cystal gwerth am arian ag a dybiwyd ar y dechrau efallai.

[23] **Dafydd Wigley:** Hoffwn fynd ar drywydd hynny, Janet. Yn amlwg, mae mater PFI yn gwestiwn gwleidyddol pur sensitif. Gall barn pobl fynd i'r ddau begwn, yn dibynnu ar eu safbwynt ar hyn. Cafodd ei werthu ar sail y manteision gwerth-am-arian y gall eu gwireddu. Felly, mae'n hanfodol inni wybod bod yr addewidion a wnaethpwyd gan roddwyd prosiectau gerbron un ai wedi eu cynnal a'u profi, neu yn wir, os nad ydynt, mae angen inni wybod pa wersi y gellir eu dysgu rhag inni wneud yr un camgymeriadau gyda phrosiectau o'r fath yn y dyfodol. A fyddai'n syniad da ar yr adeg briodol—ac efallai ein bod yn tynnu at yr adeg briodol yn awr yn achos rhywle fel Cas-gwent, sydd bellach yn weithredol—i gymharu'r hyn sy'n digwydd mewn gwirionedd yn awr â'r hyn a ragwelwyd pan gynigiwyd PFI er mwyn gweld a yw hynny, mewn gwirionedd, yn cael ei wireddu yn fanwl yn unol â'r disgwyliadau, ynteu a fu costau

additional costs or a drop in service or whatever? Might it be something that the National Audit Office could consider and evaluate in order to give us some lead on whether we are getting value for money from those projects? What is your feeling about that?

ychwanegol neu ostyngiad mewn gwasanaeth neu rywbeth? A yw'n rhywbeth y gallai'r Swyddfa Archwilio Genedlaethol ei ystyried a'i werthuso er mwyn rhoi rhyw arweiniad inni pa un a ydym yn cael gwerth am arian o'r prosiectau hynny? Beth yw eich barn am hynny?

Ms Lloyd: My feeling is that we have to evaluate all projects, not only the PFI ones, to ensure that we are getting value for money and that we are actually getting the service that we anticipated in the business cases. Being slap-bang in the middle, I think that the tests have to apply whatever the source of funding for capital projects. We have to ensure that the right decision has been made for the right reasons. I would not personally distinguish between a rigorous test on a major capital programme funded project and a rigorous test on a PFI project, or one undertaken with a charitable organisation. I think that it is important that we do that.

Ms Lloyd: Fy marn i yw bod yn rhaid inni werthuso pob prosiect, nid dim ond y rhai PFI, i sicrhau ein bod yn cael gwerth am arian a'n bod yn wir yn cael y gwasanaeth a ragwelwyd yn yr achosion busnes. A minnau yma yn y canol, credaf fod yn rhaid i'r profion gael eu rhoi ar waith beth bynnag fo'r ffynhonnell gyllido ar gyfer prosiectau cyfalaf. Rhaid inni sicrhau bod y penderfyniad iawn wedi ei wneud am y rhesymau iawn. Ni fyddwn i'n bersonol yn gwahaniaethu rhwng prawf manwl ar brosiect a gyllidir drwy raglen gyfalaf fawr a phrawf manwl ar brosiect PFI, neu un yr ymgymerir ag ef gan fudiad elusennol. Credaf ei bod yn bwysig ein bod yn gwneud hynny.

[24] **Dafydd Wigley:** I think that PFI may well be one that could be looked at in the context of the general efficiency of everything that we do. However, that would be a matter for Sir John, perhaps, to consider at some future stage.

[24] **Dafydd Wigley:** Credaf ei bod yn bosibl iawn fod PFI yn un y gellid edrych arno yng nghyd-destun effeithlonrwydd cyffredinol popeth a wnawn. Fodd bynnag, mater i Syr John fyddai hynny, efallai, i'w ystyried ryw dro yn y dyfodol.

[25] **Helen Mary Jones:** I want to pursue the theme of the use of private finance a little further. Looking at paragraphs 2.16 to 2.19, which set out the current advice and guidance for the use of private finance, you have mentioned the new framework. Some of what I am about to ask is probably about issues that I hope will be in the framework or in the advice that you give. What will the framework do and what will you do in addition to it to ensure that the trusts understand how best to make use of private finance? Will the framework help them to be clear about when it is worth pursuing a private finance initiative and when it is not, because one concern that has been raised with me is the amount of time and effort that can be put into developing a private finance bid that is never going to be a runner in the first place? I think that there is a real value-for-money issue there. What guidance are you providing now, and what guidance will you be providing, on the projects that might work as private finance initiatives? What are the associated

[25] **Helen Mary Jones:** Yr wyf am fynd ar drywydd y thema o ddefnyddio cyllid preifat ychydig ymhellach. Ac edrych ar baragraffau 2.16 i 2.19, a nodai'r cyngor a'r canllawiau cyffredinol ar ddefnyddio cyllid preifat, yr ydych wedi cyfeirio at y fframwaith newydd. Mae'n debyg y bydd rhan o'r hyn yr wyf ar fin ei ofyn am faterion a fydd, gobeithio, yn y fframwaith neu yn y cyngor a roddwch. Beth wnaiff y fframwaith a beth wnewch chi yn ychwanegol ato i sicrhau bod yr ymddiriedolaethau yn deall sut mae gwneud y defnydd gorau o gyllid preifat? A fydd y fframwaith yn help iddynt ddeall yn glir pryd y mae'n werth mynd ar drywydd menter cyllid preifat a phryd nad yw'n werth gwneud hynny, oherwydd un pryder sydd wedi ei godi gyda mi yw'r amser a'r ymdrech sy'n gallu mynd i ddatblygu cynnig am gyllid preifat nad oes gobaith iddo lwyddo o'r dechrau? Credaf fod hynny yn ystyriaeth gwerth-am-arian o bwys. Pa ganllawiau yr ydych yn eu darparu yn awr, a pha ganllawiau fyddwch chi'n eu darparu, ar y prosiectau a

positives and negatives? Are you confident that you have the capacity in your department to be able to provide the trusts with the advice and support that they need? You mentioned earlier that many of the trusts are in a position whereby, until very recently, there has not been the capacity to make major capital investments and that there is then an issue about their capacity to do so. Do you have the capacity? We have said that they do not have the capacity. My question is do you have the capacity to provide them with the capacity? I am sorry, Chair, there are too many ‘capacities’ in that sentence, but I think that you know what I mean.

allai weithio fel cynlluniau cyllid preifat? Beth yw’r ffactorau positif a negyddol ynghlwm wrth hynny? A ydych yn hyderus fod y gallu gennych yn eich adran i allu rhoi’r cyngor a’r cymorth sydd eu hangen arnynt i’r ymddiriedolaethau? Soniasoch yn gynharach fod llawer o’r ymddiriedolaethau mewn sefyllfa lle nad oeddynt, tan yn ddiweddar iawn, yn gallu gwneud buddsoddiadau cyfalaf mawr a bod cwestiwn yn codi wedyn ynglyn â’u gallu i wneud hynny. A oes gennych chi’r gallu? Yr ydym wedi dweud nad yw’r gallu ganddynt hwy. Fy nghwestiwn yw a yw’r gallu gennych chi i roi’r gallu iddynt hwy? Mae’n ddrwg gennyf, Gadeirydd, mae ‘gallu’ yn digwydd ormod o weithiau yn y frawddeg yna, ond credaf eich bod yn deall yr hyn yr wyf yn ei olygu.

Ms Lloyd: To go to the first bit first, we have issued guidance on the status of PFI guidance that should apply to the health services in Wales. However, as you can imagine, it is full of detail referring to various circulars, and it is a highly complex set of rules and regulations that you must go through. Therefore, I think that we have to work much more closely with the PFI unit in the Assembly to ensure that that guidance can be easily accessed and understood by those who are having to look at the procurement of major projects for the future.

Ms Lloyd: A chymryd y rhan gyntaf yn gyntaf, yr ydym wedi cyhoeddi canllawiau ar statws y canllawiau PFI a ddylai gael eu cymhwyso i wasanaethau iechyd yng Nghymru. Fodd bynnag, fel y gallwch ddychmygu, mae’n llawn manylion yn cyfeirio at amryw gylchlythyron, ac mae’n set hynod gymhleth o reolau a rheoliadau y mae’n rhaid mynd drwyddynt. Felly, credaf fod yn rhaid inni weithio’n llawer mwy agos gyda’r uned PFI yn y Cynulliad i wneud yn siwr bod y canllawiau yn hawdd cael gafael arnynt ac yn hawdd i’w deall i’r rheini sydd yn gorfod edrych ar gaffael prosiectau mawr yn y dyfodol.

In terms of whether my department has the capacity at the moment, no, it does not have the capacity. This is why we are reorganising my department, to ensure that, not only can we be clear—or clearer—with trusts about how you would go about evaluating major capital projects in terms of what the funding source and stream should be, but also about how we can best produce business cases so that there is not an interminable wrangle between ourselves and organisations out there, with one side saying, ‘That was not a very good business case either’, and the other side saying in return, ‘Well, you took ages to reply’. That is unhelpful in the extreme. We want to work much more in partnership in terms of making sure that we are getting a fit for purpose building that allows us to modernise the service and which really represents a good use of public money, or whatever source of money we are using, and then in how to evaluate its effectiveness at the end. So, as part of the

O ran pa un a yw’r gallu gan fy adran ar hyn o bryd, nac ydyw; nid yw’r gallu ganddi. Dyna pam yr ydym yn ad-drefnu fy adran, i sicrhau, nid yn unig y gallwn fod yn glir—neu’n gliriach—gyda’r ymddiriedolaethau ynglyn â sut y byddid yn mynd ati i werthuso prosiectau cyfalaf mawr yn nhermau pa ffynhonnell a dull cyllido sy’n briodol, ond hefyd ynglyn â’r ffordd orau o gynhyrchu achosion busnes fel na cheir cecru diderfyn rhyngom ni a chyrff allan yna, gydag un ochr yn dweud, ‘Nid oedd hwn yn achos busnes da iawn ychwaith’, a’r ochr arall yn ei thro yn dweud, ‘Wel, fe gymeroch oesoedd i ymateb’. Mae hynny’n hynod o ddi-fudd. Yr ydym am weithio mwy mewn partneriaeth yn nhermau gwneud yn siwr ein bod yn cael adeilad addas i’w bwrpas sy’n caniatáu inni foderneiddio’r gwasanaeth ac sydd yn wirioneddol yn cynrychioli defnydd da o arian cyhoeddus, na ba ffynhonnell arian bynnag yr ydym yn ei defnyddio, ac yna i werthuso ei effeithiolrwydd

proposals for the restructuring in my department, I am strengthening our ability to provide that advice and to work much more closely with the trusts and other organisations, because we have the big issue of the primary care practice premises and the particular problems that they have, to actually move forward with a more sustainable approach to the modernising of the capital estate.

ar y diwedd. Felly, fel rhan o'r cynigion i ailstrwythuro fy adran, yr wyf yn cryfhau ein gallu i ddarparu'r cyngor hwnnw ac i weithio'n llawer mwy agos gyda'r ymddiriedolaethau a chyrff eraill, oherwydd mae gennym y cwestiwn mawr ynglyn ag adeiladau practisiau gofal sylfaenol a'r problemau neilltuol sydd ganddynt hwy, er mwyn symud ymlaen mewn difrif i foderneiddio'r ystâd gyfalaf mewn modd mwy cynaliadwy.

[26] **Dafydd Wigley:** Alun, did you want to come in on this point, before Helen continues?

[26] **Dafydd Wigley:** Alun, oeddech chi am ddod i mewn yn awr, cyn i Helen barhau?

[27] **Alun Cairns:** I want to pick up on a couple of issues, unless you want Helen to continue. I have some points on PFI and the principle highlighted.

[27] **Alun Cairns:** Yr wyf am gyfeirio ymhellach at un neu ddau o faterion, oni bai eich bod am i Helen barhau. Mae gennyf rai pwyntiau ar PFI a'r egwyddor y tynnwyd sylw ati.

[28] **Helen Mary Jones:** I also have a couple of further points on PFI, but I am happy for Alun to continue.

[28] **Helen Mary Jones:** Mae gennyf innau hefyd un neu ddau o bwyntiau pellach ar PFI, ond mae croeso i Alun barhau.

[29] **Dafydd Wigley:** Very well. You may continue, Alun, and Helen can pick it up then.

[29] **Dafydd Wigley:** O'r gorau. Gallwch barhau, Alun, a gall Helen ddod yn ôl wedyn.

[30] **Alun Cairns:** This Committee has, in the past, recognised some public bodies for involving the private sector because it transferred the risk to the private sector rather than the public sector containing the risk. In deliberating on the benefits of PFI or traditional capital spend from the Assembly, what role has that played in the decisions you have taken?

[30] **Alun Cairns:** Mae'r Pwyllgor hwn, yn y gorffennol, wedi cydnabod rhai cyrff cyhoeddus am gynnwys y sector preifat gan fod hynny'n trosglwyddo'r risg i'r sector preifat yn hytrach na bod y sector cyhoeddus yn cymryd y risg. Wrth drafod manteision PFI, neu wariant cyfalaf traddodiadol gan y Cynulliad, pa ran y mae hynny wedi ei chwarae yn y penderfyniadau a wnaethpwyd gennych?

Ms Lloyd: This is one of the tests that you have to apply. However, things have altered quite a lot in terms of the application of the rules of PFI over the past two years, particularly with the handling of risk, the sharing of profits and things like that; we have moved on from the first of these PFI deals. I think that the National Audit Office clearly outlines some of the changes that have been effected. Also, I think that growing experience in these partnership arrangements has enabled trusts to be better able to have a much more flexible approach with the chosen private performer or charitable organisation, so that there can be things such as joint training programmes for staff so that staff are not isolated and so on. So the PFI, in practice, has moved forward, but risk is part of the test.

Ms Lloyd: Mae hwn yn un o'r profion y mae'n rhaid ichi ei ddefnyddio. Fodd bynnag, mae pethau wedi newid cryn lawer o ran y ffordd y rhoddir rheolau PFI ar waith dros y ddwy flynedd diwethaf, yn enwedig o ran ymdrin â risg, rhannu elw a phethau felly; yr ydym wedi symud ymlaen ers y cyntaf o'r cytundebau PFI hyn. Credaf fod y Swyddfa Archwilio Genedlaethol yn amlinellu'n glir rai o'r newidiadau a roddwyd ar waith. Hefyd, credaf fod profiad cynyddol o'r trefniadau partneriaeth hyn wedi galluogi ymddiriedolaethau i fod yn fwy abl i ymdrin yn fwy hyblyg â'r perfformiwr preifat neu'r mudiad elusennol a ddewisir, fel bod modd cael pethau megis rhaglenni hyfforddi ar y cyd i staff fel nad yw staff yn cael eu hynysu ac yn y blaen. Felly, yn ymarferol, mae PFI

wedi symud ymlaen, ond mae risg yn rhan o'r prawf.

[31] **Alun Cairns:** You struck on two important issues there. One is the more flexible approach that trusts are allowed to take, and paragraph 2.13 relates to the delegated limits that trusts have. If their turnover is less than £80 million, the delegated limit is £1 million, and if it is over £80 million, the delegated limit is £2 million before they would have to involve the Assembly. That seems quite restrictive to me. What plans do you have to review that, or do you think that it would be of greater help to trusts if this Committee were to make a recommendation to broaden the limits, bearing in mind the lessons that have no doubt been learned on PFI since these limits were introduced?

[31] **Alun Cairns:** Cyffyrddasoch â dau fater pwysig yna. Un yw'r ymdriniaeth fwy hyblyg y caniateir i ymddiriedolaethau ei mabwysiadu, ac mae paragraff 2.13 yn cyfeirio at derfynau dirprwyedig yr ymddiriedolaethau. Os yw eu trosiant yn llai na £80 miliwn, £1 miliwn yw eu terfyn dirprwyedig, ac os yw dros £80 miliwn, mae eu terfyn dirprwyedig yn £2 miliwn cyn y byddai'n rhaid iddynt gynnwys y Cynulliad. Mae hynny'n ymddangos yn reit gaeth i mi. Pa gynlluniau sydd gennych i adolygu hynny, neu a ydych yn credu y byddai o fwy o help i'r ymddiriedolaethau pe bai'r Pwyllgor i wneud argymhelliad i ehangu'r terfynau, a chadw mewn cof y gwersi sydd mae'n siwr wedi eu dysgu am PFI ers i'r terfynau hyn gael eu cyflwyno?

Ms Lloyd: I think that, until I can assure the Committee that I am perfectly satisfied that the trusts and my department are in a position to be very solid about the way in which business cases are managed, the way in which we can achieve value for money, and the way in which we can evaluate such projects, being cautious, I would like the limits to stay as they are at the moment. It is not necessarily restrictive to involve the Assembly, because the whole thrust of the reorganisation is that there is a much closer working relationship between my department and these organisations.

Ms Lloyd: Hyd nes y gallaf sicrhau'r Pwyllgor fy mod yn gwbl fodlon fod yr ymddiriedolaethau a'm hadran i mewn sefyllfa i fod yn gadarn iawn ynglyn â'r ffordd y rheolir achosion busnes, y ffordd y gwireddir gwerth am arian, a'r ffordd y cloriannir prosiectau o'r fath, credaf, gan fod yn ofalus, y byddai'n well gennyf i'r terfynau aros fel y maent am y tro. Nid yw cynnwys y Cynulliad o reidrwydd yn rhywbeth caeth, oherwydd holl fyrdwn yr ad-drefnu yw bod perthynas waith llawer agosach rhwng fy adran i a'r cyrff hyn.

