

MEETING:	PUBLIC BOARD MEETING 19 November 2014
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Agenda Title	Q2 2014/15 Corporate Performance report
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PURPOSE OF PAPER:

Actions required by the Board:

- **Comment** on Q2 2014/15 performance set out in the cover report and the scorecard. Annex 1 includes the joint performance and finance report.
- **Review and comment** on the areas of concern noted in the cover report (and supporting slides) and the specific proposals for improvement.
- **Review and comment** on organisational strategic risks and their mitigating actions (Annex 2).

1. Summary

- 1.1 This is the second quarterly performance report for 2014/15 - it sets out the progress in delivering our business plan commitments for the year and how we are demonstrating impact, outcomes, quality and effectiveness through our new strategic measures. The annex covers our strategic measures and our key operational performance indicators and core finance information.
- 1.2 A summary from the Chief Executive, set out in Annex 1, provides a snapshot of the areas of success as well as those areas of particular concern. This overview draws upon the new strategic measures designed around our new approach. For some measures therefore, data will not be included until Q3 in line with its phase in, and others have some early data but are too early to adequately assess performance.
- 1.3 Commentary on our operational performance has been set out below with detail provided in Annex 1. This report is a summary of performance to the end of September, which has been updated as far as possible to ensure the most current data is available. The report covers our business plan indicators, delivery of our transformation programme and our budget.

2. Summary of Q2 performance – KPIs and Business Plan

General commentary, including areas of positive performance

- 2.1 As at the end of September data from the Directorates reported a total of 11,786 inspections had been undertaken (compared to 11,610 in CRM).

Of these, Directorates stated that 1,598 new approach inspections have been undertaken (compared to 1,422 in CRM). Whilst further improvement is required, good progress has been made in regards to data quality and processes.

- 2.2 There has been a decrease in complaints from April to September (233) compared to the same period last year (285). There were 51 stage one complaints in September compared with 53 for the same month last year. Of these four (8%) stage one complaints progressed to stage two. Year to date, 27 stage one complaints (14%) have progressed to stage two, which is within the less than 20% threshold.
- 2.3 Calls handling performance remains on track. The National Customer Service Centre handled 23,140 calls in September and 128,534 year to date (an increase of 12% compared to the same period last year).
- 2.4 The results of this year's staff survey have now been published. The overall engagement index is 64 a rise of one point from last year's 63, which is above the public sector benchmark of 58. 91% of staff stated that their team is committed to producing quality work, and 88% stated that in their team they can rely on support from colleagues when they need it. 84% of staff felt that within their team they feel that we all respect and value each other. 21% of staff reported that they had witnessed bullying/harassment at work, and 12% stated that they has been personally bullied harassed (a decrease from 23% and 14% respectively last year). Directorates are currently discussing the results of the staff survey.
- 2.5 There have been 10,869 registrations assigned to Directorates from April to September. Of these 90% were completed within the 50 day timescale. It should be noted that this has been achieved against a background of only 80% of registration staff being in place.
- 2.6 There were 626 enforcement actions undertaken year to date. This is a decrease of 12% when compared to 717 in Q1 and Q2 last year. However, there has been a 30% reduction in the number of inspections undertaken over the same period. Therefore we are now taking more enforcement actions per inspections undertaken (53 per thousand inspections this year compared to 43 per thousand inspections last year). Within the Hospital Directorate there are 12 trusts which are in special measures, of which six were put in special measures as part of the Keogh Review.
- 2.7 **Long term non-compliance remains a risk.** As of 6 October there were 995 locations which had been non-compliant for over 1 year. The length of non-compliance for the top five most frequently occurring outcomes is around one year. Non-compliant outcomes relating to staff are most prevalent for Hospitals and Adult Social Care. The highest most frequently occurring outcome for PMS is infection control. The PMS Directorate has decreased the amount of non-compliant locations by 50%, and reduced the in long term non-compliance by 19%. This has been achieved though having a targeted programme whereby all inspectors not working on new approach inspections have focused on non-compliant locations.
- 2.8 The Transformation Programme overall status is Amber/Red, which reflects the ongoing change activity and risks. These include **recruiting and resourcing inspections** which **is causing risks** to delivery plan, and implementing quality control processes in post inspection activity, reporting and publishing.

Specific areas of concern

2.9 The following 3 areas are of concern and are specifically drawn out for potential consideration and discussion by the Board. The three areas are:

- **Safeguarding,**
- **Publication of reports, and**
- **Recruitment and delivery of inspections.**

3. **Safeguarding** The Q2 performance report for the first time this year shows information on our performance against our KPI on acting on safeguarding information CQC receives - the performance and issues is set out in slides 15 and 16.

3.2 A safeguarding alert is where CQC is the first agency receiving safeguarding information for us to take an early assessment and depending on the outcome, early action. A safeguarding concern is when CQC is advised about information already known to our partners and others. Safeguarding alerts and concerns are important to us as they indicate where people may be at risk of harm and we need to act on the information we receive to ensure that harm is minimised.

