

Dame Jo Williams, Chair
Cynthia Bower, Chief Executive
Care Quality Commission
Finsbury Tower
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21st February 2012

Performance and Capability Review

Dear Jo, Dear Cynthia,

Thank you for your efforts in supporting the Performance and Capability Review. I am pleased to enclose the Review Panel's findings and recommendations for action.

Key Findings

The Review report recognises the progress that CQC has made in the past three years in bringing together three different organisations and in developing a new regulatory model. This was a considerable task and should not be underrated.

However, evidence reviewed by the Panel showed the early stages were difficult, with CQC facing operational and strategic difficulties. This has been well documented by other reports on CQC. Evidence to the Panel confirmed that delays in registrations and criticism from stakeholders on inspection have challenged public confidence in the organisation as a whole. The ineffective response last summer to a whistleblower's concerns raised further questions about the organisation's capability. The Review has shown that, in hindsight, the scale of the task facing CQC was underestimated – both by CQC and the Department of Health – but the Panel concluded more could have been done by CQC to manage risks during transition.

The Panel heard from both staff and stakeholders that, over the last nine months, CQC has made significant improvements in performance and in focus on core purpose. The Panel found that levels of commitment from staff at all levels are improving, and the operational base is stronger, more stable and sustainable. Stakeholders want the organisation to succeed. However, the evidence gathered by the Panel has clearly shown there is more work to do to build on recent successes to ensure the organisation has the capability and capacity to respond to patient, public and Parliamentary expectations in the future. We heard that lessons need to be learned from the performance shortcomings of the early years. We also saw that you and the leadership of

the organisation are open to feedback, and willing to listen and act on issues raised about the organisation's performance.

Recommendations

The Review's recommendations are set out in the attached document. They are intended to support continuing improvement and cover three key challenges for the future:

- CQC must become more strategic and set out more clearly what success looks like.
- Action should be taken to strengthen the Board to clarify accountabilities.
- Finally, the application of the regulatory model, including inspections, needs to become more systematic, consistent and proportionate to the risk in different parts of the health and care sector.

The Review report recognises that the Department needs to provide support in relation to some specific recommendations. We have a role in working with you and, with your input, will look to recruit additional members to the Board. In addition, the Department will consult on changes to CQC's governance structure. The Panel's clear view was that the Board should move to a unitary model, but wanted to be sure that it is the best option for CQC. I also look forward to working with you on developing measures of success and, through the National Quality Board and the Social care White Paper, ensuring there are clear statements as to the distinctive roles of national bodies in assuring quality and providing incentives for quality improvement – the 'who does what' for quality.

You will also be aware that the Department has a responsibility to ensure that the regulations underpinning CQC's work, ie those deriving from the 2008 Act, are kept under review. An initial review is due to conclude shortly with the laying of new regulations before the Easter recess. The Department is about to commence a more comprehensive, second-stage review. This will look at the regulations as a whole to ensure the framework is proportionate in minimising the risks to people who use services; it will examine the extent to which CQC regulation can mitigate that risk. The review will address issues where the regulations are not supporting an effective proportionate regulatory framework. We are already in touch informally with CQC; I will be writing to you shortly outlining the scope of this review and its draft terms of reference.

Of course, I recognise that the Department has more to do as sponsor, and I am committed to ensuring more robust accountability arrangements not just for CQC, but across all the Department's arm's length bodies.

Next Steps

The next step, which we have discussed, will be for CQC to set out in its business plan for 2012/13 an agreed action plan providing detail of how these recommendations will be taken forward. I look forward to receiving your initial response to the Review and, within the next month, a draft action plan.

I would like to thank you and the team at CQC for the time and energy you put in to making the Review run smoothly. As you know, the Review Panel gathered evidence from a large number of external stakeholders and CQC staff. We valued the chance to visit several of CQC's offices and speak to a diverse range of staff. We were all

impressed by the level of commitment throughout the organisation, and I want to take this opportunity, through you, to convey my appreciation to all the staff in CQC for the hard work they do on a daily basis for patients and service users. From the Department's perspective, we were able to gain new insight into the organisation through this process, and I expect it to result in CQC in being a sustainably improving organisation delivering a respected regulatory system which protects patients and service users.

*Yours Sincerely,
Una O'Brien*

**UNA O'BRIEN
PERMANENT SECRETARY**