[32] **Alun Cairns:** Would not reviewing these limits provide the trusts with more control and influence, thus following devolution through to the limit, rather than maintaining central control?

[32] **Alun Cairns:** Oni wnaiff adolygu'r terfynau hyn roi mwy o reolaeth a dylanwad i'r ymddiriedolaethau, gan ddilyn datganoli drwodd i'r pen felly, yn hytrach na chadw rheolaeth ganolog?

[33] **Dafydd Wigley:** After you answer this question, we will go back to Helen.

[33] **Dafydd Wigley:** Ar ôl ichi ateb y cwestiwn hwn, awn yn ôl at Helen.

Ms Lloyd: I would like to reserve my judgment on that.

Ms Lloyd: Byddai'n well gennyf beidio â datgan barn ar hynny eto.

[34] **Alun Cairns:** The second issue that came up as a supplementary to the answer—

[34] **Alun Cairns:** Yr ail fater a gododd o ganlyniad i'r ateb—

[35] **Dafydd Wigley:** Very quickly, Alun, because you are taking Helen's time.

[35] **Dafydd Wigley:** Yn gyflym iawn, Alun, oherwydd yr ydych yn mynd ag amser Helen.

[36] **Alun Cairns:** I am grateful, Cadeirydd. This issue relates to the fourth bullet point in paragraph 2.15, and you touched upon it when you said that the reviews would now allow the NHS to share profits. Why has that not happened before now?

[36] **Alun Cairns:** Yr wyf yn ddiolchgar, Gadeirydd. Mae'r mater hwn yn ymwneud â'r pedwerydd pwynt bwled ym mharagraff 2.15, y bu ichi ei grybwyll wrth ddweud y byddai'r adolygiadau yn awr yn caniatáu i'r GIG rannu elw. Pam nad yw hynny wedi digwydd cyn hyn?

Ms Lloyd: Neath Port Talbot fortunately did, but it was not general practice at all when the other organisations were promoting their PFI schemes. I think that, again, the success of some of the service's partnerships has allowed people to be clear about what, in the round, the organisation wishes to get from the private partnership.

Ms Lloyd: Yn ffodus fe wnaeth Castell-nedd Port Talbot hynny, ond nid oedd yn arfer cyffredinol o gwbl pan oedd y cyrff eraill yn hyrwyddo eu cynlluniau PFI. Credaf, unwaith eto, fod llwyddiant rhai o bartneriaethau'r gwasanaeth wedi caniatáu i bobl fod yn glir ynglyn â'r hyn, drwyddo draw, y mae'r corff am ei gael o'r bartneriaeth breifat.

[37] **Helen Mary Jones:** I wanted to pursue some of those issues surrounding the tests, and I also want to come back to the profit sharing issue. Regarding the tests to decide whether or not PFI is the appropriate way to proceed, over what kind of timeframe is the value for money factor examined? The concern is sometimes that, in the short term, a private finance initiative can be a very good deal, but when you add up the amount of money needed—to put it crudely—to pay back over a length of time, it can mean that, although it may be a good deal for us, it may, in the long term, not be such a good deal for our children. I wonder what sort of timeframe is considered, and whether that timeframe is kept under review in terms of establishing whether it is good value for money overall.

[37] **Helen Mary Jones:** Yr oeddwn am fynd ar ôl rhai o'r materion hynny sydd yn ymwneud â'r profion, a hoffwn hefyd ddod yn ôl at y mater o rannu elw. O ran y profion i benderfynu a yw PFI yn ffordd briodol ai peidio o fwrw ymlaen, dros ba amserlen y caiff y ffactor gwerth am arian ei archwilio? Y pryder weithiau yw y gall menter cyllid preifat fod yn fargen dda iawn yn y tymor byr, ond o adio'r arian sydd yn ofynnol—a siarad yn fras—i dalu'n ôl dros gyfnod o amser, gall olygu, er ei bod efallai yn fargen dda i ni, na fydd efallai, yn y tymor hir, yn gystal fargen i'n plant. Hoffwn wybod pa fath o amserlen sy'n cael ei hystyried, ac a yw'r amserlen honno yn cael ei chadw o dan arolwg er mwyn sefydlu a yw'n rhoi gwerth da am arian yn ei chrynswth.

The other question that I wanted to ask before I leave PFI is on this issue of clawback clauses, profit sharing, or whatever we want to call it. I understand the historical reasons why this has not happened—although it should not have been beyond the wit of humanity to work out that it was a good plan, and obviously some people did—but, one of the things that people are most unhappy with is the idea of excessive profit, although I have never been sure as to how you define excessive profit when it is made off the back of a public service. Will you ensure in the new sets of guidance that the issue of clawback clauses is always raised? I realise that there may be situations where that would be too much of a disincentive to a private investor, and so it may not be acceptable, but in the new framework, will trusts

Y cwestiwn arall yr oeddwn am ei ofyn cyn gorffen â PFI yw'r mater hwn o gymalau adfachu, rhannu elw, neu beth bynnag arall yr ydym am ei alw. Deallaf y rhesymau hanesyddol pam nad yw hyn wedi digwydd—er na ddylasai fod y tu hwnt i grebwyll dynoliaeth i weld ei fod yn gynllun da, ac mae'n amlwg i rai pobl wneud hynny—ond, un o'r pethau y mae pobl yn fwyaf anhapus ag ef yw'r syniad o elw gormodol, er nad wyf erioed wedi bod yn siwr sut mae diffinio elw gormodol pan wneir ef ar gefn gwasanaeth cyhoeddus. A wnewch chi sicrhau yn y setiau newydd o ganllawiau fod mater y cymalau adfachu yn cael ei godi bob amser? Sylweddolaf y gallai fod sefyllfaoedd lle byddai hynny yn ormod o anghymhelliad i fuddsoddwr preifat, ac efallai na fydd yn dderbyniol felly, ond yn y fframwaith newydd, a

always be expected to explore that as an option with any potential private investor?

fydd disgwyl bob amser i ymddiriedolaethau archwilio hynny fel opsiwn gydag unrhyw fuddsoddwr preifat posibl?

Ms Lloyd: Yes, definitely. To return to the first part of your question on over what period of time you test for value for money, it really depends on the size of the building. However, as you can see, these are medium-sized projects, with an expected life of between 25 and 30 years, and that is the test. That would be the period. With regard to some of the much bigger projects that have gone on in England, that test of value for money would run up to 40 to 45 years, depending on how long you expect a building to last or be functional for the purposes intended. So it is over quite a long period of time.

Ms Lloyd: Bydd, yn bendant. I ddod yn ôl at ran gyntaf eich cwestiwn, sef dros ba gyfnod o amser y profir am werth am arian, mae'n dibynnu mewn gwirionedd ar faint yr adeilad. Fodd bynnag, fel y gwelwch, prosiectau canolig eu maint yw'r rhain, gydag oes ddisgwyliedig o rhwng 25 a 30 mlynedd, a dyna yw'r prawf. Dyna fyddai'r cyfnod. O ran rhai o'r prosiectau llawer mwy a welwyd yn Lloegr, byddai'r prawf gwerth am arian hwnnw yn rhedeg am hyd at 40 i 45 mlynedd, yn dibynnu ar ba mor hir y disgwyliwch i adeilad bara neu fod yn weithredol at y pwrpasau a fwriadwyd. Felly mae dros gyfnod gweddol hir o amser.

[38] **Dafydd Wigley:** We will now move on to the scrutiny and monitoring of major property procurement projects. The first question in this section also falls to Helen Mary Jones.

[38] **Dafydd Wigley:** Symudwn yn awr at graffu ar a monitro prosiectau caffael eiddo mawr. Mae'r cwestiwn cyntaf yn yr adran hon hefyd gan Helen Mary Jones.

[39] **Helen Mary Jones:** You have referred to this briefly already, Ms Lloyd, and I want to explore it further. Looking at paragraphs 2.21 and 2.22, which comment on the current project scrutiny and approval arrangements for capital projects, there are some concerns. For example, the trusts expressed frustration—and you have hinted at this—at the time taken by Assembly officials to approve submissions, while Assembly officials were concerned about the quality of submissions by the trusts. That does present itself—[*Interruption.*] I am sorry, I think that colleagues may be having difficulty hearing me, Chair.

[39] **Helen Mary Jones:** Yr ydych wedi cyfeirio'n fyr at hyn yn barod, Ms Lloyd, ac yr wyf am ei archwilio ymhellach. Ac edrych ar baragraffau 2.21 a 2.22, sy'n sôn am y trefniadau cyfredol i graffu ar brosiectau cyfalaf a'u cymeradwyo, mae rhai pryderon. Er enghraifft, mynegwyd rhwystredigaeth gan yr ymddiriedolaethau—ac yr ydych chi wedi awgrymu hynny—ynglyn â'r amser a gymerir gan swyddogion y Cynulliad i gymeradwyo cynigion, tra'r oedd swyddogion y Cynulliad yn pryderu ynglyn â safon cynigion yr ymddiriedolaethau. Mae hynny i'w weld—[*Torri ar draws.*] Mae'n ddrwg gennyf, credaf fod cyd-aelodau yn cael anhawster i'm clywed efallai, Gadeirydd.

[40] **Dafydd Wigley:** Order. Eleanor, please be quiet.

[40] **Dafydd Wigley:** Trefn. Eleanor, byddwch yn ddistaw os gwelwch yn dda.

[41] **Helen Mary Jones:** That obviously seems to be a fairly unproductive cycle that you are clearly anxious to break. Could you tell us a little bit more about what you are actually doing to break that cycle? We have the framework, which is obviously going to be helpful, but I think that there is going to be a need to ensure that the framework around funding can be used. There are all sorts of other management issues for the trusts, are there not?

What steps are you taking to streamline the scrutiny of projects as they come in? Have you examined the possibility of a fast-track procedure for some key projects? When bids come in, how do you prioritise which get looked at when? All the local trusts will always want theirs to come to the top of the pile, and you are never going to be able to do that, so how do you decide what bids should be looked at when, in terms of the time it takes to sort it all out?

Ms Lloyd: I will start with the section on the steps to streamlining and how we get over this somewhat unproductive scenario of one party saying that it is the other party's fault and the other saying that it is not. I think that we have to be quite clear about what is the minimum requirement to produce a business case that can be signed off. That is where the restructuring of my department and the advent of my regional arm is going to be so important, because there will be people on the spot to help the trusts—some of whom might infrequently produce business cases—to get it right without delay. There will also have been a greater iteration between the regional office and the organisation concerned so that, by the time it comes to my department, an awful lot of the work will have been done and we will just need to give it the final scrutiny, but we do need to strengthen both those arms in order to provide the necessary support.

[41] **Helen Mary Jones:** Mae hynny yn amlwg yn gylch digon anghynhyrchiol yr ydych chi wrth reswm yn awyddus i'w dorri. A allech ddweud ychydig mwy wrthym am yr hyn yr ydych yn ei wneud mewn gwirionedd i dorri'r cylch hwnnw? Mae'r fframwaith gennym, a fydd mae'n amlwg o gymorth, ond credaf y bydd angen sicrhau bod modd defnyddio'r fframwaith sydd yn ymdrin â chyllido. Mae pob math o faterion rheoli eraill i'r ymddiriedolaeth, onid oes?

Pa gamau yr ydych yn eu cymryd i symleiddio'r ffordd o graffu ar brosiectau wrth iddynt ddod i law? A ydych wedi archwilio'r posibilrwydd o ddull carlam ar gyfer rhai prosiectau allweddol? Pan ddaw cynigion i mewn, a ydych yn blaenoriaethu pa rai yr edrychir arnynt pryd? Bydd yr ymddiriedolaethau lleol i gyd am i'w cynigion nhw ddod i frig y pentwr bob amser, ac ni fydd modd ichi wneud hynny byth, felly sut ydych chi'n penderfynu pa gynigion yr edrychir arnynt pryd, yn nhermau'r amser a gymerir i roi trefn ar yr holl beth?

Ms Lloyd: Dechreuaf gyda'r adran ar y camau tuag at symleiddio a sut mae goresgyn y senario digon anghynhyrchiol hwn lle mae un ochr yn dweud mai'r ochr arall sydd ar fai a'r ochr arall yn dweud nad felly mae hi. Credaf fod yn rhaid inni fod yn glir iawn ynglyn â'r gofynion sylfaenol o ran cynhyrchu achos busnes y gellir ei gymeradwyo. Dyna lle y bydd ad-drefnu ar fy adran i a dyfodiad fy mraich ranbarthol mor bwysig, oherwydd bydd pobl yn y fan a'r lle i helpu'r ymddiriedolaethau—rhai ohonynt a allai lunio achosion busnes yn achlysurol—i gael pethau'n iawn yn ddi-oed. Bydd mwy o fireinio wedi digwydd hefyd rhwng y swyddfa ranbarthol a'r corff dan sylw felly, erbyn iddo ddod i'm hadran i, bydd llawer iawn o'r gwaith wedi ei wneud ac ni fydd angen i ni ond craffu'n derfynol arno, ond mae angen inni gryfhau'r naill a'r llall o'r canghennau hynny er mwyn darparu'r cymorth angenrheidiol.

In order to look at fast-tracking and decisions on when to submit bids, it is critical that we ensure that we have a service strategy that clearly outlines what must happen over the next five years to modernise and renew the health service. We must have a financial strategy which underpins that and because, for the first time in Wales this year, we have done a service and financial framework, which has been quite an interesting experience in terms of what it has thrown up, we already have the basis of the discussion that takes place between my department and organisations on a collegiate basis in terms of what is achievable, affordable and what are the first priorities, so that people do not spend their lives doing business cases for priorities that are number 25 on the list. We have had some success with that. I think that there is a greater clarity in the service about what is going to be achieved over the next three years, and what cannot be, and what we are going to do about the lower priorities. The publication, in October, of the strategic and financial framework and the methodology that we will adopt to ensure that that framework is pursued through the communities and with the new local health boards will give a much greater clarity to the whole focus of how we renew the health facilities, along with service strategies.

Er mwyn edrych ar ddull carlam a phenderfyniadau ynglyn â phryd i gyflwyno cynigion, mae’n hollbwysig ein bod yn sicrhau bod gennym strategaeth i’r gwasanaeth sy’n amlinellu’n glir yr hyn y mae’n rhaid ei wneud dros y pum mlynedd nesaf er mwyn moderneiddio ac adnewyddu’r gwasanaeth iechyd. Rhaid inni gael strategaeth ariannol i gynnal hynny ac oherwydd ein bod, am y tro cyntaf yng Nghymru eleni, wedi llunio fframwaith i’r gwasanaeth a fframwaith ariannol, a fu’n bur ddiddorol o ran yr hyn y mae wedi ei amlygu, mae sylfaen y drafodaeth a gynhelir rhwng fy adran i a chyrff ar sail golegaidd, yn nhermau’r hyn y gellir ei gyflawni, yr hyn sy’n fforddiadwy a beth yw’r blaenoriaethau cyntaf, gennym yn barod, fel na fydd pobl yn treulio eu bywydau yn llunio achosion busnes i flaenoriaethau sy’n rhif 25 ar y rhestr. Cawsom beth llwyddiant gyda hynny. Credaf fod mwy o eglurder yn y gwasanaeth ynglyn â’r hyn a gaiff ei gyflawni dros y tair blynedd nesaf, a’r hyn na ellir ei gyflawni, a’r hyn yr ydym yn mynd i’w wneud ynglyn â’r blaenoriaethau is. Bydd cyhoeddi’r fframwaith strategol ac ariannol ym mis Hydref, a’r fethodoleg a fabwysiadir gennym i sicrhau y cedwir at y fframwaith drwy’r cymunedau a chyda’r byrddau iechyd lleol newydd, yn rhoi llawer mwy o eglurder i holl ffocws sut yr ydym yn mynd i adnewyddu’r cyfleusterau iechyd, ynghyd â’r strategaethau gwasanaeth.

In terms of fast-track, I think that we were quite successful when we had this extra money, quite late in the year, in how the trusts very, very quickly, with our help and support, turned around their bids and prioritised them effectively, which then allowed us to procure on an all-Wales basis and make some significant savings and actually get the equipment that was so necessary delivered, installed and up and running. I think that that proved that when we did work very effectively together, we could move money into the service to get the equipment in place. It is easier to do that with equipment, but even so, much of that equipment needed some structural alternations and changes in working practice and so on. I think that that fast-track worked well and gave confidence to ourselves and the service that it could be done really well. We are building on that experience.

O safbwynt dull carlam, credaf inni fod yn bur llwyddiannus pan gawsom yr arian ychwanegol hwn, yn reit hwyr yn y flwyddyn, o ran sut y llwyddodd yr ymddiriedolaethau yn gyflym iawn, iawn, gyda’n help a’n cymorth ni, i gwblhau eu cynigion a’u blaenoriaethu’n effeithiol, a oedd wedyn yn caniatáu inni gaffael ar sail Cymru gyfan a gwneud rhai arbedion sylweddol a llwyddo i gael y cyfarpar yr oedd cymaint o angen amdano wedi ei ddanfon, ei osod ac yn weithredol. Credaf i hynny brofi, pan oeddem i gyd yn gweithio’n effeithiol gyda’n gilydd, y gallem symud arian i mewn i’r gwasanaeth er mwyn sefydlu’r cyfarpar. Mae’n haws gwneud hynny gyda chyfarpar, ond hyd yn oed wedyn, yr oedd angen rhai newidiadau strwythurol a newidiadau mewn gweithdrefnau ac ati ar gyfer llawer o’r cyfarpar. Credaf i’r dull carlam hwnnw weithio’n dda a rhoddodd hyder i ni a’r gwasanaeth fod modd ei

wneud yn wirioneddol dda. Yr ydym yn adeiladu ar y profiad hwnnw.

