

**Cambridgeshire and Peterborough  
Clinical Commissioning Group**

**Minutes of the Governing Body in Private held on Tuesday 2 September 2016 at 2.00 pm in the Cedar Room / Teleconference at 4.30 pm.**

**Present:** Rebecca Stephens, Interim Vice-Chair  
Vanessa Connolly, CCG Lay Member  
Tracy Dowling, Chief Officer  
Jonathan Dunk, Chief Finance Officer  
Jill Houghton, Director of Quality; Nurse Member  
Dr Julian Huppert, CCG Lay Member  
Dr David Irwin, GP Member, Huntingdonshire  
Dr Alex Manning, GP Member, Isle of Ely  
Dr Harshard Mistry, GP Member, Greater Peterborough  
Dr Liz Robin, Director of Public Health  
Sarah Shuttlewood, Director of Contracting, Performance & Delivery

**In Attendance** Sharon Fox, CCG Secretary

**GB16/103 Special Resolution**

The Interim Vice-Chair declared "That representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest" Section 1(2), Public Bodies (Admissions to Meetings) Act 1960 and in line with section 26 of the Health and Social Care 2012 Act

**GB16/104 Apologies for Absence**

Apologies for absence had been received from Dr Gary Howsam, Dr Mark Brookes, Dr Sripat Pai, Dr Christopher Scrase and Jessica Bawden.

**GB16/105 Declarations of Interest**

The Governing Body noted that Dr Cathy Bennett, GP Member, CATCH (Vice Chair) had declared a potential conflict of interest in relation to one of the bidders. She had therefore withdrawn from the process. She had not been sent the papers and would attend the Governing Body meeting to discuss and agree the outcome.

**GB16/106 Notification of Any Other Business**

There were no items of any other business to be discussed during the meeting.

**GB16/107 Provision of Financial Recovery, Improvement and Sustainability Support**

A paper recommending to the Governing Body the preferred bidder to provide Financial Recovery, Improvement and Sustainability Support to the CCG had been circulated prior to the meeting. Jonathan Dunk set the scene for the requirement for the support in relation to delivery of the CCG's Inadequate Rating and the need for a Financial Recovery Plan and the CCG Improvement Plan under NHSE CCG Directions. The Business Case had been discussed at the Governing Body Development Session in August and this had received sign off from NHSE. Jonathan Dunk advised the Governing Body that the procurement process for the provision of Financial Recovery, Improvement and Sustainability Support had been concluded. This was supported by Arden & Gem and was delivered via the Crown Commercial Services Consultancy One Framework. Bids were received from McKinsey & Company, PricewaterhouseCoopers LLP and Deloitte last Friday and were scored against the prescribed best practice criteria by the evaluation panel. The Chief Officer, Chief Finance Officer and Chief Clinical Officer / Clinical Chair held clarification interviews with the bidding firms on Friday 2 September 2016. The preferred bidder recommended by the Panel is McKinsey & Company. A copy of their bid was attached to the paper. Jonathan Dunk confirmed that they McKinsey & Company was able to mobilise to the agreed timeframes within the cost envelope criteria. The contract was split into two phases. Phase 1 – Diagnostics. Phase 2 – Delivery. An element of the contract price (20%) was at risk subject to delivery of the contract. Subject to Governing Body approval, McKinsey & Company would be awarded the contract next week.

The Governing Body discussed the recommendation from the Panel in some detail. Dr H Mistry apologised that he had not been part of the previous discussions at Governing Body and asked for assurance that the company would not be discovering issues that the CCG was already aware of, for the sum of £1million. He highlighted a similar process in Peterborough PCT where he considered that gains did not materialise. Jonathan Dunk said that from a financial perspective the cost of the contract was £1.1m, with a cap of £1m. Without the resource, the CCG would not get close to achieving its financial recovery plan. Tracy Dowling said that the specification included the requirement to work with the CCG to support delivery of the savings the CCG already knew which within the CCG's Financial Recovery Plan. In addition, the specification requested a further £4m of savings to be identified.