3.3 In the period April to September 2014, CQC received 1132 safeguarding alerts and 43,896 concerns. In the same period in 2013, there were 1512 safeguarding alerts and 40,514 concerns.

Understanding our current performance

3.4 This new performance information demonstrates two things:

- The low performance across all sectors in meeting the stringent target set (Alerts to be followed up within 24 hours, and Concerns to be followed up within 48 hours); and
- The significant level of both alerts and concerns that currently have either a date disparity or 'no action date present' representing ongoing data quality challenges.

3.5 Approximately 45,000 alerts and concerns have been received in the first six months with approximately 44% of alerts and 17% of concerns being responded to within the KPI of one and two days respectively. There are approximately 11,000 alerts and concerns for which 'no action date' is recorded.

3.6 The data demonstrated that there were safeguarding alerts or concerns that either had no action recorded against them, or had action more than 11 days later recorded. Clearly this information, presented for the first time, raises concerns.

3.7 In response to this data, we have urgently undertaken an audit of 325 records of safeguarding alerts with no action or action greater than 11 days to understand the data more - to answer the basic question of is this an activity problem (i.e. are we not responding to safeguarding information) or a recording question (are we responding to safeguarding information but not recording our activity properly).

3.8 The three categories we used for the audit were:

- Delayed completion, or due to be completed;
- Error in completion; and
- Other.

3.9 The first two categories are mainly recording issues and the other category has some recording issues and some issues which may indicate an activity problem (see below for our work to further investigate these).

3.10 The result of the audit suggests that for the vast majority of the alerts, the information was considered and acted upon, but the activity was not recorded properly (approximately 75% of the cases audited were in the first two categories, and 25% in the third). This suggests that both recording the dates on CRM and recording it correctly is not routinely and systematically taking place.

3.11 We have instigated two further pieces of audit and analysis to help us understand our current performance:

- From the most recent audit of alerts, we have asked Inspection Managers to look at the smaller proportion of response categories where we cannot yet be confident that there will have been any action taken so we can have a fuller assessment of our confidence that we are responding to information received; and
- We have started to do a sample audit of the outstanding safeguarding concerns (4000 cases) so we can test if the same reasons as for alerts apply to these.

Immediate action to stabilise the position

3.12 The audit can give us reasonable assurance that we are acting on information received, but not recording it properly, which means we are responding to information about risk to individuals. However failure to record our activity properly is still not acceptable, so we are taking immediate steps to stabilise our performance across CQC – this includes:

- Engaging with Inspection Managers and Inspectors to improve their understanding of how to record safeguarding activity in CRM so from now on activity undertaken is recorded accurately;
- The new release of CRM later this month will provide for the first time this year team-level managerial information, which will support our Inspection Managers to more proactively engage their teams on responding to safeguarding in one to ones and team meetings;
- Intelligence colleagues have developed a new safeguarding dashboard tool, which is powerful toolkit which will both help inspectors to better use current and historical safeguarding information to inform their inspections, and help active management of open safeguarding cases within local teams; and
- Utilise Internal Audit capacity to review the effectiveness of the actions we are looking to put in place.

Improving our organisational performance

3.13 Finally, CQCs new Safeguarding Committee meets for the first time on the 18th November. The Committee will discuss and agree a new work programme that is looking to put improvements for the medium and long term across 5 key areas:

- Improving our systems and processes to better support staff to address safeguarding alerts/concerns/ notifications;
- Information and intelligence- better use of information to inform regulatory work and identify themes and trends cross sector;
- Training- better equip staff at NCSC to confidently triage at receipt and robust training for all inspection staff across sectors on responding to safeguarding;
- Policy review- review of our role and responsibility to provide clarity both internally and externally and more specifically review SCR policy; and
- Governance and communications- clarity of accountabilities for performance role.

The Board will be regularly updated on progress against the actions set out.

4. Publication of reports

4.1 303 new approach inspection reports were published between April and September. Of these 68 (22%) were published within 50 days. ET and the Board have previously agreed that this is not a formal target and would be reviewed when the new methodology is embedded. The Hospitals Directorate are working to a 65 working day 'inspection to publication' model on an interim basis in order to focus on quality, and have an ongoing project to establish publication timescales for future inspections.

4.2 The desire is to have in place an efficient process that ensures the report has gone through desired quality control arrangements before publication, including the factual accuracy checks with the provider, and yet is published in a more timely and efficient way. To achieve this CQC are currently doing four things:-

- Refining the business processes including the steps of quality control and assurance. Examining where there is a need for commonality across sectors and where there remains a need for flexibility;
- Ensuring the processes has adequate business and systems support. Ensuring also there is a clear distinction between the collection of the evidence and that which is used in the final reports;
- To support above the training of Inspectors on the new processes and the expectations on the quality of the report. This is underway but continues to evolve as we have yet to agree the final business processes that continue to be tested; and
- To work to agree appropriate publication targets for 2015/16 business planning that reflects both complexity of cases and the size of providers across all sectors.

