



HOUSE OF LORDS

Public Services Committee

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Copied to:

Steve Brine MP, Chair, House of Commons Health and Social Care Committee
Dame Meg Hillier MP Chair, House of Commons Public Accounts Committee
Victoria Atkins MP, Secretary of State, Department of Health and Social Care

RE: request for the NAO to examine homecare medicines services

I am writing on behalf of the House of Lords Public Services Committee, which I chair, to encourage you to examine the operation of homecare medicines services.

You may be aware of the publication in November of the Committee's report, *Homecare medicines services: an opportunity lost*.¹ Homecare is a fast growing but little-known sector. Services are commissioned to bring medicines and relevant care to NHS patients in their homes. It has great potential and is, when it works, extremely positive for patients.

Our report, however, outlined a catalogue of serious problems with how the service is being operated, how performance is measured, and how it is overseen. We found, for instance, that there is no information available on how many patients have been harmed by the services: when medicines do not arrive when they should, there can be real impact on health.

In general, the Government's response to us was promising. We are satisfied that they are now taking problems in the sector seriously. We wrote back to them on 15 February to follow up on a few key points the response did not fully address.²

However, we remain deeply dissatisfied with the Government's awareness of the spending in the sector, and their corresponding inability to ensure value for money.

Our report recommended that the National Audit Office should take part in a review to work towards ensuring the sector represents value for money. Since the response has now been received, I am writing to you to bring the matter to your attention and to encourage you to examine this topic closely.

During the inquiry, the Committee became aware that the Government was unclear how much money was spent on homecare medicines services: three different figures were provided to us

¹ Public Services Committee, *Homecare medicines services: an opportunity lost*, 4th Report of Session 22-23, [HL Paper 269](#)

² Letter dated 15 February 2024 from Chair of the Public Services Committee to the Secretary of State for Health and Social Care, <https://committees.parliament.uk/publications/43332/documents/215746/default/>

which ranged between £2.9 and £4.1 billion. The Government's response to our report identifies a fourth figure for the year to November 2023: £3 billion.

These figures, however, cover only the cost of the medicines themselves, and not how much is spent on the 'homecare' element, which includes delivery and care services such as teaching a patient to self-inject or removing medical waste.

In the scenario where the NHS contracts with a drug manufacturer, who then contracts a third party homecare provider: the spend on homecare is not known to the NHS. The NHS pays a 'bundled' rate to the drug manufacturer, into which the cost of homecare to the manufacturer is rolled.

The cost of homecare is bundled in not only to medicines used in homecare, but to medicines in general. Every time the NHS pays for medicines, the cost of homecare is being rolled in. Without knowing (or even having an estimate) of the cost of homecare, there can be no reliable value for money assessment for medicines at all. We are very surprised that the Government is willing to accept this.

In other scenarios, the NHS contracts directly with a homecare provider, so they know the cost. However, the Government has refused to share these figures publicly, as they say it is "commercially sensitive information". We find this designation shocking: it sets a concerning precedent for the future, and it inhibits scrutiny.

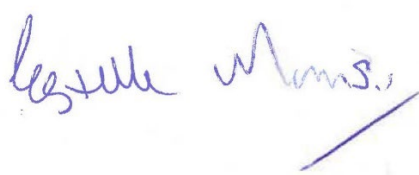
There is also an issue of consistency. The NHS pays Value Added Tax on the cost of medicines in NHS-funded arrangements, but there is no corresponding payment under manufacturer-funded arrangements. We encourage you to examine whether this might incentivise the latter arrangements, and whether this impacts on the value achieved for the taxpayer.

This is a highly complex topic, difficult for even people working in the area to understand. Most procurement arrangements, though, are made locally, by people who do not necessarily know the sector - we were told there was a "significant variation" in the funding and resourcing of these teams. We are concerned that this could breed inefficiency: when the teams procuring the arrangements do not understand the market, it is very difficult to ensure value for money.

I commend this matter to you for your organisation's attention and would be grateful to receive a reply setting out your position in due course.

Yours sincerely,

Baroness Morris of Yardley



Baroness Morris of Yardley
Chair, House of Lords Public Services Committee