*Jill Houghton left the meeting as Director on Call*

The Interim Vice-Chair said it was important to identify the success criteria so that it was not just about the savings, but to provide a legacy in-house for sustainability in the future. She asked how this could be measured. Jonathan Dunk confirmed that the contract price was based upon milestones and delivery and would be formally agreed following Phase One – Diagnostics. Tracy Dowling said that Phase Two would be about adding value to the CCG and the Panel had interrogated all bidders regarding Phase Two – Delivery. She said that McKinsey had been the strongest bidder and had both the tools and the expertise to deliver the training to the organisation. This included hosting master classes, programme management, activity analysis and use of data. The CCG would receive

their Wave Tool licence for one year, and there would be the option to extend the license in future years. She anticipated that there would be a significant shift in capability for staff within the organisation.

Dr David Irwin commented on the costs of the support and that he was concerned that the CCG was spending £1m to save £4m. Jonathan Dunk provided reassurance that the £4m was additional, and that the preferred bidder would be expected to support the delivery of the £45m savings programme. Dr Liz Robin commented on the links to the STP and the Health and Care Executive and how this would feed into the programme management delivery board and partnership working. She said there was a need to avoid duplication. Tracy Dowling said that she did not envisage that this would be a risk and that the additional resource should accelerate delivery around the system wide financial challenges. She said she also saw this would support the alignment of the CCG to deliver the STP and that this should avoid duplication. McKinsey & Company had acknowledged the STP within their presentation. Dr Liz Robin encouraged the need to avoid confusion with providers and ensure that there was a clear interface both internally and externally.

Julian Huppert said that he would like further information regarding the other bidders before making a decision. He would also like further clarification on the costs of each stage of the contract. He said he would like assurances around risk management and that the targets for savings were clear. He also said there was a need to be clear about delivery balanced against the continued scrutiny and the CCG's reputation. Vanessa Connolly commented on the terms and the costs for Wave and there was a need, there was a need for formal assurance around future costs. She was also concerned around fortnightly Board meetings highlighted in the bid, and this was not sustainable for the Governing Body. Jonathan Dunk shared the scores for each Bidder.

Arden and Gem had been involved in the process.

Tracy Dowling said that McKinsey would work with the CCG and maintain dialogue with the Executive team throughout the diagnostic phase. There would be access to a number of tools to support data analysis and interrogation. None of the bidders would commit to the £4m until the diagnostics had been completed. Tracy Dowling added that there was a need for the diagnostic phase to be completed as soon as possible and highlighted the meeting with the Regional Director on 22 September 2016.

*Jill Houghton returned to the meeting.*

He added that delivery oversight would be robust and he had confidence that McKinsey could deliver. The choices were stark for the CCG and they were the best company on the table. Tracy Dowling added that in terms of comparison of bidders, [REDACTED]

[REDACTED] She considered that McKinsey & Company had the credibility and would provide rigorous analysis including the CCG's organisational health. Their status in the market would also carry weight at NHSE.

Dr Harshard Mistry asked for confirmation that rates were comparable of that of the private sector. Jonathan Dunk confirmed that this was the case, and the rates were agreed as part of the national Framework. Vanessa Connolly said she needed assurance on delivery of the two Phases and achievement of the additional savings. Jonathan Dunk said it was a single contract but there would be a break after Phase 1 and terms for Phase 2 would then be agreed.

Tracy Dowling said that there would be a report from McKinsey that outlined what could be delivered following Phase 1. She anticipated that there would be a further round of contract negotiation and this would be shared with the Governing Body. Vanessa Connolly said that this should also be shared with NHSE.

The Interim Vice-Chair thanked everyone for their contribution to the discussion. Turning to the recommendations, she said the Governing Body **noted** the outcome of the procurement process to appoint a provider of Financial Recovery, Improvement and Sustainability Support. The Governing Body **agreed** to appoint McKinsey & Company as the preferred bidder on the recommendation of the Evaluation Panel. In addition, the Governing Body **requested** a formal update on the diagnostic phase and oversight of the delivery of the additional savings, should these be identified as unachievable, prior to commencement of Phase 2. The Governing Body also **requested** clarification on the requirement for fortnightly Board meetings. The Governing Body **requested** regular updates throughout Phase 2 of the contract, subject to satisfactory assurances on deliverability of savings. **ACTION: Tracy Dowling.**

#### **GB16/108    Date of Next Meeting**

The date of the next meeting was confirmed as Tuesday 13 September 2016 at Main Hall - The Fleet, Fleet Way, Peterborough, PE2 8DL following the Governing Body in public.

**Sharon Fox**  
**CCG Secretary and Deputy Director of Corporate Affairs**  
**7 September 2016**