- 4.3 Whilst the focus currently remains on the quality of reports and testing the process the Chief Inspectors will be looking to agree that process over the short term and to confirm appropriate targets. Updates will continue to be reviewed by both the Executive Team and the Board as part of the ongoing performance reporting.

5. Recruitment and Delivery of Inspections

- 5.1 **Recruitment of inspectors remains challenging.** A review by Inspection Directorates of the assumptions that were agreed in Q3 and Q4 2013/14 has been undertaken. The findings from this process are: inspections are taking significantly longer than modelled; the make-up of teams on some inspections is greater than modelled; **recruitment is significantly behind the planned targets; and the quality of care at locations is worse than originally anticipated and so initial ratings assumptions are too optimistic.** The new approach inspections are 'getting under the skin' of organisations, and we are seeing an increase in the rate of enforcement actions taken, as referenced in the performance report.
- 5.2 To achieve the ratings inspection targets agreed with Board in July, CQC need to deliver 7,371 ratings inspections across Q3 and Q4 2014/15. To achieve this on the modelling agreed we require 958 inspectors in place for October, and 993 for December. The current report shows we have 810 inspectors in post and available for inspection currently (i.e. not on maternity leave, long-term sick or seconded to other posts), with **a shortfall across all sectors** but the issue is particularly acute for Hospitals; in Mental Health; Primary Medical Services in the London region; and Adult Social Care in the Central region. We have a recruitment plan in place to address this but clearly puts a pressure on delivery of inspections currently.
- 5.3 Our ability to deliver the agreed ratings commitments for the remainder of 2014/15 and also 2015/16 will continue to be reviewed and future reports will include an update on recruitment but also a trajectory of inspections that need to be delivered and a focus on productivity.

6. Strategic Risk Register

- 6.1 The Executive Team reviewed the Strategic Risk Register (SRR) on 21 October (See Annex 2) which was also discussed with the Audit and Corporate Governance Committee on 5 November, who:
- endorsed the strategic risk register as presented, noting in particular the increased risk (SR02) on taking appropriate action in a speedy and effective manner;
 - considered in detail the risk on CQC taking on the Market Oversight function and recommending an early report to the Board; and
 - recommended that the Executive Team review the current amber rating for both SR13 (Value for Money) and SR08 (operational IT systems to support delivery).

7. Finance summary

- 7.1 Slides 33 to 38 of Annex 1 set out our spend for the year to date. In summary CQC budget is under spent by £7.9m split between the pay budget (£6.6m) and non-pay budget £1.4m, with no variance on depreciation. Capital expenditure to date is £4.5m and underspent by £0.2m up to 30 September.

- 7.2 CQC has spent £10.4m in six months on 347 FTE temporary staff. This includes 93 temporary staff in NCSC and 27 within Business Services. Reducing this cost remains a priority for CQC. The Investment Committee will be provided with regular updates and will be the point of sign off for any new temporary staff.
- 7.3 Commitments are outlined to utilise the budget in this financial year, this includes the on-going bank inspector programme which is currently only budgeted until the end of Q2 and further expenditure on recruitment and ICT projects.

8. CQC Business plan – mid year point review

- 8.1 The Chief Executive, through his CE report, has regularly updated the Board on the key milestones for introducing the new approach and other major milestones in the CQC business plan. The Corporate planning and performance team monitors the milestones in the CQC Business Plan and at the mid year point, the delivery of the business plan is assessed as broadly on track, with no significant delays experienced in achieving the milestones for Q1 and Q2, with the following exceptions:

Original delivery dates of October 2014:

- Fundamental standards – originally planned for introduction in October, by agreement with DH this will be from April 2015, subject to legislation; and
- Quality standards, measures and reporting. Draft quality standards are in place, however greater clarity on quality control and assurance arrangements is being developed – ET will receive a paper in early November.

- 8.2 As noted in paragraph 5.3 our ability to deliver the agreed ratings commitments for the remainder of 2014/15 and also 2015/16 will continue to be reviewed.
- 8.3 During Q1/2, we put in place a Management Assurance Framework and undertook the first assessment by Directorates of their performance against 8 key areas (planning; performance; financial management; quality management; people management; information and evidence management; accountability; oversight and scrutiny). Through this process the ET will be developing and strengthening its capabilities in respect of the 8 key areas, including planning and ongoing monitoring of plans and performance. This work was considered by the ACGC at its meeting on 5 November.
- 8.4 Planning for 2015/16. Our two year Corporate Business Plan will need to be reviewed and refreshed for 2015/16 and 2016/17 and will require discussion with the Board and agreement with DH. Directorates will need to develop plans and we will need to dovetail planning and budget process, and have a robust process for addressing interdependencies.

9. Conclusion and Next Steps

- 9.1 Board is asked to note the performance issues highlighted in the report and review and comment on the annex.

Appendices:

ANNEX 1 : QUARTERLY PERFORMANCE & FINANCE REPORT

ANNEX 2 : STRATEGIC RISK REGISTER

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Date 12 November 2014