

National Health Service Act 2006 (“the Act”)

NOTICE of exercise of intervention powers under section 52 of the Act

**To: The Board of Directors and The Council of Governors
Royal National Hospital for Rheumatic Diseases NHS Foundation Trust
Upper Borough Walls
Bath
Avon
BA1 1RL**

On the basis of information made available to the Independent Regulator of NHS Foundation Trusts (“Monitor”) by the Royal National Hospital for Rheumatic Diseases NHS Foundation Trust (“the Foundation Trust”) and having taken into account representations made to Monitor by the Foundation Trust, Monitor is satisfied that:

- (1) the Foundation Trust has contravened, and is failing to comply with, its terms of Authorisation, in particular, Condition 2 which requires the Foundation Trust to exercise its functions “*effectively, efficiently and economically*”, and
- (2) the contravention and failure are significant under section 52(1) of the Act.

This Notice constitutes formal notification of the immediate exercise by Monitor of its statutory powers under section 52(3) of the Act.

Further to the imminent return of the seconded Interim Chief Executive Officer (CEO) of the Foundation Trust to Salisbury NHS Foundation Trust and without prejudice to any further action which Monitor may take under the Act, Monitor:

- (i) terminates with immediate effect the appointment of Stephen Cole as Director of Corporate Strategy made by Notice dated 18 December 2008 under the Act;
- (ii) terminates with immediate effect the appointment of Kirsty Matthews as Interim Chair made by Notice dated 18 December 2008 under the Act;
- (iii) appoints with immediate effect Kirsty Matthews as Interim CEO for such period or periods and on such terms with respect to remuneration and allowances as Monitor may approve; and
- (iv) appoints with immediate effect Stephen Cole as Interim Chair of the Foundation Trust for such period or periods and on such terms with respect to remuneration and allowances as Monitor may approve.

Dated 29 April 2009



**William Moyes
Executive Chairman**

Annex to NOTICE dated 29 April 2009 of exercise of intervention powers under section 52 of the Act to the

Royal National Hospital for Rheumatic Diseases NHS Foundation Trust

By Notice under section 52 of the Act and dated 18 December 2008, Kirsty Matthews was appointed as Interim Chair of the Foundation Trust with immediate effect. By the same Notice, Stephen Cole was appointed with immediate effect as Director of Corporate Strategy.

In September 2008, Peter Hill, Deputy Chief Executive and Director of Operations of Salisbury NHS Foundation Trust was seconded to the Foundation Trust as Interim Chief Executive Officer. Peter Hill's contract has a one month notice period. Peter Hill's secondment will cease at the end of April 2009 and he will return to his full time position as Deputy Chief Executive and Director of Operations at Salisbury NHS Foundation Trust.

This Notice should not be construed as providing any comment as to the capabilities and competencies, or otherwise, of the members of the Foundation Trust Board or of the executive team, or of Monitor's confidence in them.

Currently Monitor has no reason for concerns as to the quality of the clinical care provided by the Foundation Trust to its patients.

The formal intervention relates at this stage to matters of financial governance.

In part, the aim of this formal intervention is to provide the opportunity for the Board to continue to formulate and deliver a long term strategy for the Foundation Trust, in particular, to consider and approve a preferred merger partner, which is not dictated by immediate pressures.

Overall, intervention is a secure mechanism of ensuring that appropriate regulatory control is in place to help stabilise the Foundation Trust, assist in the design and delivery of a sustainable and successful recovery and protect the services it provides for patients.