



The Rt Hon Jeremy Hunt MP
Secretary of State
Department of Health
Richmond House
79 Whitehall
London
SW1A 2NS

04 December 2017

Dear Secretary of State,

State of Support for the Healthwatch network

Please find enclosed our annual briefing to the Department on the state of local authority funding for local Healthwatch, covering the financial year 2017/18. This is the third time we have published such a statement since the initial ministerial request. Our findings are the most concerning to date.

As you will have noted from our recent annual report to Parliament, the Healthwatch network is at the heart of making sure people's voices are heard by health and care services. Over the last year Healthwatch has heard from 341,000 people, carers and staff, all of whom have given their time to share their experiences of health and social care services. This insight helped our network of 152 local Healthwatch to produce more than 1,750 reports, creating an unparalleled source of feedback from people about how the NHS and social care services are performing in the current climate. It has helped to shape changes across the country, from improving the quality of residential care in the Isle of Wight to helping GP surgeries in West Sussex to become autism-friendly.

Over the past year local Healthwatch have shared with us their concerns that local authority-led decisions are putting at risk the ability of the network to deliver on its statutory obligations. Our analysis of the network's financial position confirms these fears. We consider that it is now necessary for the Department to step up its work with Healthwatch England and others in order to maintain an effective Healthwatch network.

Financial analysis

It may be useful to provide a brief outline of the network's financial history. As you will be aware, the Department of Health provides funding to local authorities to enable them to commission a local Healthwatch. The Department originally announced a total of £43.5m, which was allocated to local authorities in 2013/14. Following research indicating that only £33.5m got through to front line local Healthwatch services in 2013/14, the Department wrote to all councils reminding them of the statutory status of local Healthwatch and the need to ensure local Healthwatch are therefore adequately resourced to discharge their statutory functions. In a debate in the House of Lords on 15 December 2016, it was positive



to see the Government's continuing commitment to an effective network, with Baroness Chisholm stating: *"It is in the interests of local authorities and other local care system partners to have a well-performing local Healthwatch that will help to drive up the quality of local services. Those local authorities [who cut funding] will need to demonstrate how their local Healthwatch organisations can still carry out their duties effectively."*

However, since the debate took place, local Healthwatch have continued to see a steady decline in their financial position:

- In 2017/18 local Healthwatch have reported that the amount received to deliver their statutory activities was £27,395,178.
- This compares with the 2016/17 figure of £29,423,966 that was received to deliver their statutory activities.
- This constitutes a 6.9% reduction on last year's total, and a 37% reduction since the 2013/14 allocation.

This year, six in ten Healthwatch (59%) have seen their funding remain relatively stable, or with a maximum year-on-year budget decrease of £5,000. However, one in three (32%) have seen their funding decrease by more than £5,000. Even in areas where funding has been maintained local Healthwatch continue to operate on very tight budgets and with very small staff teams (often only two people) covering very large geographical areas and populations. They have also raised concerns around the lengths of contracts - with one or two year contracts not providing sufficient stability to enable long term planning and retain staff. We have ongoing concerns around the future financial picture and some councils' continuing confusion about the distinction between commissioning statutory Healthwatch activity and funding wider voluntary and community sector projects. As a result of this, we continue to monitor and offer support to local Healthwatch, with particular focus on those who are already facing an extremely difficult task to deliver their statutory functions within their current budgets.

Trends in commissioning - emerging areas of concern

In some areas budget reductions are now at a level where local authorities are attempting to commission local Healthwatch organisations on a basis which would leave them unable to fulfil their statutory obligations.

In particular, we are aware of:

- Tenders which have sought to remove the provision of information and advice;
- Tenders which would only provide a part-time rather than full-time Healthwatch service; and
- Instances where councils have sought to stipulate specific activity, without regard for the need for Healthwatch to function independently.

In addition, some councils have sought to include funding for advocacy services within the funding envelope for Healthwatch statutory activities. These decisions have in some cases been exacerbated by local authorities allocating budgets entirely from the Local Reform and



Community Voices grant, instead of also including the funds made available through the local government finance settlement. This has served to prevent a clear and transparent audit trail concerning the level of funds local authorities have available for local Healthwatch.

We have been made aware of a number of cases in which local authorities are expecting local Healthwatch to be funded by means outside the resources made available to councils for this purpose. In particular:

- Some have argued that Clinical Commissioning Groups should contribute to the core budget for local Healthwatch;
- Others have placed an emphasis on the need for additional income generation for statutory activities.

These arguments are based on a clear misunderstanding of the legal position.

Healthwatch England is entirely supportive of, and provides active support for, local Healthwatch efforts to generate additional income from local health and social care commissioners and providers, as well as from other sources. Indeed, supplementary resources of this kind are becoming an increasingly essential means of ensuring that maximum impact and value can be extracted from the core funding provided for statutory activities. We are entirely clear, however, that this cannot excuse attempts by local authorities to avoid their responsibilities for ensuring effective delivery of those statutory functions.

