



WALES AUDIT OFFICE  
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Dear Chair

## ASSEMBLY GOVERNMENT RESPONSES ON HOME OXYGEN THERAPY SERVICES

The Clerk's letters of 3 and 11 February 2010 requested my advice on the responses by the Welsh Assembly Government to two issues arising from the Committee's report on *Home Oxygen Therapy Services*.

The first issue relates to a response from the Minister for Health and Social Services to recommendation ii in the Committee's report, which required the Assembly Government to provide a note at the end of each year of the home oxygen contract on the financial savings being made through the increased use of specialist clinical assessments. This recommendation refers to the expectation – of the Assembly Government as well as the Committee – that the cost of home oxygen services would reduce with the increased use of specialist clinical assessments which can prevent the provision of oxygen to patients who do not need it. At the time of the Committee's hearing, in late 2008, nearly three years after the start of the new contract, the Committee was concerned at the slow progress in developing clinical assessments services.

In the Minister's response to this recommendation, she points to a £44,000 reduction in expenditure on the home oxygen contract from 2007-08 to 2008-09 (equivalent to less than one per cent on a contract of over £7 million). However, the Minister also comments that she cannot be certain that these savings are as a result of the use of clinical assessment services. She states that she has written to the new Local Health Boards to direct them to further prioritise and improve the assessment service to secure further savings.

While any financial savings are welcome, this response does suggest that specialist clinical services may not yet be well embedded throughout Wales. The Committee may wish to follow-

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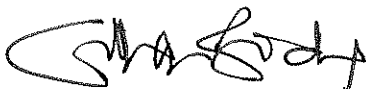
up this matter with the Accounting Officer of the NHS to determine the extent to which he is satisfied – or is taking appropriate action to satisfy himself - that effective specialist clinical assessment services have been established throughout Wales, and to assess the further scope for financial savings through the improved use of these services.

The second issue relates to learning the wider lessons from the Home Oxygen contract across the Assembly Government. The Committee may recall that, in response to recommendation iii in its report, the Minister for Health and Social Services provided a note to the Committee on the main lessons learnt from the introduction of the new home oxygen contract. The Committee then wrote to the Permanent Secretary, who responded to explain the arrangements for learning these lessons throughout the Assembly Government. She also explained that the specific lessons arising from home oxygen services would be taken forward by a new Operations Group. The Committee wrote again to follow-up the outcome of this meeting of the Operations Group.

The Permanent Secretary has now provided a note setting out the considerations of that Group, specifically that lessons arising in one Department will be directed to the Heads of Finance within each Director General's operations team. Each Head of Finance will be responsible for assessing the applicability of the lessons for their Department, including drawing these matters to the attention of their Corporate Governance Committee. The Head of Finance will also be required to maintain a record of wider lessons learnt, and the improvements achieved through corrective actions taken. The Permanent Secretary also sets out the actions taken by the Assembly Government in addressing one of the key lessons arising from the Home Oxygen contract, around improving project management skills.

The question of how the Assembly Government ensures that it learns and applies the lessons from earlier audit work - and indeed from its own general experience - has also featured in the Committee's consideration of our recent follow-up report on Work Based Learning. I suggest that the Committee might wish to look to the Wales Audit Office to test these arrangements in our routine follow-up of the actions taken by the Assembly Government in response to audit reports. The record maintained by each Head of Finance will provide very helpful evidence to assess the rigour of these arrangements. I will, of course, draw the Committee's attention to any issues arising from this work where I think that further action by the Committee is merited.

Yours sincerely



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