

Royal National Hospital for Rheumatic Diseases NHS FT
Extraordinary Trust Board

Extraordinary Trust Board meeting to be held in public
27th November 2014
1400 hrs
RNHRD Lecture Hall

Agenda

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|-----------|---|--------------|--------------|
| 1. | Welcome and apologies | Chair | - |
| 2. | Declarations of Interests | Chair | - |
| 3. | Acquisition by Royal United Hospitals Bath NHS FT | Chair | Paper |
| 4. | Any Other Business | | |
| 5. | Date of next Trust Board Meeting to be held in public
9 th December 2014 | | |

**Royal National Hospital for Rheumatic Diseases NHS FT
Extraordinary Trust Board**

Royal National Hospital for Rheumatic Diseases NHS FT (RNHRD) Trust Board

Report to: RNHRD NHS FT Extraordinary Trust Board held in public

Date of Meeting	RNHRD NHS FT Extraordinary Trust Board Meeting – 27th November 2014
Agenda Item	3. Consideration to be Acquired by the Royal United Hospitals Bath NHS FT
Subject	Board Resolution with regard to the Statutory Transaction of the Acquisition of the Royal National Hospital for Rheumatic Diseases NHS FT by the Royal United Hospitals Bath NHS FT
Reporting Officer	Luke March, Chair
Appendices	
Appendix 1	Approval for Acquisition

Action for Board	For decision/approval	For discussion	Standing Report	For information/noting	Submitted by Committee Request
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BOARD RESOLUTIONS

1. It is recommended that the Board agrees the resolution below to progress a joint application with Royal United Hospitals NHS Foundation Trust (RUH) to Monitor for RUH to acquire Royal National Hospital for Rheumatic Diseases NHS Foundation Trust (RNHRD).

The Board of Directors is therefore requested to:

- (a) approve the disposal of the assets and liabilities of the Trust to Royal United Hospitals NHS Foundation Trust;
- (b) approve the making of a joint application with RUH to Monitor in accordance with section 56(A)(1) of the National Health Service Act 2006 to obtain consent from Monitor to the Transaction (Joint Application);
- (c) approve and execute all such documents and to do such other acts and things as may be necessary and/or desirable in relation to the proposed acquisition.

In making such approvals, the Directors are satisfied that:

- (a) the Transaction will ensure continuity of high quality patient services

In the event that the Board approves this resolution, the Council of Governors will subsequently be asked to approve the acquisition on 2nd December 2014 based on a separate resolution relevant to its role in the approvals process.

Agenda Item : 3 / Appendix 1

Approval of Acquisition
RNHRD NHS FT Extraordinary Trust Board

**The Statutory Transaction of the Acquisition of the Royal National Hospital for
Rheumatic Diseases NHS FT by the Royal United Hospitals Bath NHS FT**

Introduction

Following previous reports to the Royal National Hospital for Rheumatic Diseases NHS Foundation Trust (RNHRD) Board, this paper provides the background to the strategic solution to the long-standing financial challenges that the organisation has faced over recent years. In the context of this, the quality of services at the RNHRD remain highly rated with high patient satisfaction and compliance in all standards during its last inspection by the CQC in December 2013.

The RNHRD first recognised it was too small to be financially stable in the longer term in 2008 and when it started to require financial support in 2011/12 it carried out a rigorous options appraisal exercise identifying that joining with the Royal United Hospital (RUH) Bath was its preferred strategic solution. In July 2012, the boards of the RUH and RNHRD agreed to develop a proposal to come together as a single NHS Foundation Trust. Following enforcement undertakings from the regulator (Monitor) in April 2013 to ensure plans were in place to deal with the continuing financial issues, the strategic intent was reaffirmed in June 2013, with the mechanism identified as acquisition, once the Royal United Hospital had achieved foundation trust status and subject to all regulatory conditions being satisfied.

Appendix A provides a summary of the engagement on the proposed transaction to date.

The Royal United Hospitals Bath NHS Foundation Trust (RUH) was formally authorised as a foundation trust on 1st November 2014. This enabled the RUH to commence the statutory transaction of acquisition of the RNHRD.

**Supporting Information to the Recommendation for the Statutory Transaction of the
Acquisition of the Royal National Hospital for Rheumatic Diseases NHS FT by the Royal
United Hospitals Bath NHS FT**

Overarching principles

The RNHRD and RUH have agreed a set of overarching principles for the transaction,

- ***Brand and reputation***

We will continue to recognise and build on the national and international reputation which RNHRD has developed as a leading provider of high quality, innovative care for patients with long-term rheumatology, pain and fatigue conditions.

- ***Continuation***

Using the expertise of our combined teams, our ambition is to ensure the continuation of the high quality innovative care and the advancement of this ground breaking work to improve the care and quality of daily life for our patients.

- ***Partnership***

The future will remain clinician-led, working in partnership with expert patients and carers, members and commissioners to sustain and further improve service user experience.

- ***Skills and leadership***

We will benefit from the skills and leadership of a wider multidisciplinary team model which will enhance shared care for individuals with multiple conditions, support community provision and improve access to specialist knowledge and skills across our local health economy and beyond.