[42] **Helen Mary Jones:** I am encouraged by some of what you say, especially about the role of the regional offices, but can I just clarify that role? I got the picture from you that we have people working at a regional level closely with the trusts to develop bids, which seems extremely sensible. However, to be clear, those officials will not then be involved in scrutinising the bids when they reach the next levels? I am slightly concerned that someone who has put a lot of time and investment in creating a bid with a trust not be the person who then decides or contributes to making the decision about which bids actually progress and which have to wait.

[42] Helen Mary Jones: Yr wyf wedi fy nghalonogi gan ran o'r hyn a ddywedwch, yn arbennig ynglyn â rôl y swyddfeydd rhanbarthol, ond a gaf fi fwrw goleuni ar y rôl honno? Cefais yr argraff gennych fod gennym bobl ar lefel ranbarthol sy'n gweithio'n agos gyda'r ymddiriedolaethau i ddatblygu cynigion, sydd yn ymddangos yn hynod synhwyrol. Fodd bynnag, i fod yn glir, ni fydd y swyddogion hynny wedyn yn ymwneud â chraffu ar y cynigion wedi iddynt gyrraedd y lefelau nesaf? Yr wyf fymryn yn bryderus, lle bo rhywun wedi neilltuo llawer o amser a buddsoddiad i greu cynnig gydag ymddiriedolaeth, na ddylai'r person hwnnw wedyn fod yn penderfynu neu'n cyfrannu at benderfynu pa gynigion sydd mewn gwirionedd yn symud ymlaen a pha rai sy'n gorfod disgwyl.

Ms Lloyd: It will not be an issue of that person being involved in deciding which bids go ahead and which will be deferred, because that is a policy decision by the Minister. That decision will already have been taken. So that clears the conflict of interest in that sense. It will be the main department that finally has to sign off the bids with the audit office and others, with some views input from any regional director. However, deciding the priority will be a policy decision.

Ms Lloyd: Ni fydd y person hwnnw yn ymwneud â phenderfynu pa gynigion sy'n symud ymlaen a pha rai a ohirir, oherwydd penderfyniad polisi gan y Gweinidog yw hynny. Bydd y penderfyniad hwnnw eisoes wedi ei wneud. Felly mae hynny'n diddymu'r gwrthdaro rhwng buddiannau yn yr ystyr hwnnw. Y brif adran fydd yn gorfod cymeradwyo'r cynigion yn derfynol gyda'r swyddfa archwilio ac eraill, gyda'r cyfarwyddwr rhanbarthol yn cyfrannu barn i ryw raddau. Fodd bynnag, penderfyniad polisi fydd penderfynu ar y flaenoriaeth.

[43] **Dafydd Wigley:** We will break for tea for 10 minutes at this point.

[43] **Dafydd Wigley:** Cawn egwyl de am 10 munud yn awr.

Cafwyd egwyl rhwng 3.29 p.m. a 3.41 p.m.
A break was held between 3.29 p.m. and 3.41 p.m.

[44] **Dafydd Wigley:** I call the Committee to order. We are dealing with the scrutiny and monitoring of major property procurement projects. Alun will continue the questioning.

[44] **Dafydd Wigley:** Galwaf y Pwyllgor i drefn. Yr ydym yn ymdrin â chraffu ar a monitro prosiectau caffael eiddo mawr. Bydd Alun yn parhau â'r holi.

[45] **Alun Cairns:** Ms Lloyd, paragraphs 2.23 to 2.25 of the report comment on problems experienced by the NHS Wales department with monitoring capital expenditure by trusts. Paragraph 2.24, bullet point 5, relates to the reassessment of value added tax by HM Customs and Excise, for which trusts are fined particular contingency funds. Can you elaborate a little more on this?

Ms Lloyd: Would you mind very much, Chair, if I asked Mr Davies to answer? He will be able to provide a much more technical approach to the answer than I could.

[46] **Dafydd Wigley:** Yes of course, by all means.

Mr Davies: I think that the issue with VAT is not to do with the complications in assessing VAT, but with how VAT is treated in the business case process. To explain that, when trusts put forward business cases, they will apply VAT to the construction element. They will usually apply 17.5 per cent VAT. In reality, depending on the nature of the scheme, elements of the VAT may be recoverable. The problem that trusts have, and indeed the Assembly has, is that you cannot determine the extent of VAT recoverable until you have the final costs for the scheme. So, consequently, there is an over-provision of VAT in most business cases that then has to be dealt with following the final account on the scheme. The Assembly and the trusts have been discussing the issue of recovering that VAT and how best to do that, whether it would be through some brokerage arrangements or through repayment when the VAT was recovered from trusts. So it is not an issue of the application of the VAT rules, which are very complex and a specialist VAT consultant is always appointed to deal with that. It is actually how you treat the recovery of VAT in schemes. The proposal at the moment is that VAT should be ring-fenced and repaid when the recoverable elements are finally determined.

[45] **Alun Cairns:** Ms Lloyd, mae paragraffau 2.23 i 2.25 o’r adroddiad yn cyfeirio at broblemau a wynebwyd gan adran GIG Cymru wrth fonitro gwariant cyfalaf gan ymddiriedolaethau. Mae paragraff 2.24, pwynt bwled 5, yn ymdrin â Thollau Tramor a Chartref Ei Mawrhydi yn ailasesu’r dreth ar werth, y dirwyir yr ymddiriedolaethau â chronfeydd wrth gefn penodol ar ei chyfer. A allwch ymhelaethu ychydig pellach ar hyn?

Ms Lloyd: A fyddech mor garedig, Gadeirydd, a gadael imi ofyn i Mr Davies ateb? Bydd yn gallu ymdrin â’r mater yn llawer mwy technegol nag a fedrwn i.

[46] **Dafydd Wigley:** Wrth gwrs, ar bob cyfrif.

Mr Davies: Credaf nad y cymhlethdodau sydd ymhlyg mewn asesu TAW sydd dan sylw o ran TAW, ond sut yr ymdrinnir â TAW ym mhroses yr achos busnes. I egluro hynny, pan fydd ymddiriedolaethau yn cyflwyno achosion busnes, byddant yn cymhwyso TAW i’r elfen adeiladu. Fel arfer byddant yn cynnwys TAW ar 17.5 y cant. Mewn gwirionedd, yn dibynnu ar natur y cynllun, efallai fod modd adennill elfennau o’r TAW. Y broblem i’r ymddiriedolaethau, ac yn wir i’r Cynulliad, yw na allwch benderfynu faint o’r TAW y mae modd ei adennill hyd nes y bydd costau terfynol y cynllun gennych. Felly, ceir gorddarpariaeth ar gyfer TAW yn y rhan fwyaf o achosion busnes a rhaid delio â hynny ar ôl y cyfrif terfynol ar y cynllun. Bu’r Cynulliad a’r ymddiriedolaethau yn trafod y mater o adennill TAW a’r ffordd orau o wneud hynny, ai drwy drefniadau broceriaeth ynteu drwy ad-daliad pan gâi’r TAW ei adennill oddi wrth yr ymddiriedolaethau. Felly nid mater o gymhwyso’r rheolau TAW, sy’n hynod gymhleth, mohono a chaiff ymgynghorydd TAW arbenigol ei benodi bob amser i ddelio â hynny. Mater yw o sut i ymdrin ag adennill TAW mewn cynlluniau. Y cynnig ar hyn o bryd yw y dylid pridiannu TAW a’i ad-dalu pan fydd yr elfennau y gellir eu hadennill wedi eu pennu’n derfynol.

[47] **Alun Cairns:** That is precisely the point. Thank you for that. Ms Lloyd, can I ask then why have we not been monitoring this, and why has the Assembly not been recovering those funds, or has it not calculated those into the arrangements in terms of capital spend?

[47] **Alun Cairns:** Dyna'r pwynt yn union. Diolch ichi am hynny. Ms Lloyd, a gaf fi ofyn felly pam na fu inni fonitro hyn, a pham na fu i'r Cynulliad adennill yr arian hwn, neu onid yw wedi ei gyfrifo i mewn i'r trefniadau yn nhermau'r gwariant cyfalaf?

Mr Davies: Perhaps I could just pick up on that. The funds have been recovered. I think that what is lacking here is a consistency in approach. There have been occasions where trusts have made quite genuine appeals for further money to do with other aspects of the scheme, and the money available perhaps has come through the VAT recovery element. It is important that there is clarity and consistency around this, and I think that the issue is really about that. There certainly is no question of VAT being lost from the system. That certainly is not the case.

Mr Davies: Efallai y cawn i ymdrin â hynny. Mae'r arian wedi ei adennill. Credaf mai'r hyn sydd ar goll yma yw cysondeb o ran dulliau. Bu achosion lle mae'r ymddiriedolaethau wedi apelio'n gwbl ddiffuant am ragor o arian yn ymwneud ag agweddau eraill o'r cynllun, ac efallai fod yr arian sydd ar gael wedi dod drwy'r elfen adennill TAW. Mae'n bwysig fod eglurder a chysondeb ynglyn â hyn, a chredaf mai dyna hanfod y mater. Yn sicr, nid oes unrhyw gwestiwn fod TAW yn cael ei golli o'r system. Nid yw hynny'n wir yn sicr.

[48] **Alun Cairns:** Okay. I refer you to bullet point 4 in paragraph 2.24, which mentions higher forecasts—

'forecast outturn costs above that recorded by the trusts themselves as approved by the Assembly or the Welsh Office before it.'

Can you expand a little bit more on that please?

[48] **Alun Cairns:** O'r gorau. Cyfeiriaf chi at bwynt bwled 4 ym mharagraff 2.24, sy'n sôn am ragamcanion uwch—

'yn darogan costau gwirioneddol uwch na'r hyn a gofnodwyd gan yr ymddiriedolaethau eu hunain fel y'u cymeradwywyd gan y Cynulliad neu'r Swyddfa Gymreig cyn hynny.'

A allwch ymhelaethu ychydig ymhellach ar hynny os gwelwch yn dda?

Mr Davies: Again, if you would like me to pick that one up, this is not necessarily a bad thing. The position is that, with the process of monitoring capital schemes, you tend to be conservative, with a small 'c', in terms of your estimates of final account expenditure. So if you have any doubt regarding your liability in terms of the construction project, you are encouraged to record that liability in the returns to the Assembly. Therefore, trusts will often indicate during the course of the project that there is a potential liability over and above the approved cost. I think that that is in line with general accountancy practice, so I do not think that there is an issue there. Clearly, the issue occurs where the final scheme cost is in excess of approved figures, and that is a different matter. That is demonstrated by schemes such as the Royal Glamorgan Hospital, where there has obviously been some sort of serious problem.

Mr Davies: Eto, os hoffech chi i mi ymdrin â hyn, nid yw o reidrwydd yn beth drwg. Y sefyllfa yw, gyda'r broses o fonitro cynlluniau cyfalaf, yr ydych yn tueddu i fod yn geidwadol, gydag 'c' fach, o ran eich amcangyfrifon o'r gwariant ar y cyfrif terfynol. Felly os oes gennych unrhyw amheuaeth ynglyn â'ch atebolrwydd o ran y prosiect adeiladu, anogir chi i gofnodi'r atebolrwydd hwnnw yn y datganiadau a gyflwynir i'r Cynulliad. Felly, bydd ymddiriedolaethau yn aml yn nodi yn ystod prosiect fod atebolrwydd posibl y tu hwnt i'r gost a gymeradwywyd. Credaf fod hynny'n unol ag arferion cyfrifeg cyffredin, felly ni chredaf fod mater o bwys yna. Yn amlwg, mae'r mater yn codi lle bo costau'r cynllun terfynol yn uwch na'r ffigyrau a gymeradwywyd, ac mae hynny'n fater gwahanol. Dangosir hynny gan gynlluniau megis Ysbyty

So in itself I do not see that as a failure of the system. I think that the system encourages you to report on that basis.

What we have found—to open it up a little more—is that trusts have not completed the returns to the timetables that have been required by the Assembly. Back in November last year we revamped the whole system of project monitoring, and I am pleased to report to the Committee that things have improved very significantly. We believe that we have a 100 per cent return on time now, which is very encouraging. We are continuing with that process through quarterly meetings with the Assembly and Welsh Health Estates and the trusts, as well as individual meetings with all trusts and with Welsh Health Estates. I think that that system is working well, but it still needs to be refined further as we develop some of the issues around more innovative construction procurement techniques.

[49] **Alun Cairns:** Thank you for that. Ms Lloyd, at £50 million a year, discretionary capital expenditure by trusts represents around half of all capital expenditure. Do you see merit in the Assembly monitoring this more directly, as recommended by the Auditor General in his report in one of his key points on page 19, particularly bearing in mind your comments to me a little earlier in relation to PFI, that you wanted to keep tight control on it?

Ms Lloyd: I definitely want to ensure that we are very well aware of organisations' discretionary capital expenditure, and from April that has been the case. They have been required to submit their quarterly returns in terms of what they are using their discretionary moneys for. Again, we must ensure that we avoid any situation whereby, for example, capital equipment is being used past its optimum years and we have to step in to replace it. So we need to ensure that, along with the service and financial framework, the capital utilisation within trusts that is at their discretion is used effectively to support that. Additionally, we have found that it has been a trend

Brenhinol Morgannwg, lle bu rhyw broblem ddifrifol, mae'n amlwg. Felly nid wyf yn gweld hynny fel methiant yn y system ei hun. Credaf fod y system yn eich annog i adrodd ar y sail honno.

Yr hyn yr ydym wedi ei ganfod—i ymestyn y drafodaeth ychydig ymhellach—yw nad yw'r ymddiriedolaethau wedi cwblhau'r datganiadau yn unol â'r amserlenni a fynnir gan y Cynulliad. Ym mis Tachwedd y llynedd, ailwampiwyd holl system monitro prosiectau, ac yr wyf yn falch o ddweud wrth y Pwyllgor fod pethau wedi gwella'n sylweddol iawn. Credwn fod 100 y cant o'r datganiadau yn cyrraedd mewn pryd erbyn hyn, sy'n galonogol iawn. Yr ydym yn parhau â'r broses honno drwy gyfarfodydd chwarterol gyda'r Cynulliad ac Ystadau Iechyd Cymru a'r ymddiriedolaethau, yn ogystal â chyfarfodydd unigol gyda phob ymddiriedolaeth a chydag Ystadau Iechyd Cymru. Credaf fod y system honno'n gweithio'n dda, ond mae angen ei chaboli ymhellach eto wrth inni ddatblygu rhai o'r ystyriaethau sy'n berthnasol i rai technegau caffael gwaith adeiladu mwy arloesol.

[49] **Alun Cairns:** Diolch ichi am hynny. Ms Lloyd, ar £50 miliwn y flwyddyn, mae gwariant cyfalaf dewisol gan ymddiriedolaethau yn cynrychioli tua hanner yr holl wariant cyfalaf. A dybiwch y byddai o werth i'r Cynulliad fonitro hyn yn fwy uniongyrchol, fel a argymhellir gan yr Archwilydd Cyffredinol yn ei adroddiad yn un o'i bwyntiau allweddol ar dudalen 19, yn enwedig o gofio eich sylwadau wrthyf ychydig yn gynharach mewn perthynas â PFI, eich bod am gadw reolaeth dynn arno?

Ms Lloyd: Yr wyf yn bendant am sicrhau ein bod yn ymwybodol iawn o wariant cyfalaf dewisol cyrff, ac mae hynny wedi digwydd ers mis Ebrill. Bu'n ofynnol iddynt gyflwyno eu datganiadau chwarterol i ddangos sut y maent yn defnyddio eu harian dewisol. Eto, rhaid inni sicrhau ein bod yn osgoi unrhyw sefyllfa lle bo cyfarpar cyfalaf, er enghraifft, yn cael ei ddefnyddio y tu hwnt i'r blynyddoedd pan fydd ar ei orau a rhaid inni gamu i mewn i'w amnewid. Felly mae angen inni sicrhau, ynghyd â'r fframwaith i'r gwasanaeth a'r fframwaith ariannol, fod y cyfalaf a ddefnyddir o fewn ymddiriedolaethau yn ôl eu disgresiwn hwy yn cael ei ddefnyddio'n effeithiol yn unol â hynny. Yn ogystal, yr

that, when in difficulties over their revenue, trusts have looked to their capital to provide short-term support. We need to know that, and it is now a requirement that they must seek permission before transferring capital to revenue to support their performance during the year. That again is important, as it becomes a pressure in future years, if nothing is done to solve the problem that has been caused. So we have already taken action in terms of discretionary allocations and our knowledge of them.

ydym wedi canfod y bu tuedd i ymddiriedolaethau, pan fyddant mewn anhawster o ran refeniw, droi at eu cyfalaf i'w cynorthwyo yn y tymor byr. Mae angen inni wybod hynny, ac mae'n ofyniad erbyn hyn fod yn rhaid iddynt geisio caniatâd cyn trosglwyddo cyfalaf i refeniw i gynorthwyo eu perfformiad yn ystod y flwyddyn. Mae hynny eto yn bwysig, gan ei fod yn dod yn bwysau yn y dyfodol, os na wneir unrhyw beth i ddatrys y broblem a achoswyd. Felly yr ydym eisoes wedi gweithredu ynglyn â'r dyraniadau dewisol a'n gwybodaeth ohonynt.

[50] **Alun Cairns:** So discretionary capital expenditure seems to be quite pragmatic and relatively flexible in relation to the Assembly. Do you think that this contradicts the approach that you would have in relation to PFI with a much lower limit of £1 million or £2 million?

