

Information for Kent Health Oversight and Scrutiny Committee – Millbrook Healthcare’s partnership with Cairngorm Capital

1. About Cairngorm Capital

Cairngorm Capital is a specialist private investment firm that provides equity capital, strategic advice and management expertise to leading UK companies. It partners with ambitious management teams, providing financial investment which can be used to improve technology, logistics and operational processes. It shares industry knowledge, best practice and operational expertise so that strategy and plans can be implemented more quickly and successfully.

The firm is backing the management buyout led by Phillip Campling, Millbrook’s Chief Executive, to acquire the shares from members of the Croll family, who are retiring or exiting the business. Phillip Campling and the rest of the Millbrook management team, including Annette Cairns (Clinical Director) and David Lock (Commercial Director) will continue to lead the business, working with Cairngorm Capital, to achieve their vision and strategic goals for Millbrook Healthcare. Aside from long-term investment and improvements to the business, all other aspects of Millbrook’s operations will continue as usual.

Dr Amit Thaper, who leads Cairngorm Capital’s interests in this partnership, spent several years as a surgeon in the NHS covering a number of specialties including orthopedics, emergency and trauma care so he understands the provision of healthcare as a practitioner and the interlink between the NHS and social care. After leaving the NHS, he worked at Bain & Co, a global management consulting firm, on a number of public and private healthcare projects both in the UK and the USA, which brought an international element to his expertise.

During the acquisition, Cairngorm Capital undertook in-depth market and customer research both internally and via consulting firms to increase and validate its knowledge of industry and customer requirements. These findings will shape and influence future service provision.

Across its two funds, Cairngorm Capital currently has equity capital in excess of £180m available for investments. Its focus is in growing and transforming companies to create market leaders, rather than on financial structuring. It takes a collaborative, long term view to investing and does not charge management fees or take dividends during its ownership. As at July 2019, the firm had completed 21 investments, with combined revenues of £650+m and over 4,250 employees.

2. Millbrook employees

There was a comprehensive exercise led by Phillip Campling and his management team to ensure that all stakeholders were fully briefed about the change of ownership. All employees received an email that outlined the change in ownership and what that meant for them in practice; those staff not on email were briefed by their line managers. The email was accompanied by an announcement from Colin Croll and a detailed Q&A that sought to answer as many of the initial questions that employees might have.

The written communication was supplemented by a whole company briefing led by Phillip Campling and Colin Croll, using telephone conferencing, where it was reiterated that this was solely a change of ownership and that nothing had changed in terms of employees’ contracts, employment terms, reporting lines or other day to day operations. At this briefing, employees had the opportunity to ask further questions. Service centre managers have held follow-up sessions to ensure that anybody who was unable to participate on the day is fully briefed on the changes. In addition, our Clinical Director,

Annette Cairns visited the teams at Ashford and Gillingham this week to discuss the change of control in more detail.

Employees' reactions and feedback is being captured in a number of ways:

- A representative group of 40 employees, covering a range of functions and locations, are providing direct feedback on a regular basis.
- Service centre managers are eliciting feedback from their team members, to capture views and reactions at every level of the business.
- Employees can submit questions, comments and feedback to a central email address or anonymously via feedback boxes at each service centre. These are collated and the answers are shared company wide.

In the unlikely event that employees have any concerns, they are able to raise these with their line manager or Millbrook's HR team. It should be noted that the change of share ownership in Millbrook Healthcare does not change employees' contractual or working conditions.

3. **Continuity of service levels and the future benefits arising from the partnership**

This change of ownership will have no impact on service levels – it is solely the transfer of shares from the Croll family to the Millbrook management team and its strategic partner, Cairngorm Capital. There will not be changes to resources or service centres and the management and governance process will remain the same.

Every contract will continue to have the same level of investment and the same amount of working capital. It will be Millbrook's management team, rather than Cairngorm Capital or any other investor, who will determine the resourcing of both current and future contracts.

Cairngorm Capital brings the resources and expertise to improve the business and make it best-in-class. It has committed to and invested fully for Millbrook's future expansion and growth. It has allocated significant sums, which will be invested across a number of areas resulting in improvements to technology, supply chain and logistics, extensions to the Ultimate product range, all with the goal of delivering exceptional services and care to customers. The firm takes a collaborative, long term view to investing and does not charge management fees or take dividends during its ownership.

With the departure of Colin and Paul Croll, Millbrook's board has been strengthened by the appointments of Mike Kerins, who joins as non-executive Chairman and Victor Vadeneaux, a Cairngorm Capital Operating Partner, who joins as non-executive director. Both bring considerable experience of transforming businesses.

4. **Stakeholder communication**

All stakeholders – commissioners, suppliers and employees - have been personally notified of the change of ownership. In addition, the announcement has been posted onto each service centre's website to update service users.

In line with our statutory duties, we formally notified all of our commissioners, including Kent, of the change of control a number of weeks ago and received approvals in return.