- ***Excellence and innovation***

By combining the RNHRD's enviable specialist research brand and expertise with the RUH's ambitious research agenda, we will create a centre driven by evidence-based clinical excellence and innovation. This will be further enhanced by bringing together the established research networks of the RNHRD and the RUH's scale of patient access and recruitment record, patient safety programme, excellent diagnostics facilities and supporting connections with the Academic Health Science Network.

- ***High quality patient experience***

Patients can be confident that they will receive the highest quality care delivered by passionate staff. Plans will be developed in partnership with our stakeholders to create purpose designed surroundings with convenient access to purpose designed facilities - ensuring the continuation of a care environment that further enhances patient experience and will allow specialist services and innovation to flourish into the future.

These principles are a fundamental element of the full business case for the transaction.

Benefits to patients and communities served

The integration of the two Trusts is anticipated to achieve a number of specific benefits for the patients and communities they jointly serve, principally:

- **Integration**

In joining together, more integrated services will be developed. This will support further expansion of shared care models, particularly for patients with multiple, and complex long term conditions. In time, this is expected to lead to further development of new service models in areas such as therapies and self-management in line with the national direction of travel. Access to specialist expertise and diagnostics will also be extended.

- **Sustainability**

Through integration of service models and closer working with community partners, services will be sustainable for the future, both financially and operationally. All clinical services are expected to continue in line with commissioner requirements.

The ability to fully integrate and align services on a single site and access to a wider range of corporate support for RNHRD clinicians will improve efficiency and effectiveness, maintaining patient experience and quality of service delivery as well as increasing value for the money from the public purse. Risks to ongoing financial stability which are naturally inherent in small scale operations with peaks and troughs of demand and supply will also be significantly reduced.

- **Profile & people**

The profile and brand of the RNHRD is both nationally and internationally recognised. This will continue to be maintained and further developed ensuring that high quality, innovative service models are supported and in turn, promote further research investment in the local area and will ensure that the strong track record of both organisations in recruiting high calibre staff can continue.

Service development

The plans for the future development of services have been produced jointly between the organisations and clinical teams. These plans take into account both local concerns such as ensuring the development and delivery of a long term strategy for valued local amenities eg hydrotherapy as well as the wider direction of travel from commissioners, focusing on:

- Delivering innovative care for patients across our community
- Reducing reliance on bed-based models of care where appropriate
- Increasing self-care through empowering our patients and supporting them with community based delivery

- Delivering quality and operational performance standards across all services, aligned with national best practice
- Through delivery of all of the above, contain costs of service provision now and in the future

Research and Development

The combined organisation will have the second largest R&D portfolio amongst medium-sized hospitals.

As the RUH and RNHRD have very different research areas, the acquisition will result at a simple level in the pure addition of the studies of both hospitals whilst maintaining a recognition of both brands. The joining is however expected to also provide significant growth in research as bid writing, research culture and fund management are further strengthened alongside access to a larger population for clinical trials.

It is hoped to grow other existing research active areas in the RUH, so that each year more areas are made substantive research areas. It is intended to bring much of the good practice of R&D at the RNHRD to the merged hospital, such as a 'joint' impressive yearly R&D report and a new external web site dedicated to R&D with monthly R&D newsletters.

Environment

The acquisition affords the opportunity to enhance the quality of the patient environment, ensuring its long term fitness for purpose. It is recognised that the RNHRD building is highly regarded by the patients it serves..

It is expected that services will continue to be delivered from the existing RNHRD building for at least the next three years, but that during this time work will be undertaken within wider estates plans at the RUH to develop purpose designed environments which benefit patient experience and support improved efficiency and effectiveness of delivery through appropriate scaling, workflow design and colocation with other services. Opportunities for branding of elements of the new estate would also ensure that the long term legacy of the RNHRD can be protected.

Patient experience

The only change proposed to patient experience on day one of acquisition is to relocate endoscopy services to the RUH site. This change aims to address challenges to the service as

currently provided at the RNHRD and will be described in full in a paper to the B&NES Wellbeing & Scrutiny Panel for their meeting on 28th November 2014 as part of the proposed public consultation process.

Next steps

Detailed integration planning work is currently underway to ensure business continuity and patient experience is maintained across all services.

Letters of support for the transaction, based on the principles for the transaction, have been received from primary commissioners. Ahead of the next stage of the process to approve the full and final business case by the Board of Directors of the RUH and recommendation of the Board of Directors of the RUH to their Council of Governors to vote in favour of the transaction the Board of Directors of the RNHRD is asked to agree the resolution as described by this paper.

In the event that the Board approves this resolution, the Council of Governors will subsequently be asked to approve the acquisition on 2nd December 2014 based on a separate resolution relevant to its role in the approvals process.

A joint application would then be made to Monitor to issue grant documentation to effect the transaction. A timeline has been drawn up to effect these stages with the earliest potential acquisition date now established as 1st February 2015.

Summary and Conclusion

Since 2008 the Board of Directors of the RNHRD has recognised that the organisation is too small to be financially stable in the longer term. Over the intervening period the RNHRD has continued to deliver high quality services to our patient population whilst continuing to secure a strategic solution to ensure continuity of those high quality patient services. The RNHRD & RUH have worked closely together over many years across the clinical and senior management teams to deliver an effective acquisition process that will secure benefits for the patients both current and future of the RNHRD services. Acquisition of the RNHRD by the RUH is therefore considered the optimum solution to resolve the underlying issues that has led to the non-sustainable financial position.