[50] **Alun Cairns:** Felly mae'n ymddangos bod gwariant cyfalaf dewisol yn bur bragmatig a hyblyg mewn perthynas â'r Cynulliad. A gredwch fod hyn yn groes i'r dull gweithredu y byddech am ei gael mewn perthynas â PFI sydd â therfyn llawer is o £1 miliwn neu £2 miliwn?

Ms Lloyd: Discretionary allocations are actually not used on massive great schemes, which will have long revenue tails; they are usually used on statutory compliance, or health and safety work, or some minor upgradings and equipment. I do not think that it contradicts our approach, because you must allow the organisations to fulfil their statutory requirements on their own, and they were given the authority to do so. I think that where you are looking at a major policy area, where we must ensure, over a much longer period of time, that there has been proper scrutiny of the basis of the decision, then it is appropriate for my department to be involved in ensuring that that scrutiny is undertaken effectively.

Ms Lloyd: Nid yw dyraniadau dewisol yn cael eu defnyddio mewn gwirionedd ar gynlluniau enfawr, sydd â chynffon refeniw hir; fe'u defnyddir fel arfer ar gydymffurfiad statudol, neu waith iechyd a diogelwch, neu ryw fân waith uwchraddio a chyfarpar. Ni chredaf ei fod yn croes-ddweud ein dull gweithredu, oherwydd rhaid ichi ganiatáu i'r cyrff gyflawni eu gofynion statudol ohonynt eu hunain, a rhoddwyd yr awdurdod iddynt i wneud hynny. Credaf, lle'r ydych yn edrych ar faes polisi mawr, lle mae'n rhaid inni sicrhau, dros gyfnod llawer hwy o amser, y bu craffu priodol ar sylfaen y penderfyniad, yna mae'n briodol i'm hadran i ymwneud â'r sefyllfa i sicrhau bod y craffu hwnnw yn cael ei wneud yn effeithiol.

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

[51] **Alun Cairns:** Diolch ichi.

[52] **Dafydd Wigley:** We now turn to identifying properties as surplus to requirements, something that has been very close to my heart, having lived within a few miles of Ysbyty Dewi Sant, Bangor for about 10 years. Figures 6 and 7 show that £47 million worth of residual estate property is still being held by health authorities. These 51 properties were identified as having no long-term use at least as far back as 1995. What have been the main reasons for the delay in decommissioning and disposing of these properties? Either one of you may answer that question.

[52] **Dafydd Wigley:** Trown yn awr at nodi adeiladau nad oes eu hangen mwyach, rhywbeth sy'n agos iawn at fy nghalon i, a minnau wedi byw o fewn ychydig filltiroedd i Ysbyty Dewi Sant, Bangor am oddeutu 10 mlynedd. Dengys ffigyrau 6 a 7 fod £47 miliwn o eiddo ystâd dros ben yn dal yn nwylo'r awdurdodau iechyd. Nodwyd nad oedd unrhyw ddefnydd hirdymor i'r 51 adeilad hwn cyn belled yn ôl ag 1995. Beth yw'r rhesymau pennaf am yr oedi cyn datgomisiynu a gwaredu'r adeiladau hyn? Gall y naill neu'r llall ohonoch ateb y cwestiwn hwnnw.

Mr Jones: These properties were identified some time ago by the then health authorities as being surplus over a 10-year period. In some cases, that has not materialised and there has been a continuing clinical need for them, and the capital programme has not perhaps replaced some of the properties as was intended. All those properties that have been brought to the stage where they can be disposed of have gone through a public consultation period and have gone through the disposal procedure. Those that have not reached that stage have not done so for mainly clinical reasons, I think.

Mr Jones: Cafodd yr adeiladau hyn eu rhestru beth amser yn ôl gan yr awdurdodau iechyd ar y pryd fel rhai na fyddai eu hangen dros gyfnod o 10 mlynedd. Mewn rhai achosion, nid yw hynny wedi ei wireddu ac mae'r angen clinigol amdanynt wedi parhau, ac efallai nad yw'r rhaglen gyfalaf wedi darparu cyfleusterau newydd yn lle rhai ohonynt fel a fwriadwyd. Mae'r holl adeiladau hynny sydd bellach mewn cyflwr lle gellir eu gwaredu wedi bod drwy gyfnod o ymgynghori cyhoeddus ac wedi mynd drwy'r drefn waredu. Mae'r rheini nad ydynt wedi cyrraedd y pwynt hwnnw heb wneud hynny am resymau clinigol gan mwyaf, mi gredaf.

[53] **Dafydd Wigley:** You are not telling the Committee, Mr Jones, are you, that you are happy with this pattern over recent years? There have been delays, and, quite frankly, there has not been a clinical need for a number of properties. Land has been standing idle—

[53] **Dafydd Wigley:** A ydych yn dweud wrth y Pwyllgor, Mr Jones, eich bod yn hapus â'r patrwm hwn dros y blynyddoedd diwethaf? Cafwyd oedi, ac, yn gwbl onest, ni fu angen clinigol am nifer o'r adeiladau. Bu tir heb ei ddefnyddio—

Mr Jones: I am sorry. I may have misunderstood your question. I thought that you were talking about those properties that had been identified as being required in the short term, but which were still being used and had not gone through the disposal procedure. I am sorry, I misunderstood that.

Mr Jones: Mae'n ddrwg gennyf. Efallai imi gamddeall eich cwestiwn yn anghywir. Tybiais eich bod yn siarad am yr adeiladau hynny y nodwyd bod eu hangen yn y tymor byr, ond sy'n dal i gael eu defnyddio ac nad ydynt wedi mynd drwy'r drefn waredu. Mae'n ddrwg gennyf, camddeallais hynny.

[54] **Dafydd Wigley:** I am, in fact, looking at both. On that point, the north Wales situation stands out like a sore thumb in figure 6, does it not? Does North Wales Health Authority interpret the definitions differently or has the fact that it has entered into five and 10-year contracts been a problem?

[54] **Dafydd Wigley:** Yr wyf, mewn gwirionedd, yn edrych ar y naill a'r llall. Ar y pwynt hwnnw, mae sefyllfa gogledd Cymru yn sefyll allan fel dafad wyllt yn ffigur 6, onid yw? A yw Awdurdod Iechyd Gogledd Cymru yn dehongli'r diffiniadau yn wahanol ynteu a yw'r ffaith ei fod wedi llofnodi contractau pum neu 10 mlynedd wedi bod yn broblem?

Mr Jones: Not as far as I am aware. I think that all local authorities understand the requirement to dispose of surplus property. There have been some instances, particularly in north Wales, where there have been very difficult disposal procedures.

Mr Jones: Ddim hyd y gwn i. Credaf fod yr awdurdodau lleol i gyd yn deall y gofyniad i waredu eiddo dros ben. Cafwyd achosion, yn enwedig yng ngogledd Cymru, lle bu rhai trefniadau gwaredu anodd iawn.

[55] **Dafydd Wigley:** What is happening with properties that have not yet been programmed for disposal, that is, those 12 properties that are referred to in figure 6? Two thirds of them are leased to trusts, a fact highlighted in this report. The situation is not satisfactory.

[55] **Dafydd Wigley:** Beth sy'n digwydd gyda'r adeiladau nad ydynt wedi'u rhaglennu i gael eu gwaredu eto, hynny yw, y 12 eiddo y cyfeirir atynt yn ffigur 6? Caiff dwy ran o dair ohonynt eu prydlesu i ymddiriedolaethau, ffaith a amlygir yn yr adroddiad hwn. Nid yw'r sefyllfa hon yn foddhaol.

[56] **Ann Jones:** I would like to ask why does North Wales Health Authority have difficulty in disposing properties and not the other trusts?

[57] **Dafydd Wigley:** Exactly. That is the point that I was making. Why does the north Wales figure stick out?

Mr Jones: I did not mean to imply that the problem was because it was North Wales Health Authority.

[58] **Dafydd Wigley:** It may be.

Mr Jones: Some problem properties are in north Wales, but it is not because it was North Wales Health Authority.

[59] **Dafydd Wigley:** Do you accept our point that the situation in north Wales seems to be radically different from that in other parts of Wales? I assume that you must have discussed why this is the case and whether there is a justifiable reason for it. What steps are you taking to expedite matters?

Mr Jones: The steps are in the plan.

Ms Lloyd: The situation in north Wales does stand out like a sore thumb, which is why it is on the agenda for our next meeting, or review, with North Wales Health Authority. We must ensure that, where there are surplus properties, they have cogent reasons for getting rid of them quickly, but not to the disbenefit of the service and not at great cost. However, certainly, authorities should not hold on to properties for any longer than is absolutely necessary. That is what we will be discussing with North Wales Health Authority when we meet its representatives at our annual review in, I think, about two to three weeks' time.

[60] **Dafydd Wigley:** I am glad that you will discuss that in two or three weeks' time. However, I hope that you understand that we feel a little dissatisfied that it has taken until now for anything to happen.

[56] **Ann Jones:** Hoffwn ofyn pam fod Awdurdod Iechyd Gogledd Cymru yn cael anhawster i werthu eiddo ond nid yr ymddiriedolaethau eraill?

[57] **Dafydd Wigley:** Yn union. Dyna'r pwynt yr oeddwn i yn ei wneud. Pam fod ffigur gogledd Cymru yn sefyll allan gymaint?

Mr Jones: Nid oeddwn yn bwriadu awgrymu bod y broblem yn bodoli oherwydd mai Awdurdod Iechyd Gogledd Cymru sydd dan sylw.

[58] **Dafydd Wigley:** Efallai mai dyna'r gwir.

Mr Jones: Mae rhai adeiladau yng ngogledd Cymru sy'n peri problemau, ond nid Awdurdod Iechyd Gogledd Cymru yw'r rheswm am hynny.

[59] **Dafydd Wigley:** A ydych yn derbyn ein pwynt fod y sefyllfa yng ngogledd Cymru yn ôl pob tebyg yn dra gwahanol i'r sefyllfa mewn rhannau eraill o Gymru? Tybiaf eich bod o reidrwydd wedi trafod pam fod hynny'n digwydd ac a oes unrhyw reswm haeddiannol am hynny. Pa gamau yr ydych yn eu cymryd i gyflymu pethau?

Mr Jones: Mae'r camau yn y cynllun.

Ms Lloyd: Mae'r sefyllfa yng ngogledd Cymru yn sefyll allan fel dafad wyllt, a dyna pam y mae ar yr agenda ar gyfer ein cyfarfod, neu'n hadolygiad, nesaf gydag Awdurdod Iechyd Gogledd Cymru. Rhaid inni sicrhau, lle bo adeiladau dros ben, fod ganddynt resymau cryf i gael gwared â hwy yn gyflym, ond nid er anfantais i'r gwasanaeth nac am gost fawr. Fodd bynnag, yn sicr, ni ddylai awdurdodau gadw'u gafael ar adeiladau yn hwy nag oes gwir raid. Dyna fyddwn yn ei drafod gydag Awdurdod Iechyd Gogledd Cymru pan fyddwn yn cwrdd â'i gynrychiolwyr yn ein hadolygiad blynyddol ymhen rhyw ddwy neu dair wythnos, yr wyf yn credu.

[60] **Dafydd Wigley:** Yr wyf yn falch y byddwch yn trafod hynny ymhen dwy neu dair wythnos. Fodd bynnag, gobeithiaf eich bod yn deall ein bod braidd yn anfodlon ei bod wedi cymryd tan yn awr i unrhyw beth ddigwydd.

Ms Lloyd: I can understand that, which is why we must redress this quickly and have proper answers to the concerns that you have rightly expressed.

[61] **Dafydd Wigley:** Will you write to us after your meeting in two or three weeks' time to give us more background on that?

Ms Lloyd: Yes, certainly.

[62] **Dafydd Wigley:** If you cannot answer my next question now, perhaps you could answer it too at that time. When do you expect disposal of the residual estate to be completed, given that the properties were identified as no longer required at least seven years ago?

Ms Lloyd: As you rightly point out, I cannot answer that definitively until I have met North Wales Health Authority.

[63] **Dafydd Wigley:** That is very open of you. Perhaps we could get a letter from you on that point, because, clearly, this is a matter of some importance to the Committee.

Ms Lloyd: Yes.

[64] **Dafydd Wigley:** Ann, would you like to come in on that?

[65] **Ann Jones:** Yes, thank you, Chair. To add some weight to the Chair's line of questioning, we expect some serious answers as to why north Wales sticks out like a sore thumb. In your meeting with North Wales Health Authority, Ms Lloyd, we expect you to probe and find the real reasons for that situation.

Ms Lloyd: Yes, certainly, Chair.

[66] **Dafydd Wigley:** Thank you. I am grateful for that, Ann. Val, will you continue the questioning?

Ms Lloyd: Gallaf ddeall hynny, a dyna pam y mae'n rhaid inni unioni hyn yn gyflym a chael atebion dilys i'r pryderon yr ydych wedi eu mynegi yn gwbl briodol.

[61] **Dafydd Wigley:** A wnewch chi ysgrifennu atom ar ôl eich cyfarfod ymhen dwy neu dair wythnos i roi rhagor o gefndir inni am hynny?

Ms Lloyd: Gwnaf, yn sicr.

[62] **Dafydd Wigley:** Os na allwch ateb fy nghwestiwn nesaf yn awr, efallai y gallech ateb hwnnw hefyd bryd hynny. Pa bryd yr ydych yn disgwyl i'r gwaith o waredu'r ystâd weddilliol gael ei gwblhau, o gofio i'r adeiladau gael eu nodi fel rhai nad oedd eu hangen mwyach o leiaf saith mlynedd yn ôl?

Ms Lloyd: Fel y dywedwch yn gwbl gywir, ni allaf ateb hynny yn bendant hyd nes y byddaf wedi cwrdd ag Awdurdod Iechyd Gogledd Cymru.

[63] **Dafydd Wigley:** Yr ydych yn agored iawn. Efallai y gallem gael llythyr oddi wrthych ar y pwynt hwnnw, oherwydd, yn amlwg, mae hwn yn fater o gryn bwys i'r Pwyllgor.

Ms Lloyd: O'r gorau.

[64] **Dafydd Wigley:** Ann, hoffech chi ddod i mewn ar hynny?

[65] **Ann Jones:** Hoffwn, diolch Gadeirydd. I ychwanegu rhywfaint o bwysau i drywydd cwestiynau'r Cadeirydd, yr ydym yn disgwyl atebion difrifol i egluro pam fod gogledd Cymru yn sefyll allan fel dafad wyllt. Yn eich cyfarfod ag Awdurdod Iechyd Gogledd Cymru, Ms Lloyd, disgwyliwn ichi brocio a chanfod y gwir resymau am y sefyllfa honno.

Ms Lloyd: Yn sicr, Gadeirydd.

[66] **Dafydd Wigley:** Diolch. Yr wyf yn ddiolchgar am hynny, Ann. Val, a wnewch chi barhau â'r cwestiynau?

[67] **Val Lloyd:** Yes. Thank you, Chair. From April this year, Welsh Health Estates assumed responsibility for managing the disposal of the residual estate. How well are those arrangements working? I assume that Welsh Health Estates is tackling its responsibilities with vigour. Is it adequately resourced for this role?

Mr Davies: Perhaps I could deal with the second part of the question first. Certainly, we are adequately resourced for the role. We have reorganised certain activities within Welsh Health Estates to free up some general practice surveying time, and we have appointed an additional GP surveyor and an assistant. So we feel that we have sufficient resources to deal initially with the surplus residual estate that has been identified, as well as continuing the work with the residual estate that has not yet been identified as available for disposal, which was the subject of the last question on north Wales. So, yes, I think that we are comfortable that we have sufficient resources to deal with that.

Regarding the first part of your question, it is probably right for Ms Lloyd to deal with that. The Assembly will performance manage Welsh Health Estates on its performance on the disposal of properties. It is really far too early in the process to comment further on that, I think. We have only been doing it for a few months now, but a very rigorous performance management regime will be imposed upon us, which will pick up on some of the issues that were raised in other parts of the National Audit Office report, particularly benchmarking against performance of sales in England. Where I hope that the Assembly will perhaps look at it slightly differently from the NAO is that I hope that it benchmarks us against regions in England that have a more comparable structure to those in Wales. I think that the figures in the report are naturally heavily biased to the incredibly volatile property market in south-east England. I understand that the NAO was not able to dissect that information from the information from England as a whole. We have attempted to deal with our colleagues in England's NHS Estates to get that regional information and to analyse it to see whether we can use that as a basis of performance management for Welsh Health Estates.

[67] **Val Lloyd:** Gwnaf. Diolch, Gadeirydd. O fis Ebrill eleni, ymgymerodd Ystadau Iechyd Cymru â'r cyfrifoldeb am reoli'r gwaith o waredu'r ystâd weddilliol. Pa mor dda y mae'r trefniadau hynny yn gweithio? Rhagdybiaf fod Ystadau Iechyd Cymru yn mynd i'r afael â'i gyfrifoldebau yn egnïol. A oes ganddo adnoddau digonol ar gyfer y rôl hon?

Mr Davies: Efallai y gallwn ddelio ag ail ran y cwestiwn yn gyntaf. Yn sicr, mae gennym adnoddau digonol ar gyfer y rôl. Yr ydym wedi ad-drefnu rhai gweithgareddau o fewn Ystadau Iechyd Cymru er mwyn rhyddhau rhywfaint o amser i arolygu meddygon teulu, ac yr ydym wedi penodi arolygwr meddygon teulu ychwanegol a chynorthwyydd. Felly teimlwn fod gennym adnoddau digonol i ddelio ar y cychwyn â'r ystâd weddilliol dros ben sydd wedi'i nodi, yn ogystal â pharhau â'r gwaith gyda'r ystâd weddilliol na nodwyd eto ei bod ar gael i'w gwaredu, sef testun y cwestiwn diwethaf am ogledd Cymru. Felly, ydwyf, credaf ein bod yn dawel ein meddwl fod gennym adnoddau digonol i ddelio â hynny.

