Yr Adran Iechyd a Gwasanaethau Cymdeithasol
Cyfarwyddwr Cyffredinol • Prif Weithredwr, GIG Cymru

Department for Health and Social Services
Director General • Chief Executive, NHS Wales

Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff

Our Ref: DS/TLT

2nd August 2013

Dear Darren

GOVERNANCE ARRANGEMENTS AT BETSI CADWALADR UNIVERSITY LOCAL HEALTH BOARD

During my appearance before the Public Accounts Committee on 18 July. I agreed to send you several pieces of additional information.

Cost of Chris Hurst's Work for the Health Board

Chris Hurst undertook two days work for Betsi Cadwaladr at a total cost, including VAT, of £2,800 plus expenses (paid at Welsh Government rates). I understand that the rate agreed for Mr Hurst's work was recommended by Welsh Government's recruitment consultants Odgers Berndtson.

Date of Chris Hurst's Departure from Welsh Government

Chris Hurst resigned and left his role in Welsh Government as Finance Director for the Department of Health and Social Services on 31 December 2011.

Details of the escalation process for concerns about Local Health board

I attach at Doc 1 a copy of the Escalation Process as set out in the Delivery Framework.

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Terms of Reference for the report prepared by Allegra

The formal Terms of Reference for the Allegra Report are attached at Doc 2.

Expenditure by Betsi Cadwaladr University Health Board on Salary Protection

We are currently seeking the most update information on expenditure on salary protection for the Local Health Board. I will arrange for this to be sent you as soon as possible.

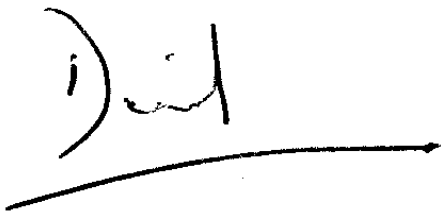
Definition of "Core Capacity" and Impact of unscheduled care on Core Capacity.

I was asked to provide information regarding `core capacity'. In relation to surgical operations this comprises the theatres and beds which are generally designated or assumed to be available for planned activity. Clearly the theatres and beds are supported by budgeted staff and non-pay resources. Health Board will plan activity levels with reference to the capacity and will schedule admissions and operations accordingly. The core capacity will not take account of potential 'additional activity' which is secured either within the organisation through waiting times initiatives or externally by, for example, the use of other NHS providers or the independent sector. Such activity normally incurs additional, premium costs above those included in planned budgets.

I was also asked to clarify the impact of unscheduled care on core capacity. During the Winter and early Spring of 2012/13 there was a high level of demand for unscheduled care. This occurred across the UK. Our Health Boards opened additional beds but also used some of the core elective capacity for patients admitted as emergencies. This led to cancellations of planned activity. Health Boards did reinstate some of the cancelled activity and took decisions in this regard which were guided by clinical priority.

As stated above this additional activity was more costly and required the application of additional funding. The ability of Health Board to fund such activity was determined by the amount of money available to them in the context of their statutory financial duties.

Yours sincerely



David Sissling

2. Escalation within the Delivery Framework

Escalation Level	Performance trigger	Escalation Action	Monitoring	De-escalation
0.	Local delivery of all targets and/ or within trajectory.	None required – earned autonomy (including potential for reducing the frequency of Q&DM) and minimal monitoring beyond that required for national returns. Proactive assurance mechanisms.		
1.	Health Boards/Trusts fail to achieve/ maintain one deliverables.	Health Boards/Trusts are responsible for remedial action in response to areas of failure. WG indicates the additional monitoring requirements. Plans brought forward to redress the position with immediate effect.	WG, in conjunction when necessary with DSU (or other intervention mechanism identified by WG), assures and monitors implementation of plans and effectiveness of solutions. Executive highlight report. Support from other agencies if required.	Immediate removal of escalation action upon achievement of plan and return to improving KPIs.
2.	Continued failure to achieve/ maintain one or more key deliverables.	WG instigates DSU and/or other intervention. WG and DSU (or other intervention mechanism identified by WG) will be actively involved in determining the necessary changes within the HB/Trust to deliver required outcomes through regular meetings/calls.	WG Representatives to join regular meetings/calls and monitor effectiveness of organisational response with DSU and &/or other intervention mechanisms.	Sustained improvement of KPIs causes removal of escalation actions.
3	Continued failure and/or a failure to maintain an agreed improvement trajectory following intervention.	Issues raised with Chief Executive NHS Wales. Meeting required between HB Chief Executive, NHS CEO and/or NHS Deputy Chief Executive to determine future requirements and actions.	Regular reporting established between CEO NHS Wales and HB Chief Executives until improving trajectory established.	Maintenance of agreed improvement trajectories causes return to escalation level 2.
4.	Continued failure to improve performance or failure to engage with the national process despite level 3 escalation.	Actions to be determined by NHS Chief Executive which may include the following: • Meeting required with Chair, Vice Chair, CEO, Board Secretary and relevant Executives. • Introduction of `special measure' arrangements. • Review of executive effectiveness. • Review of Board effectiveness. • Removal of appropriate funding streams.		