



The Rt Hon Matthew Hancock MP  
Secretary of State for Health and Social Care  
Department of Health and Social Care  
39 Victoria Street  
London, SW1H 0EU

5 February 2020

Dear Secretary of State,

Last week I presented to you and your colleagues across Parliament my annual report as Chair of Healthwatch England. This report was a pleasure to produce, celebrating the many successes of the Healthwatch network over my first full year as Chair.

Alongside that report I was also able to present the findings of our work on the NHS Long Term Plan, bringing the views and experiences of over 125,000 people in to the development process of this 10-year strategy for the health service.

I am immensely proud of this work and how our network, all across the country, is putting patients and care users at the heart of decisions in health and care like never before.

Today, however, I must write to flag my deep concerns about the funding of local Healthwatch.

Whilst the rate of budget reductions has fallen in the last year, our network's resources continue to shrink and in some areas are becoming unviable. Ultimately, if no action is taken then the cumulative impact of cuts risks stifling the voice of health and care users.

I know officials will have been keeping you apprised of the situation, and I wrote to the Permanent Secretary in the summer with an interim update. Please now find attached the fifth annual 'State of Support' briefing which your Department asks us to produce to inform you of what is happening to your investment.

### **The numbers**

- The 151 Healthwatch in England expect to collectively receive £25,536,039 from local authorities to carry out their statutory activities in 2019/20.
- Reported funding for this current year has therefore fallen by 2.0%. In 2018/19 budgets fell by 4.3%. This suggests that the rate of reduction across the network is slowing, and that hard-pressed councils are trying to protect budgets where possible.
- It also suggests that the bottom of the barrel has been reached. Since 2013 the network has seen core funding from councils fall by 36.6% compared with the original allocation of £40.3 million set out by the Department.
- 88 local Healthwatch are now receiving less funding than their predecessor organisations - the Local Involvement Networks (LINKs) - which were abolished seven years ago. This also does not take in to account the impact of inflation.



### The need for transparency

Useful analysis of funding changes and their impact is made more difficult by the way Departmental funding finds its way to individual local authorities.

The Local Authority Social Services Letter (LASSL) makes clear that the larger portion of the funding comes through the local government settlement but the exact amount is not specified. The smaller part of the funding, which is specified (£14.15m), is allocated through the Local Reform Community Voices Grant (LRCV).

Yet our analysis shows that for 71 local Healthwatch it is the other way around. The LRCV grant now makes up more than 50% of their budget for the year.

We estimate this means that, at the very least, councils are now spending £2.8 million of the money handed to them by your Department on other things.

### Our key asks of the Department of Health and Social Care

- To take any action it can to provide greater transparency and state how much money is being made available by the Department for each local Healthwatch through the local government settlement. This would go a long way to assist us and local Healthwatch in budget negotiations with councils.
- To ensure that the LRCV grant is paid as early as possible in the financial year. This year's grant was paid in December leaving local Healthwatch unclear about their annual budgets until nine months in to the year. This creates uncertainty and a range of consequent problems such as being unable to retain staff.

As your Department funds Healthwatch, I know you will share our concerns about what is happening to the money you are providing to councils. We are trying to offset the impact of reductions by securing commissioned work for the network but this cannot be a substitute for stable core funding to cover the network's statutory functions.

It is clear that the Government has made the NHS a priority. It is also clear from the Prime Minister's inaugural cabinet meeting that this Government is keen to "deliver on the priorities of the British people". I'm sure both you and the Prime Minister will agree that ensuring people can have their say on issues that matter to them in health and social care is therefore crucial to this Government achieving its objectives.

Healthwatch can help the Government in achieving this, but this will only be possible with the right resources and investment.

I look forward to discussing further how we can work together over the coming period.

Yours sincerely

Sir Robert Francis QC  
Chair - Healthwatch England