O ran rhan gyntaf eich cwestiwn, mae'n debyg mai Ms Lloyd ddylai ddelio â hynny. Bydd y Cynulliad yn rheoli perfformiad Ystadau Iechyd Cymru o ran gwaredu eiddo. Mae'n llawer rhy gynnar yn y broses i wneud sylwadau pellach am hynny, fe gredaf. Dim ond ers ychydig fisoedd y buom yn gwneud hyn eto, ond byddwn yn ddarostyngedig i gyfundrefn rheoli perfformiad hynod fanwl, a fydd yn edrych ar rai o'r materion a godwyd mewn rhannau eraill o adroddiad y Swyddfa Archwilio Genedlaethol, yn enwedig meincnodi yn erbyn y perfformiad gwerthu yn Lloegr. Yr wyf yn gobeithio y bydd y Cynulliad yn edrych ar hyn fymryn yn wahanol i'r Swyddfa Archwilio Genedlaethol efallai drwy iddo ein meincnodi yn erbyn rhanbarthau o Loegr sydd â strwythur tebycach i strwythurau Cymru. Credaf fod yna yn naturiol ogwydd cryf yn y ffigyrau yn yr adroddiad tuag at y farchnad eiddo hynod gyfnewidiol yn ne ddwyrain Lloegr. Deallaf na lwyddodd y Swyddfa Archwilio Genedlaethol i wahanu'r wybodaeth honno oddi wrth y wybodaeth am Loegr gyfan. Yr ydym wedi ceisio delio â'n cydweithwyr yn Ystadau GIG Lloegr i gael yr wybodaeth ranbarthol honno a'i dadansoddi i weld a allwn ddefnyddio hynny fel sylfaen i reoli perfformiad o fewn Ystadau Iechyd Cymru.

[68] **Val Lloyd:** I appreciate that it is early days, but it has been four months. You must have some indication of how arrangements are proceeding. I know that it is much too early to have full details on that.

Mr Davies: I think that we are proceeding very well. We have made contact with all health authorities and all the trusts that are involved in major sales. I would not say that it is down to Welsh Health Estates' involvement, but it does so happen that a number of very large sales are coming on to the market shortly, but they were always programmed to do that. We have a programme to 2006 to dispose of all the residual properties that have been identified for disposal. We feel very confident that we are able to deliver against that programme.

Ms Lloyd: If I could add to that, I think that the very fact that you have an organisation now in Wales that has a responsibility to the National Assembly for Wales to actually probe the disposal plans increases the importance associated with that function. I think that that in itself is already heightening the awareness of organisations, so that this is being scrutinised seriously and we will be expecting them to make progress where, possibly, progress has been a bit slow in the past. It also give us all a more independent view about the ability of disposals to be effected, because in some parts of Wales it is actually extremely difficult to get rid of some of the properties that might be declared as surplus. I think that Welsh Health Estates will bring more ingenuity and more expertise into looking at alternative packages of disposal than possibly trusts on their own might have been able to do in the past. So just the fact that somebody is asking the questions consistently and constantly to the organisations puts a bit of pressure in the system.

[68] **Val Lloyd:** Sylweddolaf nad yw ond dyddiau cynnar, ond bu'n bedwar mis. Rhaid fod gennych ryw argraff o sut mae'r trefniadau'n mynd rhagddynt. Gwn ei bod yn llawer rhy gynnar i gael manylion llawn ar hynny.

Mr Davies: Credaf fod pethau'n mynd yn dda iawn. Yr ydym wedi cysylltu â phob awdurdod iechyd a phob ymddiriedolaeth sy'n ymwneud â gwerthiannau mawr. Ni fyddwn yn priodoli hyn i gyfraniad Ystadau Iechyd Cymru, ond fel y mae'n digwydd mae nifer o werthiannau mawr iawn yn dod ar y farchnad yn fuan, ond yr oeddynt wedi eu rhaglenni i wneud hynny beth bynnag. Mae gennym raglen hyd at 2006 i waredu'r holl adeiladau gweddilliol y nodwyd eu bod i'w gwaredu. Teimlwn yn hyderus iawn y gallwn gyflawni'r rhaglen honno.

Ms Lloyd: Os caf fi ychwanegu at hynny, credaf fod y ffaith bod gennych bellach gorff yng Nghymru sy'n gyfrifol i Gynulliad Cenedlaethol Cymru am archwilio'r cynlluniau gwaredu yn rhoi mwy o bwysigrwydd i'r swyddogaeth honno. Credaf fod hynny ynddo ei hun eisoes yn cynyddu ymwybyddiaeth cyrff, fel bod craffu o ddifrif ar hyn a byddwn yn disgwyl iddynt wneud cynnydd lle, o bosibl, y bu cynnydd braidd yn araf yn y gorffennol. Mae hefyd yn rhoi darlun mwy annibynnol i bawb ohonom o pa mor bosibl ydyw i waredu adeiladau, oherwydd mewn rhai rhannau o Gymru mae'n hynod anodd cael gwared â rhai o'r adeiladau y gellid datgan nad oes eu hangen mwyach. Credaf y bydd Ystadau Iechyd Cymru yn dod â mwy o ddyfeisgarwch ac arbenigedd i'r broses o edrych ar becynnau gwaredu amgen nag y byddai ymddiriedolaethau ar eu pen eu hunain wedi gallu ei wneud yn y gorffennol efallai. Felly mae'r ffaith bod rhywun yn holi'r cyrff yn gyson ac yn barhaus ynddi ei hun yn cyflwyno ychydig o bwysau i mewn i'r system.

[69] **Val Lloyd:** I am sure that you are right. I think that you might have partially answered my next question when you replied to Ann's questions earlier, so I will run these two questions together. They are basically on matters arising from your abolition of health authorities and the transfer to local health boards. What support will you give emerging local health boards to help them deal with their quite new responsibilities as property holders?

Ms Lloyd: I have set up a working group that has just provided me with a draft report on the whole issue of transitional arrangements and what support, therefore, we are going to need to give to local health boards. As you will have seen from some of the papers in the Health and Social Services Committee, the issue of ensuring that there is adequate support for these organisations is absolutely vital. The property holdings of local health boards will not be large, because, basically, they will have their headquarters, which may or may not be leased, but the vast majority of property that they have to deal with is owned by the independent contractors. So they do not have major property issues to deal with yet. Nevertheless, we must ensure, and Welsh Health Estates will help with this, that they are aware of the requirements of property holding and all the things outlined in this report. We must also ensure that they have consistent training and education, alongside the trusts, in managing the estate effectively, and that they do not regard it as a separate asset from the rest of the assets for which they have responsibility. It is an asset that will absorb resources and they have to ensure that it is used well. Therefore, the transitional working group's report is helpful. I have read it in its draft form. It will go back to my steering group on local health boards' development and partnership at its next meeting at the beginning of August for sign-off and then for circulation as part of the organisational development programme for the newly appointed local health board chairs and chief executives.

[69] **Val Lloyd:** Yr wyf yn siwr eich bod yn iawn. Credaf eich bod efallai wedi ateb fy nghwestiwn nesaf yn rhannol pan ateboch gwestiynau Ann yn gynharach, felly gofynnaf y ddau gwestiwn hwn gyda'i gilydd. Maent yn ymwneud yn y bon â materion sy'n deillio o ddileu'r awdurdodau iechyd a'r trosglwyddo i fyrddau iechyd lleol. Pa gymorth fyddwch chi'n ei roi i'r byrddau iechyd lleol newydd i'w helpu i ddelio â'u cyfrifoldeb pur newydd fel dalwyr eiddo?

Ms Lloyd: Yr wyf wedi sefydlu gweithgor sydd newydd ddarparu adroddiad drafft imi ar holl fater y trefniadau trosiannol a pha gymorth, felly, y bydd angen inni ei roi i'r byrddau iechyd lleol. Fel y byddwch wedi gweld o rai o'r papurau yn y Pwyllgor Iechyd a Gwasanaethau Cymdeithasol, mae sicrhau bod cymorth digonol i'r cyrff hyn yn gwbl hanfodol. Ni fydd daliadau eiddo'r byrddau iechyd lleol yn fawr, oherwydd, yn ei hanfod, bydd ganddynt eu pencadlys, a allai fod wedi ei brydlesu neu fel arall, ond mae mwyafrif helaeth yr adeiladau y mae'n rhaid iddynt ddelio â nhw yn eiddo i gontractwyr annibynnol. Felly nid oes ganddynt faterion eiddo mawr i ddelio â nhw. Serch hynny, rhaid inni sicrhau, a bydd Ystadau Iechyd Cymru yn helpu gyda hyn, eu bod yn ymwybodol o'r gofynion wrth ddal eiddo a'r holl bethau a amlinellir yn yr adroddiad hwn. Rhaid inni sicrhau hefyd eu bod yn cael hyfforddiant ac addysg cyson, ochr yn ochr â'r ymddiriedolaethau, ar reoli'r ystâd yn effeithiol, ac nad ydynt yn ei hystyried yn ased ar wahân i weddill yr asedau y maent yn gyfrifol amdanynt. Mae'n ased a fydd yn mynd ag adnoddau a rhaid iddynt sicrhau ei fod yn cael ei ddefnyddio'n dda. Felly, mae adroddiad y gweithgor trosiannol yn fuddiol. Yr wyf wedi ei ddarllen yn ei ffurf ddrafft. Bydd yn mynd yn ôl i'm grwp llywio ar ddatblygu byrddau iechyd lleol a phartneriaethau yn ei gyfarfod nesaf ddechrau Awst i'w lofnodi'n derfynol ac yna i'w gylchredeg fel rhan o'r rhaglen ddatblygu sefydliadol i gadeiryddion a phrif weithredwyr y byrddau iechyd lleol sydd newydd eu penodi.

[70] **Val Lloyd:** Thank you. I will concentrate my next question on paragraph 3.13. NHS-wide guidance advises trusts that they should only hold property that is essential to provide services. Consequently, there should be an ongoing programme to identify which property is essential and which is not. How do you ensure that trusts carry out this role?

[70] **Val Lloyd:** Diolch. Bydd fy nghwestiwn nesaf yn canolbwyntio ar baragraff 3.13. Mae canllawiau i'r GIG yn ei gyfanrwydd yn cynghori ymddiriedolaethau na ddylent ddal ond eiddo sy'n hanfodol er mwyn darparu gwasanaethau. O ganlyniad, dylai fod rhaglen barhaus i nodi pa eiddo sy'n hanfodol a pha eiddo nad yw'n hanfodol. Sut ydych chi'n sicrhau bod yr ymddiriedolaethau yn cyflawni'n rôl hon?

Ms Lloyd: That again will be swept up by, not only support from Welsh Health Estates in the new unit that has been established, but through the scrutiny of the trusts and their performance in respect of all resources that have been allocated to them to provide care. That will form part of this continuous improvement performance management framework that we have now instituted to ensure that this part of the trusts' asset management is undertaken with as great care as the rest of their resource allocation scrutiny. It will be wrapped up in there. I do not want it to be seen as separate.

Ms Lloyd: Bydd hynny eto yn cael ei gwmpasu, nid yn unig drwy gymorth oddi wrth Ystadau Iechyd Cymru yn yr uned newydd a sefydlwyd, ond drwy graffu ar yr ymddiriedolaethau a'u perfformiad yng nghyswllt yr holl adnoddau a ddyrannwyd iddynt er mwyn darparu gofal. Bydd hynny'n rhan o'r fframwaith rheoli perfformiad hwn i hybu gwelliant parhaus sydd wedi ei sefydlu gennym yn awr i sicrhau yr ymdrinnir â'r rhan hon o waith rheoli asedau yr ymddiriedolaethau gyda'r un gofal trylwyr ag y manylir ar weddill eu dyraniad adnoddau. Bydd wedi ei ymgorffori yn hynny. Nid wyf am iddo gael ei weld fel rhywbeth ar wahân.

[71] **Dafydd Wigley:** Eleanor, will you ask the next questions?

[71] **Dafydd Wigley:** Eleanor, a wnewch chi ofyn y cwestiynau nesaf?

[72] **Eleanor Burnham:** Diolch, Cadeirydd. You have probably already answered this question, Ms Lloyd. It refers to paragraphs 3.19 to 3.21, which consider the further scope for identifying surplus properties. Paragraph 3.21 estimates that property with a potential market value of about £30 million could be made available for further disposal through further rationalisation of under-used and unsuitable premises. How do you plan to encourage the NHS trusts to seek to realise such additional one-off capital receipts, particularly bearing in mind that there is local sensitivity and resistance to certain closures in some communities? I am thinking, to be parochial, Chair, about the discussions on the refurbishment of Penley Hospital near Wrexham. That was highlighted in the local media and caused a furore. I am sure that you have all the answers.

[72] **Eleanor Burnham:** Diolch, Gadeirydd. Mwy na thebyg eich bod eisoes wedi ateb y cwestiwn hwn, Ms Lloyd. Mae'n cyfeirio at baragraffau 3.19 i 3.21, sy'n ystyried pa bosibiliadau pellach sydd yna i restru eiddo dros ben. Mae paragraff 3.21 yn amcangyfrif y gellid rhyddhau eiddo gyda gwerth posibl ar y farchnad o oddeutu £30 miliwn i'w waredu ymhellach drwy resymoli adeiladau anaddas, ac adeiladau nad ydynt yn cael eu defnyddio i'w heithaf, ymhellach. Sut ydych chi'n bwriadu annog ymddiriedolaethau'r GIG i geisio sicrhau derbyniadau cyfalaf untro ychwanegol o'r fath, o gofio'n arbennig fod sensitifrwydd yn lleol a gwrthwynebiad i gau rhai cyfleusterau mewn rhai cymunedau? Yr wyf yn meddwl, i fod yn blwyfol, Gadeirydd, am y trafodaethau am adnewyddu Ysbyty Llannerch Banna ger Wrecsam. Tynnwyd sylw at hyn yn y cyfryngau lleol ac achosodd helynt ofnadwy. Yr wyf yn siwr fod yr atebion i gyd gennych.

Ms Lloyd: I do not know if I have all the solutions. However, I understand the scenario that you describe very well; it is the natural reaction of a local population when it thinks that its dearly loved hospital building will disappear, and when it considers what will be in its place. I think that we must do two things. First, we must encourage organisations that are considering modernising how healthcare is provided to very clearly explain exactly what this will feel like to the local population. What will the service be like for them? How will they access it? We must try to get away from the concept that the building represents healthcare. It is the service that represents healthcare. Until, and unless, we are able to describe what this service will feel like for the local population, then there will always be a nervousness among the local population about getting rid of a building and what happens then. So we must ensure that that is much more clearly stated than it might have been in the past. I am not criticising what happened in the past because I am unaware of how this has been—

Ms Lloyd: Ni wn a yw'r atebion i gyd gennyf. Fodd bynnag, deallaf y senario yr ydych yn ei ddisgrifio yn dda iawn; dyna ymateb naturiol poblogaeth leol pan fo'n credu y bydd adeilad annwyl ei hysbyty yn diflannu, ac wrth iddi ystyried yr hyn a fydd yn ei ddisodli. Credaf fod yn rhaid inni wneud dau beth. Yn gyntaf, rhaid inni annog cyrff sy'n ystyried moderneiddio'r modd y darperir gofal iechyd i esbonio'n glir iawn wrth y boblogaeth leol sut bydd hyn yn teimlo. Sut wasanaeth fydd ar gael iddynt hwy? Sut byddant yn cyrchu ato? Rhaid inni geisio symud oddi wrth y cysyniad mai'r adeilad sy'n cynrychioli gofal iechyd. Y gwasanaeth sy'n cynrychioli gofal iechyd. Hyd nes, ac oni bai, ein bod yn gallu disgrifio sut bydd y gwasanaeth hwn yn teimlo i'r boblogaeth leol, bydd nerfusrwydd ymysg y boblogaeth leol bob amser ynglyn â chael gwared ag adeilad a'r hyn sy'n digwydd wedyn. Felly rhaid inni sicrhau ei fod yn cael ei ddatgan yn llawer cliriach nag a wnaethpwyd yn y gorffennol efallai. Nid beirniadu'r hyn a ddigwyddodd yn y gorffennol a wnaf oherwydd ni wn sut y cafodd—

[73] **Eleanor Burnham:** I was not criticising North East Wales NHS Trust either, just in case I get hammered for that.

[73] **Eleanor Burnham:** Nid oeddwn innau ychwaith yn beirniadu Ymddiriedolaeth GIG Gogledd Ddwyrain Cymru, rhag ofn imi gael fy nghroeshoelio am hynny.

Ms Lloyd: No. I am sure you were not. I am not doing it either. It is just that we must be very clear because many of these properties are dearly loved. It is also extremely difficult for staff to provide modern care from them, and access for patients is not always easy. This will all be wrapped up. Any scope for rationalisation will be wrapped up in terms of the five-year forward look at what service improvements we will effect. The renewal teams that will be developed with each of the regional directors will help the organisations and their patient participation groups to consider how the service will look in the future and how it might be provided. As part of that, whether there is scope for the rationalisation of these premises and how suitable are the premises for adaptation to a more modern service, will drop out. That is how we will be monitoring this, asking the question, 'Is this the best use we can make of our resources for people?'