Those local authorities urging their Healthwatch organisations to generate income from other sources must also take into account the need for core funding to allow for sufficient management time to undertake this additional income generation activity. The increasing pressure on management capacity has also had an unwelcome impact on the ability of local Healthwatch to participate effectively in strategic discussions including work relating to Sustainability and Transformation Partnerships and Accountable Care Systems/Organisations.

Similarly, analysis of local Healthwatch suggest that those with less resource have less time to effectively recruit and manage volunteers. Without the support of an adequate volunteer base, local Healthwatch activities and reach are disproportionately affected.

Action by Healthwatch England

We have been working hard to help councils better understand their obligations. Colleagues within Healthwatch England have been actively supporting local Healthwatch in their engagement with local authorities, and have in some cases worked directly with local government partners to advise them in the development of their plans for local Healthwatch tenders and the statutory obligations they need to fulfil. Only this week it has been necessary for us to provide statutory written advice to Staffordshire County Council regarding their proposals to halve the resource made available for statutory activity in Staffordshire.



Taking this into account, I thought it would be useful to provide an update on our plans for future work with local authorities. Over the coming months we will be working with local government colleagues to reinforce their understanding of how to maximise the value and strategic impact of the Healthwatch network. We will help councils understand how to make full use of the insight local Healthwatch offer, drawing upon examples such as the following:

- **Re-commissioning:** when Newcastle City Council needed to achieve very substantial savings through re-commissioning its home care services, Healthwatch Newcastle were able to ensure that the new specification was in line with NICE guidance and introduced new performance monitoring processes, focused on tracking improvement around the issues local people raised.
- **Service quality:** Torbay Council faced the challenge of the local care market being dominated by one principal provider. Healthwatch Torbay identified public concern regarding the quality and safety of home care services and were able to bring about action by the Care Quality Commission, leading to the provider entering special measures and an improvement plan being put in place. Healthwatch Torbay continues to monitor the situation.

We will shortly be writing to all council leaders and chief executives to share our State of Support analysis and explain how our Committee will be exercising its advisory powers to ensure local authorities are fully aware of the potential consequences of their decisions before making them. We are also building into our new strategy a substantial focus on helping local Healthwatch to operate with maximum efficiency and effectiveness, identifying and promoting their impact, and ensuring there is a sustainable offer across the network.

Proposals for joint working

In seeking to achieve our ambitions for the network we would benefit from input and support from the Department in a number of ways. Firstly, we need the Department to provide greater transparency so that local authorities are clear about the funding streams from which they are resourced to commission local Healthwatch organisations. This will enable intelligent commissioning and appropriate accountability by:

- Helping to ensure that funding is being applied by councils in line with their legal duties;
- Improving formal accountability through increasing the ability of scrutiny committees, other elected members, Health and Wellbeing Boards and the public to understand councils' Healthwatch commissioning decisions; and
- Providing the Department with a more comprehensive picture concerning the value for money achieved by councils using the resources allocated by the Department to enable them to commission local Healthwatch.

In addition to our activities with other organisations, there would also be merit in the Department facilitating and encouraging better collaboration and integration between its



Arm's-Length Bodies regarding strategic opportunities to work with local Healthwatch. In the Department's most recent assessment of NHS England's performance against its Mandate, you noted your appreciation of the joint working undertaken between NHS England and Healthwatch, both nationally and locally. Without the resources necessary for local Healthwatch to carry out their statutory activities, this will be at risk. Stakeholders across health and care therefore have a practical interest in this issue. A collective approach would build upon the constructive discussions we have started to have with NHS England, NICE and the CQC in this regard and would help to identify further opportunities to develop coherent and effective engagement as well as improve the sustainability of local Healthwatch.

With this in mind, now seems to us to be the right time to bring those stakeholders together and identify a coordinated approach. Given the trend towards commissioning local Healthwatch and advocacy services together, and the way in which these services are interlinked from a user perspective, it would make sense to make advocacy stakeholders part of that discussion. It would also be beneficial to involve colleagues from the Department of Communities and Local Government, given their responsibilities with regards local government funding. Healthwatch England would therefore be happy to work with your officials to organise a roundtable involving health and social care arm's-length bodies, local government, and advocacy providers to explore further some of the issues raised in this letter.

Thank you for your continued interest in the state of the Healthwatch network, and that of your officials who I know maintain effective contact with our team on these matters. I hope our briefing and the additional information in this letter are helpful in bringing into focus the increasingly pressing challenges that local Healthwatch now face in delivering their important statutory functions. I also hope this letter makes clear how Healthwatch England is responding and what the Department can do to help.

I look forward to your thoughts on our proposals concerning improvements to transparency and bringing stakeholders together, and if I can provide any further information on these or any other points please do not hesitate to get in touch.

Yours sincerely,

Jane Mordue
Chair, Healthwatch England