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healthwatch

22 February 2023

To: The Secretary of State for Health and Social Care, the Rt Hon Steve Barclay MP

ccs: Minister of State for Health, Helen Whatley MP
Parliamentary Under Secretary of State (and Healthwatch sponsor Minister),
Maria Caulfield MP
Director General, NHS Policy and Performance, Matthew Style
Chair of the Health and Social Care Select Committee, Steve Brine MP
Health and Social Care Select Committee Member, Paulette Hamilton MP

Dear Secretary of State,

State of Support

Every year, at the request of the Department of Health and Social Care, Healthwatch England produces a formal update on the status of local Healthwatch funding.

This letter and the attached briefing help the ministerial team and key officials track what exactly is happening to the investment in ensuring patients, service users, and the public have a strong and influential voice in the design, commissioning and delivery of health and care services.

This year feels like a turning point for the Healthwatch network, which faces increasing demands due to the changes brought about by the Health and Care Act 2022, which they are striving to respond to on a much-diminished resource.

I want to draw your attention to the following challenges and urge you to consider the action we propose.

Spending power has fallen to 49% of the original allocation.

In 2013/14, the Department of Health and Social Care outlined that it would cost **£40.5 million** to adequately fund the Healthwatch network each year to carry out its statutory duties. Once inflation is factored in, this would be just over £52 million today.

In 2022/23, the amount spent by councils on the 152 local Healthwatch across England was actually worth just 49% of the original allocation, with a real terms reduction of **£3.7m** this year alone.



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Funding reductions are pervasive and prohibit the effectiveness of Healthwatch.

Only seven of the 152 local authorities have increased Healthwatch funding in line with inflation. All other Healthwatch experienced a real-terms cut. After a decade of falling budgets, the margins local Healthwatch are operating on means that even small reductions compromise their ability to deliver on their statutory functions.

A total of 27 Healthwatch now receive £100,000 or below, with such a limited budget meaning they struggle to employ enough staff. As a result, these Healthwatch gather four times less feedback from patients and care users than those funded between £100,000 and £250,000.

This is backed up by Kings College research on Healthwatch impact, which concludes that "The greater the number of FTE staff, the larger the number of types of local impact."

The funding model for local Healthwatch is no longer fit for purpose.

The Department of Health and Social Care (DHSC) funds the commissioning of local Healthwatch both via the Department for Levelling Up, Housing and Communities (DLUHC) and directly to local councils.

Lord Kamall wrote to fellow Lords about the model of Healthwatch funding on 21 January 2022. He confirmed that: "*The funding provided through this [LRCV] grant is in addition to funding that Local Authorities receive as part of the Local Government Finance Settlement and is not intended to cover the full cost of operating a local Healthwatch organisation*".

Despite this, at least 75 councils are failing to pass on funds in line with the Department's directions (that the LRCV should constitute the smaller portion of the overall funding)². Six Local Authorities fund their Healthwatch using only the LRCV grant, and three do not even pass the whole of the LRCV grant onto their Healthwatch.

At the Health and Social Care Committee oral evidence session on 7 February 2023, the committee highlighted the 'broken' funding model for Healthwatch.

In response, Helen Whatley, Minister of State and the Department of Health and Social Care indicated her intent to evaluate the funding model for local Healthwatch and its fitness for purpose in the context of the system reforms.

¹ Zoccatelli G, Desai A, Robert G, Martin G & Brearley S. Exploring the work and organisation of local Healthwatch in England: a mixed-methods ethnographic study. *Health Soc Care Deliv Res* 2022;10(32). <https://doi.org/10.3310/YUTI9128>

² [The Local Reform and Community Voices grant](#) provides one element of the non-ringfenced funding provided for local Healthwatch, with the larger proportion having been rolled into the local government finance settlement in 2011 to 2012.



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Every community across the country deserves a strong voice

We welcome the Minister's commitment to review the current funding model. The situation within the last year has declined significantly, and I believe that further deferral of government action to address funding inequity and dilution of the power of Healthwatch statutory function is a risk to the Government's ambitions to deliver a truly patient centred health and social care service.

We are ready to assist the Department in the review process and have already identified a number of key actions we believe would help.

Actions:

1. We have discussed with DHSC officials the possibility of creating a process for formally referring funding concerns over individual Healthwatch contracts to Ministers. This would happen when we identify Local Authorities providing worryingly low levels of funding for local Healthwatch or where principles of good commissioning are not being followed. We request that the DHSC embeds such a process.
2. DHSC should complete the current review of guidance given to systems and Local Authorities on the commissioning and funding of Healthwatch to help the network deliver the additional responsibilities brought about by ICSs and wider system transformation.
3. We request that the review DHSC is undertaking for the Select Committee looks specifically at the current funding and commissioning model for local Healthwatch and explores ways to modernise this. The model needs to reflect the current health and care system and enable local Healthwatch to carry out their statutory function fully.

Yours Sincerely,

Louise Ansari
National Director
Healthwatch England