Ms Lloyd: Na. Yr wyf yn siwr nad oeddech. Nid wyf innau'n gwneud hynny ychwaith. Ond rhaid inni fod yn glir iawn oherwydd mae llawer o'r adeiladau hyn yn annwyl iawn i bobl. Mae hefyd yn hynod anodd i staff ddarparu gofal modern ohonynt, ac nid yw mynediad bob amser yn hwylus i gleifion. Caiff hyn oll ei gwmpasu. Caiff unrhyw bosibiliadau rhesymoli eu cwmpasu yn y rhagolwg pum mlynedd o'r gwelliannau y byddwn yn eu gwneud i'r gwasanaeth. Bydd y timau adnewyddu a ddatblygir gyda phob un o'r cyfarwyddwyr rhanbarthol yn helpu'r cyrff a'u grwpiau cyfranogiad cleifion i ystyried sut bydd y gwasanaeth yn edrych i'r dyfodol a sut y gellir ei ddarparu. Fel rhan o hynny, bydd pa un a yw'n bosibl rhesymoli'r adeiladau hyn ai peidio a pha mor addas yw'r adeiladau i gael eu haddasu ar gyfer gwasanaeth mwy modern yn dod yn amlwg. Dyna sut y byddwn yn monitro hyn, gan ofyn y cwestiwn, 'Ai dyma'r defnydd gorau y gallwn ei wneud o'n hadnoddau ar gyfer pobl?'

[74] **Eleanor Burnham:** I am sure that you will agree with me that these are tricky questions in rural areas because, as you say, people are used to having a place to go to as opposed to the delivery of the service.

[74] **Eleanor Burnham:** Yr wyf yn siwr y byddwch yn cytuno â mi fod y rhain yn gwestiynau anodd mewn ardaloedd gwledig oherwydd, fel a ddywedoch, mae pobl wedi arfer cael lle i fynd iddo yn hytrach na bod gwasanaeth yn cael ei gyflwyno.

Mr Davies: May I put the £30 million in some sort of context for the Committee? The open market value of the whole NHS estate is about £270 million. There is no market for health services as there is for hotel services or other commodities that are provided on a commercial basis. Therefore, you tend to sell it for another use and that is why the open market value designation is required. The sum of £270 million covers everything. The residual estate is about £50 million, which we know we should seek to dispose of in due course—albeit with problems. Trusts have identified about £30 million worth of non-essential property in the future. We have the major district general hospital network and new community hospitals, which will almost certainly remain. They are worth about £70 million at the open market value. So, if you take those away from £270 million, you are talking about an estate from which you can extract this £30 million which is valued at about £120 million. That £120 million is made up, to a large extent, of buildings valued at less than £100,000—health centres, ambulance stations and clinics. There are no big ticket items that you can extract to recover a lot of capital from sales. To put it into context therefore, to deliver an additional £30 million of sales over and above what has been identified, is something, I think, to which we should aspire, but the practical difficulties of delivering perhaps 120 closures of much smaller premises should not be underestimated. This is a very serious and huge problem.

Mr Davies: A gaf fi roi'r £30 miliwn mewn rhyw fath o gyd-destun i'r Pwyllgor? Tua £270 miliwn yw gwerth holl ystâd y GIG ar y farchnad agored. Nid oes marchnad ar gyfer gwasanaethau iechyd fel ar gyfer gwasanaethau gwesty neu nwyddau eraill a ddarperir ar sail fasnachol. Felly, yr ydych yn tueddu i'w werthu at ddefnydd arall a dyna pam y mae'r dynodiad gwerth ar y farchnad agored yn ofynnol. Mae'r swm o £270 miliwn yn cynnwys popeth. Mae'r ystâd weddilliol oddeutu £50 miliwn, a gwyddom y dylem geisio ei gwaredu maes o law—er y gwneir hynny gyda phroblemau. Mae'r ymddiriedolaethau wedi nodi gwerth oddeutu £30 miliwn o eiddo na fydd yn hanfodol yn y dyfodol. Mae gennym y rhwydwaith o ysbytai cyffredinol mawr ac ysbytai cymunedol newydd, sydd yn sicr bron o barhau. Maent yn werth oddeutu £70 miliwn ar y farchnad agored. Felly, os tynnwch chi'r rheini o'r £270 miliwn, yr ydych yn sôn am ystâd y gallwch dynnu'r £30 miliwn hwn ohoni sydd wedi ei phrisio ar oddeutu £120 miliwn. Mae'r £120 miliwn yn cynnwys, i raddau helaeth, adeiladau a brisiwyd ar lai na £100,000—canolfannau iechyd, gorsafoedd ambiwlans a chlinigau. Nid oes unrhyw eitemau drudfawr y gallwch eu tynnu allan er mwyn adennill llawer iawn o gyfalaf drwy werthu. I roi hyn yn ei gyd-destun, felly, mae gwireddu gwerthiannau gwerth £30 miliwn ychwanegol uwchlaw'r hyn sydd wedi ei restru yn rhywbeth, yr wyf yn credu, y dylem ymgyrraedd ato, ond ni ddylid diystyru anawsterau ymarferol llwyddo i gau 120 efallai o adeiladau llawer llai. Mae hon yn broblem ddifrifol ac enfawr.

[75] **Dafydd Wigley:** We have noted that. Janet, you wanted to come in on this.

[75] **Dafydd Wigley:** Yr ydym wedi nodi hynny. Janet, yr oeddech am ddod i mewn ar hyn.

[76] **Janet Davies:** Yes. Thank you, Chair. It arises from Eleanor's question about persuading local people of the need for movement and your answer to that, Ms Lloyd. This is a very direct question. Do you think that it is possible to persuade local people of the value of transferring what are perceived to be good quality services from a surplus building to another where similar services are perceived to be failing?

Ms Lloyd: I am not awfully sure, I am afraid, that I understand the question.

[77] **Janet Davies:** I will not repeat the question. I have one particular place in mind, but I do not think that it is appropriate to raise the issue of that place here.

Ms Lloyd: I think that all I can say is that, in any public consultation on the change of use of buildings or the reconfiguration of services or an outline of the way in which the service might be delivered in the future, the public will quite rightly have its say about how appropriate the proposals will be. We will also scrutinise the results of those public consultations and the proposals put forward in terms of ascertaining whether they meet the requirements and needs of the population for the future. So, I think that we must balance this, if I understand your question—and I might not.

[78] **Janet Davies:** The question is, if a hospital is providing a particular type of service, for example, physiotherapy, and another hospital close by, which is seen as providing very good quality physiotherapy, is being closed down, whereas at the proposed location the local population is not happy with the service provided, how on earth can you persuade local people that this is a good thing to do? They would then be worried about losing what they see as a good quality service.

[76] **Janet Davies:** Oeddwn. Diolch, Gadeirydd. Mae'n codi o gwestiwn Eleanor am berswadio pobl leol am yr angen i symud a'ch ateb i hynny, Ms Lloyd. Mae hwn yn gwestiwn uniongyrchol iawn. A ydych yn credu ei bod yn bosibl perswadio pobl leol o werth trosglwyddo'r hyn sy'n cael eu hystyried yn wasanaethau o ansawdd dda o un adeilad nad oes ei angen mwyach i adeilad arall lle y credir bod y gwasanaethau yn methu?

Ms Lloyd: Nid wyf yn gwbl siwr, mae arnaf ofn, fy mod yn deall y cwestiwn.

[77] **Janet Davies:** Nid wyf am ailadrodd y cwestiwn. Mae gennyf un lle arbennig mewn golwg, ond ni thybiaf ei bod yn briodol codi cwestiwn ynglyn â'r lle hwnnw yma.

Ms Lloyd: Credaf mai'r unig beth y gallaf ei ddweud yw, mewn unrhyw ymgynghoriad cyhoeddus ynglyn â newid defnydd adeiladau neu ad-drefnu gwasanaethau neu amlinellu sut y gallai'r gwasanaeth gael ei gyflenwi yn y dyfodol, y bydd y cyhoedd yn gwbl briodol yn cael lleisio barn ynglyn â pha mor briodol yw'r cynigion. Byddwn hefyd yn craffu'n fanwl ar ffrwyth yr ymgynghoriadau cyhoeddus hynny a'r cynigion a roddir gerbron i ganfod a ydynt yn ateb gofynion ac anghenion y boblogaeth ar gyfer y dyfodol. Felly, credaf fod yn rhaid inni bwyso a mesur hyn, os wyf yn deall eich cwestiwn—ac efallai nad ydwyf.

[78] **Janet Davies:** Y cwestiwn yw, os yw ysbyty yn darparu math arbennig o wasanaeth, er enghraifft, ffisiotherapi, a bod ysbyty arall wrth law, y bernir ei fod yn darparu ffisiotherapi da iawn, yn cael ei gau, tra nad yw'r boblogaeth leol yn hapus â'r gwasanaeth a ddarperir yn y lleoliad arfaethedig, sut ar wyneb daear mae perswadio pobl leol fod hyn yn beth da i'w wneud? Byddent yn poeni am golli'r hyn sydd yn eu barn hwy yn wasanaeth o ansawdd uchel.

Ms Lloyd: I think that that is why, if you are moving services or changing services in that way or bringing services together, you must be very clear about the quality standards that the population can expect, which will include access to service, timeliness of service and good quality outcome. You have to ensure that the service is able to deliver those. It is never very easy to convince a doubting population of anything they really do not want to be convinced of. However, I think that we would have to be very clear about what this quality of service was going to be—irrespective of who provided it or where it was provided—to ensure that access and quality of outcome would be maintained. That is the test that would be applied.

Ms Lloyd: Credaf mai dyna pam, os ydych yn symud gwasanaethau neu'n newid gwasanaethau fel hynny neu'n dod â gwasanaethau ynghyd, fod yn rhaid bod yn glir iawn ynglyn â'r safonau ansawdd y gall y boblogaeth eu disgwyl, a bydd hynny'n cynnwys mynediad at y gwasanaeth, pa mor amserol fydd y gwasanaeth a chanlyniadau o ansawdd dda. Rhaid ichi sicrhau bod y gwasanaeth yn gallu cyflawni hynny. Nid yw byth yn hawdd iawn argyhoeddi poblogaeth amheus o rywbeth nad yw am gael ei hargyhoeddi ohono mewn gwirionedd. Fodd bynnag, credaf y byddai'n rhaid inni fod yn glir iawn ynglyn ag ansawdd y gwasanaeth sydd i'w ddarparu—waeth pwy sy'n ei ddarparu neu ymhle y caiff ei ddarparu—i sicrhau y byddai mynediad ac ansawdd y canlyniadau yn cael eu cynnal. Dyna'r prawf fyddai'n cael ei ddefnyddio.

[79] **Dafydd Wigley:** Thank you. Alison, do you have some questions?

[79] **Dafydd Wigley:** Diolch. Alison, oes gennych chi gwestiynau?

[80] **Alison Halford:** Thank you, Chair. I have just two main questions, director; we are questioning you almost as often as we question Jon Shortridge. [*Laughter.*]

[80] **Alison Halford:** Diolch, Gadeirydd. Dim ond dau brif gwestiwn sydd gennyf, gyfarwyddwr; yr ydym yn eich holi chi bron cyn amled ag yr ydym yn holi Jon Shortridge. [*Chwerthin.*]

[81] **Dafydd Wigley:** But more gently.

[81] **Dafydd Wigley:** Ond yn fwy hynaws.

[82] **Alison Halford:** I am looking at paragraphs 3.22 to 3.28, which mention the incentives to trusts to encourage them to keep their property holdings to a minimum, such as capital charges and an increase in the amount that trusts can keep from sale proceeds. How much of an effect do you think that this will have in encouraging trusts to declare non-essential property as surplus? Following from that, what effect do you expect that the recent increases in the amount of sale proceeds that can be retained by trusts will have on their actions?

[82] **Alison Halford:** Yr wyf yn edrych ar baragraffau 3.22 i 3.28, sy'n sôn am gymhellion i ymddiriedolaethau i'w hannog i gadw eu daliadau eiddo mor fach â phosibl, megis taliadau cyfalaf a chynnydd yn y swm y gall ymddiriedolaethau ei gadw o dderbyniadau gwerthiant. Faint o effaith dybiwch chi gaiff hyn o ran annog ymddiriedolaethau i ddatgan bod eiddo nad yw'n hanfodol yn eiddo dros ben? Yn dilyn o hynny, pa effaith a ddisgwyliwch chi i'r cynnydd diweddar yn y swm y gall ymddiriedolaethau ei gadw o dderbyniadau gwerthiannau ei chael ar y modd y maent yn gweithredu?

Ms Lloyd: I think that the reason I do not want estates and premises to be regarded as different from any other asset is because they are absorbing resources. If they are empty, they are still absorbing resources that might usefully be redesignated for more practical patient care. That is why we will be scrutinising these organisations fairly rigorously on their management of the estate in the future.

Capital charges, I think, did bite when they were first introduced. You had to think very carefully about the use made of properties when you knew that you were going to be paying 6 per cent and all sorts of things on it. It also became part of the equation for looking at the renewal of the estate, because your capital charges all went up; you had to be able to fund that yourself or in partnership with the health authority. I think that there has always been an incentive to look very, very critically at the estate. However, I think that we all got a bit used to that. Often, the capital charge was just regarded as a given. Therefore, trusts had to be further incentivised, I think, to say, 'Well, what is it that we can advise our boards that the population will benefit from getting rid of this property surplus? These are the capital receipts that we will receive as a consequence, and this is what happens to it in the capital programme, and this is what happens to it when it comes back to us.' I think that it just makes it all a little bit more transparent, particularly with the renewal of the capital programme—they can see precisely where the receipts would go, they would receive part of it, and they have spoken positively about it. However, I think that the critical thing is that the estate should not be regarded any differently from any other resource. It is absorbing resources, we are having to pay charges on it and, of course, even if properties are empty, we have maintenance and security costs.

[83] **Dafydd Wigley:** May I just ask a question spinning off from that? Does the capital charging scheme militate in favour of keeping older buildings rather than new ones?

Ms Lloyd: Credaf mai'r rheswm pam nad oeddwn am i ystadau ac eiddo gael eu hystyried yn wahanol i unrhyw ased arall oedd am eu bod yn mynd ag adnoddau. Os ydynt yn wag, maent yn dal i fynd ag adnoddau y gellid yn fuddiol eu hailddynodi ar gyfer gofal mwy ymarferol i gleifion. Dyna pam y byddwn yn craffu'n bur fanwl ar sut y mae'r cyrff hyn yn rheoli eu hystâd yn y dyfodol.

Credaf fod taliadau cyfalaf wedi gadael eu hôl pan gyflwynwyd hwy gyntaf. Yr oedd yn rhaid ichi feddwl yn ofalus iawn am y defnydd a wneid o eiddo o wybod y byddai'n rhaid ichi dalu 6 y cant a phob mathau o bethau arno. Hefyd, daeth yn rhan o'r hafaliad wrth ystyried adnewyddu'r ystâd, oherwydd yr oedd eich taliadau cyfalaf i gyd yn cynyddu; roedd yn rhaid ichi allu cyllido hynny eich hun neu mewn partneriaeth â'r awdurdod iechyd. Credaf fod cymhelliad wedi bod erioed i edrych yn feirniadol iawn, iawn ar yr ystâd. Fodd bynnag, credaf inni i gyd gyfarwyddo braidd â hynny. Yn aml, câi'r tâl cyfalaf ei dderbyn yn ddi-gwestiwn. Felly, credaf yr oedd angen cymhelliad pellach ar yr ymddiriedolaethau i ddweud, 'Wel, beth allwn ni ei ddweud wrth ein byrddau fydd y manteision i'r boblogaeth o gael gwared â'r eiddo hwn nad oes ei angen? Dyma'r derbyniadau cyfalaf y byddwn yn eu derbyn o ganlyniad, a dyma sy'n digwydd iddo yn y rhaglen gyfalaf, a dyma sy'n digwydd iddo pan ddaw'n ôl i ni.' Credaf ei fod yn gwneud popeth ychydig bach yn fwy tryloyw, yn enwedig yn sgîl adnewyddu'r rhaglen gyfalaf—gallant weld i ble yn union y byddai'r derbyniadau yn mynd, byddent yn derbyn rhan ohonynt, ac maent wedi siarad yn gadarnhaol amdano. Fodd bynnag, credaf mai'r peth hollbwysig yw na ddylai'r ystâd gael ei hystyried yn wahanol i unrhyw adnodd arall. Mae'n mynd ag adnoddau, rhaid inni dalu taliadau arni ac, wrth gwrs, hyd yn oed os yw adeiladau'n wag, mae gennym gostau cynnal a chadw a diogelwch.

[83] **Dafydd Wigley:** A gaf fi ofyn cwestiwn yn deillio o hynny? A yw'r cynllun taliadau cyfalaf yn milwrio o blaid cadw adeiladau hn yn hytrach na rhai newydd?

Ms Lloyd: Well, it can do, because, mostly, they are discounted for their actual value by then, and most new buildings will accrue a capital charge. However, you have to offset that in terms of gained benefit for patients. That is part of how trusts go through the thinking of whether they can afford to replace their property. When property gets beyond its proper life, as you know, it starts to accrue really serious maintenance costs, and really big difficulties in terms of its management. I think that a greater problem would be that, if you have moved from things like Nightingale wards to more modern accommodation, the additional revenue costs of that transfer is a bit more significant than a capital charge increase. However, they all have to be borne in mind.

