

27 January 2015

Brian Stables
Chairman
Royal United Hospitals Bath NHS Foundation Trust
Combe Park
Bath BA1 3NG

Sent by e-mail

Dear Brian

Royal United Hospitals Bath NHS Foundation Trust acquisition of the Royal National Hospital for Rheumatic Diseases NHS Foundation Trust: Transaction approval

I refer to the acquisition ('the transaction') by Royal United Hospitals Bath NHS Foundation Trust ('RUH') of the Royal National Hospital for Rheumatic Diseases NHS Foundation Trust ('RNHRD') on 1 February 2015.

Monitor has now completed its work to assess this transaction in accordance with the Risk Assessment Framework (RAF) published on 27 August 2013 and updated on 1 April 2014. Under the RAF, Monitor has a statutory role in granting the acquisition. The transaction does not however meet Monitor's threshold for reporting and detailed review and Monitor's RAF therefore does not require the transaction to be risk rated prior to any grant.

In light of the receipt of a formal joint application from RUH and RNHRD (supported by all necessary documentation), Monitor's Provider Regulation Executive Committee has approved the Grant of Acquisition which will give effect to the transaction from 1 February 2015. A copy of the signed and sealed Grant of Acquisition is included as an annex to this letter.

We believe that this transaction will deliver a sustainable solution for continuity of commissioner requested services currently provided by RNHRD and represents the best available solution to the financial sustainability challenge faced by RNHRD. We also expect that the transaction will improve services for patients.

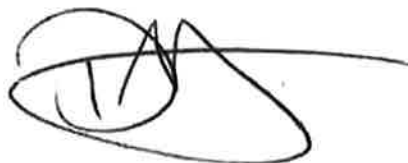
Should you have any questions about any of the content of this letter, please contact either Dave Hill or myself.

Finally, I would like to thank you again for the effort you and your team have made over the past few months to enable us to undertake our work.

Yours sincerely



Stephen Hay
Managing Director of Provider Regulation
Direct line: 020 3747 0345



David Hill
Enforcement Director
Direct line: 020 3747 0103

Copy:
James Scott, Chief Executive
Sarah Truelove, Director of Finance and Deputy Chief Executive
Jocelyn Foster, Commercial Director

Annex 1: Grant of Acquisition of Royal National Hospital for Rheumatic Diseases NHS Foundation Trust by Royal United Hospitals Bath NHS Foundation Trust

**GRANT
OF
ACQUISITION
OF
ROYAL NATIONAL HOSPITAL FOR RHEUMATIC DISEASES
NHS FOUNDATION TRUST
BY
ROYAL UNITED HOSPITALS BATH NHS FOUNDATION TRUST**

Signature:



CHIEF EXECUTIVE OF MONITOR



27th January 2015

1. Interpretation

1.1. In this document, the following definitions shall apply:

“Acquirer” means Royal United Hospitals Bath NHS Foundation Trust;

“Acquired Trust” means Royal National Hospital for Rheumatic Diseases NHS Foundation Trust;

“Effective Date” means 1 February 2015;

“Transaction Agreement” means the transaction agreement for the acquisition of the Acquired Trust by the Acquirer made on 9 January 2015;

“Transfer Regulations” means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended from time to time) and any other statute or statutory provision which may from time to time implement the Acquired Rights Directive (2001/23/EC).

1.2. Words and expressions used in this document shall be construed as if they were in an Act of Parliament and the Interpretation Act 1978 applied to them.

2. Grant of Acquisition

2.1. Monitor grants the application for the acquisition of the Acquired Trust by the Acquirer in exercise of the power conferred on it by sub-section 56A(4) of the National Health Service Act 2006, paragraph 15 of Schedule 8 to the Health and Social Care Act 2012 and all other relevant powers exercisable by Monitor.

2.2. This grant of acquisition shall come into force on the Effective Date and shall be conclusive evidence of the acquisition of the Acquired Trust by the Acquirer.

3. Effect of Grant of Acquisition

3.1. On the Effective Date:

3.1.1. the Acquired Trust shall cease to exist;

3.1.2. in accordance with section 56A(5) of the National Health Service Act 2006, the proposed constitution of the Acquirer which has been amended to reflect the acquisition of the Acquired Trust shall have effect;

3.1.3. subject to paragraph 3.2, all of the assets and liabilities of the Acquired Trust shall transfer to the Acquirer, including but not limited to the property, contracts, charitable trusts and other assets and liabilities specified in the Transaction Agreement;

- 3.1.4. the Acquirer shall be deemed to be the successor body to the Acquired Trust for the purposes of all contracts, land and buildings, property (and rights, licences and consents relating to its use) and all other assets which have transferred to the Acquirer and accordingly the grant of acquisition shall be binding on third parties;
 - 3.1.5. the Acquirer shall be deemed to be the successor body to the Acquired Trust for the purposes of all civil liabilities and claims both present and future and accordingly the grant of acquisition shall be binding on third parties; and
 - 3.1.6. the employment of all relevant employees of the Acquired Trust shall transfer to the Acquirer by operation of the Transfer Regulations and in accordance with arrangements agreed between the Acquirer and the Acquired Trust and set out in the Transaction Agreement.
- 3.2. The grant of acquisition shall not transfer any criminal liabilities of the Acquired Trust to the Acquirer.
 - 3.3. The grant of acquisition shall not affect the continuity of the Acquirer or its property or liabilities.

4. General

- 4.1. By virtue of section 67A of the Finance Act 2003 (as amended by section 216 of the Finance Act 2012), both the Acquired Trust and the Acquirer are exempt from any charge of stamp duty land tax in respect of any transfer of property or liabilities effected by the grant of acquisition.
- 4.2. Any dispute arising out of the acquisition of the Acquired Trust by the Acquirer shall be referred for arbitration to a person appointed by the Acquirer in consultation with Monitor.