Ms Lloyd: Wel, gall wneud hynny, oherwydd, gan mwyaf, rhoddir disgownt yn eu herbyn am eu gwerth gwirioneddol erbyn hynny, a bydd tâl cyfalaf ynghlwm wrth y rhan fwyaf o adeiladau newydd. Fodd bynnag, rhaid gosod y budd a geir i gleifion yn erbyn hynny. Dyna yn rhannol sut mae ymddiriedolaethau yn mynd drwy'r broses o feddwl a allant fforddio adeiladau newydd ai peidio. Pan fo adeilad yn hn na'i briod oes, fel y gwyddoch, mae'n dechrau achosi costau cynnal a chadw gwirioneddol ddifrifol, ac anawsterau gwirioneddol fawr o ran ei reoli. Credaf y byddai'n fwy o broblem, os ydych wedi symud o bethau megis wardiau Nightingale i le mwy modern, pe bai costau refeniw ychwanegol y trosglwyddiad yn fwy nag a fyddai'r cynnydd mewn tâl cyfalaf. Fodd bynnag, rhaid cadw hyn oll mewn cof.

[84] **Dafydd Wigley:** Thank you; Alison, I am sorry for interrupting you.

[84] **Dafydd Wigley:** Diolch; Alison, mae'n ddrwg gennyf dorri ar eich traws.

[85] **Alison Halford:** The next part of the question is: what problems are there in increasing the amount of money being retained by individual trusts—for example, depriving NHS capital programmes of funds for distribution across Wales as a whole or on strategic corporate priorities? What are the problems of increasing the amount of money they can hold?

[85] **Alison Halford:** Rhan nesaf y cwestiwn yw beth yw'r problemau rhag cynyddu'r swm o arian a gedwir gan ymddiriedolaethau unigol—er enghraifft, amddifadu rhaglenni cyfalaf y GIG o arian i'w ddosbarthu ar draws Cymru gyfan neu ar flaenoriaethau corfforaethol strategol? Beth yw'r problemau o ran cynyddu'r swm o arian y cânt hwy ei ddal?

Ms Lloyd: I do not think that there are any problems in increasing it—I think that it is a balance. Now that we have started to get a more proper understanding of the discretionary use of capital by trusts, it is time to have that discussion because we now have the capacity to manage the whole of the capital renewal together.

Ms Lloyd: Ni chredaf fod unrhyw broblemau rhag ei gynyddu—credaf mai mater o gydbwysedd yw. A minnau erbyn hyn wedi dechrau dod i ddeall defnydd dewisol yr ymddiriedolaethau o gyfalaf yn well, mae'n bryd cael y drafodaeth honno oherwydd erbyn hyn mae'r gallu gennym i reoli'r holl waith adnewyddu cyfalaf gyda'i gilydd.

[86] **Alison Halford:** My last question concerns paragraph 3.17, and the factors cited by trusts as affecting the identification and scheduling of surplus property for disposal. One of these incentive arrangements has already been addressed, but what can the NHS Wales department do to help with the other two factors, namely, delays with public consultation and limited staff resources within trust estate departments?

[86] **Alison Halford:** Mae a wnelo fy nghwestiwn olaf â pharagraff 3.17, a'r ffactorau a ddyfynnwyd gan ymddiriedolaethau fel ffactorau sy'n effeithio ar nodi a rhestru eiddo dros ben i'w waredu. Rhoddwyd sylw eisoes i un o'r trefniadau anogaeth, ond beth all adran y GIG yng Nghymru ei wneud i helpu gyda'r ddau ffactor arall, sef, oedi gydag ymgynghoriadau cyhoeddus ac adnoddau staff cyfyngedig o fewn adrannau ystadau ymddiriedolaethau?

Ms Lloyd: If I can take the latter first, Welsh Health Estates is certainly helping to resolve some of those latter problems. I think that working with the new regional offices will also assist that whole process of managing the estate more effectively.

In terms of public consultation, I think that the advice and support that we could provide, that might assist with that process, is to make sure that it is very plain and clear that the proposals for change of use, or change of service delivery, are properly worked up by the organisations in consultation at the beginning, before you get to a formal process, with the local population and their patient representatives, so that we encourage trusts to start planning their future strategies and really involving the public from day 1, before the formal process of public consultation. We also need to encourage them to be very clear from a patient point of view about what this service is going to look like, how care can be accessed, and what the outcome of the care that you can expect to receive will be. Issues like that should be addressed early, before you reach a formal stage.

[87] **Alison Halford:** This is my final question. If North Wales Health Authority had been slicker in removing its surplus property from the register, would a new hospital have been built in Holywell by now? We have waited for 28 years and we are still waiting. [*Laughter.*]

[88] **Dafydd Wigley:** You have made your point, Alison. You may or may not want to respond to that point, Ms Lloyd.

Ms Lloyd: Then I will decline to answer that. [*Laughter.*]

[89] **Dafydd Wigley:** Val, you have some questions.

Ms Lloyd: Os caf ymdrin â’r olaf yn gyntaf, mae Ystadau Iechyd Cymru yn sicr yn helpu i ddatrys rhai o’r problemau olaf hynny. Credaf y bydd gweithio gyda’r swyddfeydd rhanbarthol newydd hefyd yn gymorth i’r holl broses honno o reoli’r ystâd yn fwy effeithiol.

O ran ymgynghori â’r cyhoedd, credaf mai’r cyngor a’r cymorth y gallem ei ddarparu, a allai gynorthwyo gyda’r broses honno, yw gwneud yn siwr fod y cynigion newid defnydd, neu newid y dull o gyflenwi’r gwasanaeth, wedi eu paratoi’n drylwyr gan y cyrff mewn ymgynghoriad ar y dechrau, cyn cyrraedd proses ymgynghori ffurfiol, gyda’r boblogaeth leol a chynrychiolwyr y cleifion, fel ein bod yn annog ymddiriedolaethau i ddechrau cynllunio eu strategaethau ar gyfer y dyfodol a rhoi llais gwirioneddol i’r cyhoedd o’r diwrnod cyntaf, cyn y broses ffurfiol o ymgynghori â’r cyhoedd. Mae angen hefyd inni eu hannog i fod yn gliriach o safbwynt cleifion ynglyn â pha fath o wasanaeth a geir, sut y gellir cyrchu at ofal, a beth fydd canlyniad y gofal yr ydych yn disgwyl ei dderbyn. Dylid rhoi sylw i faterion felly yn gynnar, cyn ichi gyrraedd y cam ffurfiol.

[87] **Alison Halford:** Dyma fy nghwestiwn olaf. Pe bai Awdurdod Iechyd Gogledd Cymru wedi llwyddo’n well i gael gwared â’i adeiladau diangen oddi ar y gofrestr, a fyddai ysbyty newydd wedi cael ei godi yn Nhreffynnon erbyn hyn. Yr ydym wedi disgwyl 28 mlynedd ac yr ydym yn dal i ddisgwyl. [*Chwerthin.*]

[88] **Dafydd Wigley:** Yr ydych wedi gwneud eich pwynt, Alison. Efallai y byddwch am ymateb i’r pwynt hwnnw, Ms Lloyd, neu efallai ddim.

Ms Lloyd: Os felly, ni roddaf ateb i hynny. [*Chwerthin.*]

[89] **Dafydd Wigley:** Val, mae gennych gwestiynau.

[90] **Val Lloyd:** The answers given to questions from Eleanor and Alison have made my next question, which involved public consultation, superfluous, so I will move on. Figure 13 on page 30 gives us a very readable graph showing performance against targets for receipts from active sales. We can see clearly that, in the five years illustrated here, the receipts fell short of target. Could you let us know why that is so? Were the targets reasonable in the first place, or were they over-optimistic? Once we have had an answer to that, perhaps you could move on to tell us how you are approaching the setting of targets for future years.

[90] **Val Lloyd:** Mae'r atebion a roddwyd i gwestiynau gan Eleanor ac Alison yn golygu nad oes angen fy nghwestiwn nesaf, a oedd yn ymwneud ag ymgynghori â'r cyhoedd, felly symudaf ymlaen. Mae Ffigur 13 ar dudalen 30 yn cynnwys graff hawdd iawn ei ddarllen sy'n dangos y perfformiad yn erbyn y targedau o ran derbyniadau o werthiannau. Gallwn weld yn glir fod y derbyniadau, yn y pum mlynedd gyntaf a ddangosir yma, yn fyr o'r targed. A allech ddweud wrthym pam? A oedd y targedau yn rhesymol yn y lle cyntaf, ynteu a oeddynt yn rhy optimistaidd? Ar ôl inni gael ateb i hynny, efallai y gallech fynd ymlaen i ddweud wrthym sut yr ydych yn ymdrin â gosod targedau ar gyfer y dyfodol.

Ms Lloyd: Internal forecasts are usually best estimates and I think that they might have verged on the over-optimistic in the past. The property market, as you know, has been fairly volatile, and many of the properties that people have been trying to dispose of have had listings or constraints of one form or another, and people have probably felt that all the factors have militated against the optimal disposal of those properties. There was, again, a balance to be made, as I think is suggested in this report, about how long you wait to get rid of something, while accruing all these maintenance costs and so on. So, I think that internal forecasts have been relatively crude in the past. Now that we have asked Welsh Health Estates to give much more technical support to trusts, it is hoped that these internal forecasts might be tested a little more vigorously so that we do not verge on the over-optimistic. We must take into consideration that Welsh Health Estates has a much better network of knowledge and understanding about how the market is running and what the problems have been throughout the country with regard to disposals, and that experience and testing will be brought to bear on getting a better internal forecast for the future. However, you will understand the volatility of the property market, especially in Wales.

Ms Lloyd: Yr amcangyfrifon gorau yw rhagolygon mewnol fel arfer a chredaf eu bod efallai wedi tueddu i fod yn rhy optimistaidd yn y gorffennol. Mae'r farchnad eiddo, fel y gwyddoch, wedi bod yn weddol gyfnewidiol, ac mae llawer o'r adeiladau y bu pobl yn ceisio eu gwaredu wedi'u rhestru neu â chyfyngiadau o ryw fath neu'i gilydd arnynt, ac mae'n siwr fod pobl yn teimlo bod yr holl ffactorau hyn wedi milwrio yn erbyn gwaredu'r adeiladau hyn o ran derbyn y budd mwyaf. Yr oedd yna, unwaith eto, gydbwysedd i'w daro, ynglyn â pha mor hir i ddisgwyl i gael gwared â rhywbeth, tra'n wynebu'r holl gostau cynnal a chadw hyn ac ati. Felly, credaf fod y rhagolygon mewnol wedi bod yn gymharol fras yn y gorffennol. Bellach, a ninnau wedi gofyn i Ystadau Iechyd Cymru roi llawer mwy o gymorth technegol i'r ymddiriedolaethau, y gobaith yw y gellir profi'r rhagolygon mewnol hyn ychydig yn fwy manwl fel na fyddwn yn tueddu i fod yn rhy optimistaidd. Rhaid inni gofio bod gan Ystadau Iechyd Cymru lawer gwell rhwydwaith o wybodaeth a dealltwriaeth o sut mae'r farchnad yn mynd a beth fu'r problemau ledled y wlad o ran gwaredu, a bydd y profiad â'r drefn brofi honno yn cael eu defnyddio er mwyn cael gwell rhagolygon mewnol ar gyfer y dyfodol. Fodd bynnag, byddwch yn deall mor gyfnewidiol yw'r farchnad eiddo, yn enwedig yng Nghymru.

[91] **Eleanor Burnham:** Figure 15 on page 32 of the report makes for quite horrendous reading, particularly the first section. We are discussing the disposal of properties where the costs exceeded the sale proceeds. Are you satisfied that, in each case, the disposals were handled properly and the outcomes represented value for money for the taxpayer? I am particularly concerned, as an Assembly Member for north Wales, about the specific lessons learnt from the disposal of North Wales Hospital, Denbigh. I used to sit on the mental health tribunal there and I know the building quite well. The health authority rejected at least one opportunity to dispose of the property for a substantial sum and it failed to act in accordance with guidance and advice. How have these lessons been brought to the attention of other NHS property-holding bodies in Wales? We do not have time to go into the details, but I know that you are aware of them. The worst facts are that the property was allowed to deteriorate over the five years that it was on the market, and that the problems over rights and responsibilities were only identified late in the sale process. That is horrifying. The attractiveness of the building and its value could never be recouped, because it was a special building.

[91] **Eleanor Burnham:** Mae Ffigur 15 ar dudalen 32 o’r adroddiad yn bur ddychrynllyd i’w ddarllen, yn enwedig y rhan gyntaf. Yr ydym yn trafod gwaredu adeiladau lle’r oedd y costau yn uwch na’r derbyniadau o’r gwerthiannau. A ydych yn fodlon, ym mhob achos, fod y gwerthiannau wedi cael eu trin yn briodol a bod y canlyniadau yn cynrychioli gwerth am arian i’r trethdalwr? Yr wyf yn pryderu’n arbennig, fel Aelod Cynulliad dros ogledd Cymru, ynglyn â’r gwersi penodol a ddysgwyd o waredu Ysbyty Gogledd Cymru, Dinbych. Arferwn eistedd ar y tribiwnlys iechyd meddwl yno ac yr wyf yn adnabod yr adeilad yn bur dda. Gwrthododd yr awdurdod iechyd o leiaf un cyfle i waredu’r eiddo am swm sylweddol ac ni weithredodd yn unol â chanllawiau a chyngor. Sut mae’r gwersi hyn wedi cael eu dwyn i sylw cyrff GIG eraill sy’n dal eiddo yng Nghymru? Nid oes amser gennym i fynd i fanylion, ond gwn eich bod yn ymwybodol ohonynt. Y ffeithiau gwaethaf yw bod yr eiddo wedi cael ei adael i ddirywio am y pum mlynedd yr oedd ar y farchnad, ac mai dim ond yn hwyr yn y broses werthu y canfuwyd y problemau ynglyn â hawliau a chyfrifoldebau. Mae hynny yn arswydus. Ni ellid byth adennill swyn yr adeilad a’i werth, oherwydd yr oedd yn adeilad arbennig.

Ms Lloyd: I will make a broad statement, and then Mr Jones—who will know the detail better than I—will come in. I think that that is a fair description. There are obvious lessons to be learnt. It was not the easiest site of which to dispose, being where it was. There was a lot of pressure, as you understand and have experienced. The lessons learnt from the disposal of North Wales Hospital, Denbigh have been disseminated throughout the health service as a reminder of the problems that can occur if the guidance is not adhered to.

Ms Lloyd: Gwnaf ddatganiad bras, ac yna daw Mr Jones—a fydd yn gwybod mwy am y manylion na mi—i mewn. Credaf ei fod yn ddisgrifiad teg. Mae gwersi i’w dysgu yn amlwg. Nid hwn oedd y safle hawsaf i gael gwared ohono, oherwydd ei leoliad. Yr oedd llawer o bwysau, fel yr ydych yn deall ac wedi ei brofi. Mae’r gwersi a ddysgwyd o waredu Ysbyty Gogledd Cymru, Dinbych, wedi ei lledaenu ledled y gwasanaeth iechyd i atgoffa pobl o’r problemau a all godi os na chedwir at y canllawiau.

Mr Davies: I think that, more than any other case, this particular one has led to the changes that have been introduced in terms of property disposals in Wales. In terms of the actual detail behind this, I do not know whether Neil wants to come in.

Mr Davies: Credaf mai’r achos neilltuol hwn, yn fwy nag unrhyw un arall, sydd wedi arwain at y newidiadau a gyflwynwyd o safbwynt gwaredu eiddo yng Nghymru. O ran yr union fanylion sydd wrth wraidd hyn, ni wn a yw Neil am ddod i mewn.

Mr Jones: North Wales Health Authority went through a disposal process, which brought up, on first marketing the property, a couple of potential purchasers. It followed one, which turned out to be a company of straw that could not go through with the deal. It was not satisfied with the next organisation that it looked at. It thought that it could do better by going back out to the market, which it did. Going back out to the market was not successful and the original potential purchaser, which is the one that you are talking about, had gone away at that stage. The property was not being maintained during the disposal process, and by the time the health authority reached a stage where it called for some help from us, the property had declined, and its potential had also declined because it was becoming clear that there was very little in the way of planning that would be available to make it an attractive purchase. Eventually, it was sold for the figure that you see in the report.

Mr Jones: Aeth Awdurdod Iechyd Gogledd Cymru drwy broses waredu, a arweiniodd, o farchnata'r eiddo am y tro cyntaf, at gwpl o brynwyr posibl. Aeth ar drywydd un, ond gwelwyd mai cwmni gwellt ydoedd na allai gwblhau'r gwerthiant. Nid oedd yn fodlon â'r corff nesaf yr edrychodd arno. Credai y gallai wneud yn well drwy fynd yn ôl allan i'r farchnad, a gwnaeth hynny. Ni chafwyd llwyddiant o fynd allan yn ôl i'r farchnad ac yr oedd y prynwr posibl gwreiddiol, yr un yr ydych chi'n sôn amdano, wedi ymadael erbyn hynny. Nid oedd yr eiddo yn cael ei gynnal yn ystod y broses waredu, ac erbyn i'r awdurdod iechyd gyrraedd sefyllfa lle galwodd am help gennym ni, yr oedd yr eiddo wedi dirywio, ac yr oedd ei botensial hefyd wedi dirywio oherwydd yr oedd yn dod yn amlwg iawn na fyddai fawr ddim ar gael o safbwynt cynllunio i'w wneud yn bryniant atyniadol. Maes o law, cafodd ei werthu am y ffigur a welwch yn yr adroddiad.

[92] **Eleanor Burnham:** What is more horrifying is that it cost North Wales Health Authority almost £300,000, which is an absolute disgrace. I am sure that you will now address the issues in the way that you have described.

[92] **Eleanor Burnham:** Yr hyn sy'n fwy arswydus fyth yw iddo gostio bron i £300,000 i Awdurdod Iechyd Gogledd Cymru, sy'n gwbl waradwyddus. Yr wyf yn siwr y byddwch yn awr yn rhoi sylw i'r ystyriaethau o bwys yn y ffordd yr ydych wedi ei disgrifio.

[93] **Dafydd Wigley:** Do you want to come in on that point, Ann, as the local Member?

[93] **Dafydd Wigley:** A ydych am ddod i mewn ar y pwynt hwnnw, Ann, fel yr Aelod lleol?

[94] **Ann Jones:** Thank you, Chair. As regards this horrific situation, I wonder whether the fact that one company could not meet its commitments was part of the reason why North Wales Health Authority has this awful record in terms of property disposal? Is it a case of once bitten, twice shy and that the authority has held on to and not actively marketed other surplus properties? Is that one of the reasons why this situation exists in north Wales?

[94] **Ann Jones:** Diolch, Gadeirydd. O ran y sefyllfa ddychrynllyd hon, ys gwn i a oedd y ffaith na allai un cwmni gyflawni ei ymrwymiadau yn rhan o'r rheswm pam fod gan Awdurdod Iechyd Gogledd Cymru record mor ddrwg yn nhermau gwaredu eiddo? Ai mater o losgi ei fysedd a gochel y tân yw hwn a bod yr awdurdod wedi dal gafael mewn adeiladau eraill nad oedd eu hangen a heb fynd ati i'w marchnata? A yw hynny yn un o'r rhesymau pam fod y sefyllfa hon yn bodoli yng ngogledd Cymru?

Mr Jones: I do not think so. I think that each of its properties has had unique problems. You mentioned earlier the hospital in Bangor—

Mr Jones: Nid wyf yn meddwl. Credaf fod i bob un o'i adeiladau broblemau unigryw. Soniasoch yn gynharach am yr ysbyty ym Mangor—

[95] **Dafydd Wigley:** Yes, Ysbyty Dewi Sant.

[95] **Dafydd Wigley:** Do, Ysbyty Dewi Sant.

Mr Jones: There was a problem of access that could not be overcome easily and it took an awfully long time to dispose of it. It should have been done quicker; I have no doubt about that. I do not think that what you are saying might be right, although it is possible; I have not seen evidence of it.

Mr Jones: Yr oedd problem fynediad na ellid ei goresgyn yn hawdd a chymerodd lawer iawn o amser i'w waredu. Dylai fod wedi cael ei wneud yn gyflymach; nid oes gennyf unrhyw amheuaeth o hynny. Ni chredaf fod yr hyn yr ydych yn ei ddweud yn gywir, er ei fod yn bosibl; nid wyf wedi gweld unrhyw dystiolaeth ohono.

[96] **Ann Jones:** Okay.

[96] **Ann Jones:** O'r gorau.

[97] **Eleanor Burnham:** I will just finish this part of the question by referring to Priory Street Hospital, Carmarthen and the security and other costs that built up to be over three times the sale proceeds. Is this an isolated case or are there more?

[97] **Eleanor Burnham:** Gorffennaf y rhan hon o'r cwestiwn drwy gyfeirio at Ysbyty Heol y Prior, Caerfyrddin, a'r costau diogelwch a'r costau eraill a gronnodd yno hyd at deirgwaith y derbyniadau o'r gwerthiant. Ai un achos unigryw yw hyn ynteu a oes mwy?

Mr Jones: There might well be more. It is a peculiar site; again, it has its own unique problems. It is a listed building, standing on a relatively small site compared with the size of the building. The small site offers little opportunity for a purchaser to develop it in any way.

Mr Jones: Mae'n gwbl bosibl fod mwy. Mae'n safle rhyfedd; unwaith eto, mae iddo ei broblemau unigryw ei hun. Mae'n adeilad rhestredig, ar safle cymharol fach o'i gymharu â maint yr adeilad. Prin yw'r cyfle a gynigir gan y safle bach i brynwr i'w ddatblygu mewn unrhyw ffordd.

[98] **Eleanor Burnham:** Quite the opposite to Denbigh hospital?

[98] **Eleanor Burnham:** Yn gwbl groes i ysbyty Dinbych?

Mr Jones: Absolutely. It is very difficult.

Mr Jones: Yn union. Mae'n anodd iawn.

[99] **Ann Jones:** Do you have any views on whether Cadw should become more proactively involved in the listed buildings and actually assist in their disposal, rather than put barriers up?

[99] **Ann Jones:** A oes gennych farn pa un a ddylai Cadw wneud mwy o'i ben a'i bastwn ei hun mewn perthynas â'r adeiladau rhestredig a mynd ati i helpu i'w gwaredu, yn hytrach na chodi rhwystrau?

Mr Jones: I do not think that Cadw has put any barriers up at all, unless you are talking about whether or not a building should be listed. At the start of the disposal process, Cadw went through all the hospitals and considered whether or not they should be listed. It did consider that; it listed some and did not list others and it has not gone back on that situation at all. That is all we asked it to do.

Mr Jones: Ni chredaf fod Cadw wedi codi unrhyw rwystrau o gwbl, oni bai eich bod yn cyfeirio at ba un y dylid rhestru adeilad ai peidio. Ar ddechrau'r broses waredu, aeth Cadw drwy'r ysbytai i gyd ac ystyried pa un y dylid eu rhestru ai peidio. Ystyriodd hynny, rhestrodd rai ac ni restrodd eraill ac nid yw wedi mynd yn ôl ar hynny o gwbl. Dyna'r cyfan y gofynasom iddo ei wneud.

[100] **Dafydd Wigley:** The reality with some of these properties is that it would be better to give them away, because then you are not running up the costs.

[100] **Dafydd Wigley:** Y realiti gyda rhai o'r adeiladau hyn yw y byddai'n well eu rhoi i rywun am ddim, gan na fyddai costau yn cronni arnynt wedyn.

Mr Jones: Yes.

Mr Jones: Ie.

[101] **Dafydd Wigley:** Eleanor, you wanted to say something.

[102] **Eleanor Burnham:** I have noted that, according to paragraph 3.45, the average time taken by trusts to sell property in Wales is 50 per cent longer than in England. What do you believe to be the main reason for this?

Ms Lloyd: I think that there are quite a number of reasons and again, it all depends on what you are comparing Wales with.

[103] **Eleanor Burnham:** England, I think.

Ms Lloyd: Yes, but having managed vast estates in Bristol, I know exactly what it was like to get rid of surplus property there and it was not the struggle that we have here because it was a completely different market. If you were to look at some comparable areas of England, you would find that the same difficulties are experienced. Nevertheless, we need to expedite this all better, declare properties as being surplus, plan well in advance and get rid of properties before the maintenance costs start to rise. Otherwise, there is this conflict between, 'Do we spend money on maintaining this property even though it is going to go—and when are we going to get rid of it—or do we spend money on the mainstream patient care services?' Therefore, we need to be much more proactive about being clear about what will become surplus to requirements over a five to 10-year period and plan well in advance very proactively so that the period of time is reduced significantly, because we should be able to draw this back. However, it might be that 50 per cent is not a true reflection when you compare Wales with comparable parts of England. However, we do not know and we will work with the NAO to try to break down some of the information.

[104] **Eleanor Burnham:** Finally, what has the NHS Wales department been doing to help speed up the disposal process, which in turn should lead to savings in disposal costs, and do NHS trusts work sufficiently closely with local authorities as soon as it seems likely that a property will become surplus to requirements?

[101] **Dafydd Wigley:** Eleanor, yr oeddech am ddweud rhywbeth.

[102] **Eleanor Burnham:** Yr wyf wedi nodi, yn ôl paragraff 3.45, fod yr amser a gymerir gan ymddiriedolaethau ar gyfartaledd i werthu eiddo yng Nghymru 50 y cant yn hwy nag yn Lloegr. Beth gredwch chi yw'r prif reswm am hyn?

Ms Lloyd: Credaf fod cryn nifer o resymau ac, eto, mae i gyd yn dibynnu ar beth yr ydym yn cymharu Cymru ag ef.

[103] **Eleanor Burnham:** Lloegr, yr wyf yn meddwl.

Ms Lloyd: Ie, ond ar ôl rheoli ystadau enfawr ym Mryste, gwn yn union sut beth oedd cael gwared ag adeiladau dros ben yno ac nid oedd yn frwydr fel y mae yma oherwydd yr oedd y farchnad yn gwbl wahanol. Pe baech yn edrych ar rai ardaloedd cymharol o Loegr, fe welech fod yr un anawsterau yn codi. Serch hynny, mae angen inni hyrwyddo hyn yn well, datgan bod adeiladau yn rhai nad oes eu hangen mwyach, cynllunio mewn da bryd a chael gwared ag adeiladau cyn i'r costau cynnal a chadw ddechrau cynyddu. Fel arall, ceir y gwrthdaro hwn rhwng, 'Ydym ni'n gwario arian ar gynnal a chadw'r eiddo hwn er y bydd yn mynd—a pha bryd yr ydym yn mynd i gael gwared ohono—ynteu a ydym yn gwario arian ar y gwasanaethau gofal cleifion prif ffrwd?' Felly, mae angen inni fynd ati i fod yn glir ynglyn â'r hyn na fydd ei angen mwyach at ein hanghenion dros gyfnod o bum i 10 mlynedd a chynllunio ymlaen llaw yn rhagweithiol iawn fel bod y cyfnod hwn o amser yn gostwng yn sylweddol, oherwydd dylem allu cwtogi hyn. Fodd bynnag, efallai nad yw 50 y cant yn adlewyrchiad cywir wrth ichi gymharu Cymru â rhannau cymharol o Loegr. Fodd bynnag, ni wyddom a byddwn yn gweithio gyda'r Swyddfa Archwilio Genedlaethol i geisio dadansoddi rhan o'r wybodaeth.

[104] **Eleanor Burnham:** Yn olaf, beth mae adran GIG Cymru wedi bod yn ei wneud i helpu i gyflymu'r broses waredu, a ddylai yn ei dro arwain at arbedion mewn costau gwaredu, ac a yw ymddiriedolaethau'r GIG yn gweithio'n ddigon agos gyda'r awdurdodau lleol cyn gynted ag yr ymddengys yn debygol na fydd angen eiddo mwyach at eu gofynion?

Ms Lloyd: On the latter part of your question, I think that they do because they are well aware now of the absorption of resources that is involved if the disposal is slow or does not go ahead. The whole thrust of the reform is about working in better partnership with local government, and this is part of that. As for the first part of your question, I think that Mr Davies could answer it better than I could.

Mr Davies: Just to pick up on part of the last question, I think that the issue should not concentrate on the time to dispose of a property from when it was declared surplus, because surplus properties can still have patients within them. If public consultation has been completed and it has been declared surplus, we then must have a reprovision plan to move those patients elsewhere. I think that the critical time factor here is selling the property when it becomes empty. That is the critical factor. In fact, from a property perspective, I would see great merit in marketing the property as early as possible and starting the disposal process way in advance of it becoming empty. The critical element there is how long the property is empty after patients have been reprovided.

[105] **Alun Cairns:** That could also be a convenient manipulation with some trusts or health authorities, in that the patients would be kept there because they do not have the capacity to dispose of the property. A balance must be struck.

Mr Davies: Absolutely. With all issues of property, a constant balance must be struck in trying to dispose of property quickly, while respecting the needs of patients, public consultation and the ownership of the health service by the people of Wales. I appreciate that.

Ms Lloyd: Ar ran olaf eich cwestiwn, credaf eu bod oherwydd maent yn ymwybodol iawn erbyn hyn o’r adnoddau a lyncir os yw’r broses waredu yn araf neu os nad yw’n mynd rhagddi. Gweithio mewn gwell partneriaeth â llywodraeth leol yw holl fyrdwn yr adolygiad, ac mae hyn yn rhan o hynny. O ran rhan gyntaf eich cwestiwn, credaf y gallai Mr Davies ei ateb yn well nag y gallwn i.

Mr Davies: I gyfeirio at ran o’r cwestiwn diwethaf, credaf na ddylid canolbwyntio ar yr amser a gymerir i waredu eiddo o’r adeg y datganwyd nad oes ei angen mwyach, oherwydd mae’n bosibl i adeiladau felly fod â chleifion yn dal ynddynt. Os yw’r ymgynghoriad cyhoeddus wedi ei gwblhau a datganiad wedi ei wneud nad oes angen yr eiddo mwyach, rhaid wedyn inni gael cynllun i symud y cleifion hynny i rywle arall. Credaf mai’r ffactor amser tyngedfennol yma yw gwerthu’r eiddo pan ddaw yn wag. Dyna’r ffactor tyngedfennol. Yn wir, o safbwynt eiddo, byddwn yn gweld mantais fawr o farchnata’r eiddo cyn gynhared â phosibl a dechrau ar y broses waredu cyn iddo ddod yn wag. Yr elfen dyngedfennol yw pa mor hir y mae’r eiddo’n wag ar ôl i ddarpariaeth amgen gael ei gwneud ar gyfer y cleifion.

[105] **Alun Cairns:** Gallai hynny hefyd fod yn ystryw hwylus i rai ymddiriedolaethau neu awdurdodau iechyd, yn yr ystyr y byddent yn cadw cleifion yno gan nad yw’r gallu ganddynt i waredu’r eiddo. Rhaid taro cydbwysedd.

Mr Davies: Yn union. Gyda phob mater eiddo, rhaid taro cydbwysedd bob amser wrth geisio gwaredu’r eiddo’n gyflym, tra’n parchu anghenion cleifion, ymgynghori â’r cyhoedd a pherchnogaeth pobl Cymru dros y gwasanaeth iechyd. Yr wyf yn gwerthfawrogi hynny.

[106] **Dafydd Wigley:** Yr ydym yn tynnu at derfyn ein ymholiadau. O'r atebion yr ydych wedi'u rhoi, yr ydych yn cydnabod bod y patrwm yn y gorffennol wedi bod yn llai na boddhaol, bod arafwch wedi bodoli, bod rhai o'r systemau wedi bod yn ddiffygiol a bod lle i wella ar hyn. Ymhen faint o amser y tybiwch y byddwch wedi gallu newid pethau'n ddigonol inni weld gwahaniaeth sylweddol, o gofio bod hyd at £30 miliwn y gellid cael mynediad iddo, tra'n derbyn bod anhawsterau i sicrhau hynny i gyd?

Gellid hefyd arbed £25 miliwn y flwyddyn o safbwynt costau cynnal yr adeiladau hyn. Yr wyf yn meddwl am effaith fandaliaeth ac yn y blaen. Pryd y tybiwch y byddwch mewn sefyllfa i ddweud eich bod wedi datrys hyn a'ch bod yn fodlon â'r llwyddiant hwnnw?

[106] **Dafydd Wigley:** We are coming to the end of our inquiries. From the answers that you have given, you acknowledge that the pattern in the past has been less than satisfactory, that things have been slow, that some of the systems were deficient and that there is room for improvement on this. How long do you think it will take you to change things sufficiently for us to see a considerable difference, bearing in mind that up to £30 million could be accessed, while accepting that there are difficulties in securing all of that?

There is also £25 million annually that could be saved in terms of the maintenance costs of these buildings. I am thinking about the effects of vandalism and so on. When do you believe that you will be in a situation to say that you have turned this around and that you are happy with that success?

Ms Lloyd: I think that I would like to have two years of the new performance management framework to be able to say with confidence, 'Yes, a grip has been got on this programme'. However, I expect to see step-by-step improvements as we go through this year in terms of the advice and support that Welsh Health Estates can give and the monitoring arrangements that have now been put into place to scrutinise the way in which properties are managed by the NHS in Wales.

Ms Lloyd: Credaf y byddwn yn hoffi cael dwy flynedd o'r fframwaith rheoli perfformiad newydd i allu dweud yn hyderus, 'Ydym, yr ydym wedi cael gafael ar y rhaglen hon'. Fodd bynnag, yr wyf yn disgwyl gweld gwelliannau cam wrth gam wrth inni fynd drwy eleni o ran y cyngor a'r cymorth y gall Ystadau Iechyd Cymru eu rhoi a'r trefniadau monitro sydd wedi eu sefydlu erbyn hyn i graffu ar y ffordd y mae adeiladau yn cael eu rheoli gan y GIG yng Nghymru.

[107] **Dafydd Wigley:** Diolch yn fawr. Byddwn yn falch o gael peth gwybodaeth ychwanegol drwy lythyr pan fyddwch mewn sefyllfa i wneud hynny, fel y cyfeiriwyd ato. Diolch i'r tystion i gyd am yr atebion llawn i'r cwestiynau. Yr ydych yn sylweddoli ein bod yn pryderu am y meysydd hyn am resymau digon naturiol, a gwyddom y byddwch yn troi pob carreg i wireddu'r hyn y soniasoch amdano heddiw.

Danfonir trawsgrifiad drafft o drafodaethau heddiw atoch er mwyn ichi allu cadarnhau ei gywirdeb ffeithiol cyn iddo gael ei gyhoeddi fel rhan o'r cofnodion. Pan gyhoeddir yr adroddiad, cynhwysir y trawsgrifiad fel atodiad. Diolchaf i Ms Lloyd, Mr Jones a Mr Davies am ddod atom heddiw, ac edrychaf ymlaen i glywed gennych.

[107] **Dafydd Wigley:** Thank you very much. We would be pleased to receive additional information by means of a letter when you are in a situation to do that, as has been mentioned. I thank all the witnesses for the full answers to the questions. You will realise that we are quite naturally concerned about these issues, and we know that you will do everything within your power to achieve what you have talked about today.

A draft transcript of today's proceedings will be sent to you so that you can confirm its factual accuracy before it is published as part of the minutes. When the report is published, the transcript will be included as an annex. I thank Ms Lloyd, Mr Jones and Mr Davies for coming today, and I look forward to hearing from you.

Daeth y sesiwn cymryd tystiolaeth i ben am 4.36 p.m.
The evidence-taking session ended at 4.36 p.m.