
STATUTORY INSTRUMENTS

1995 No. 693

**NATIONAL HEALTH SERVICE,
ENGLAND AND WALES**

**The National Health Service (Fund-holding
Practices) Amendment Regulations 1995**

<i>Made</i>	- - - -	<i>9th March 1995</i>
<i>Laid before Parliament</i>		<i>10th March 1995</i>
<i>Coming into force</i>	- -	<i>1st April 1995</i>

The Secretary of State for Health, as respects England, and the Secretary of State for Wales, as respects Wales, in exercise of powers conferred on them by section 126(4) and (5) of the National Health Service Act 1977(1) and sections 14(6) and 15(7) of the National Health Service and Community Care Act 1990(2) and of all other powers enabling them in that behalf, hereby make the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the National Health Service (Fund-holding Practices) Amendment Regulations 1995 and shall come into force on 1st April 1995.

(2) In these Regulations, “the principal Regulations” means the National Health Service (Fund-holding Practices) Regulations 1993(3).

Amendment of regulation 1 of the principal Regulations

2. In regulation 1(2) of the principal Regulations (interpretation)—

(a) after the definition of “bank account”, insert—

““community fund-holding practice” means a fund-holding practice which has been granted recognition as a community fund-holding practice in accordance with regulation 5;” and

(b) after the definition of “relevant FHSA”, insert—

(1) 1977 c. 49: see section 128(1) as amended by the National Health Service and Community Care Act 1990 (c. 19) (“the 1990 Act”), section 26(2)(g) and (i) for the definitions of “prescribed” and “regulations”. Section 126(4) was amended, and section 126(5) inserted, by the 1990 Act. section 65(2).

(2) 1990 c. 19.

(3) S.I. 1993/567, amended by S.I. 1994/640.

““standard fund-holding practice” means a fund-holding practice which has been granted recognition as a standard fund-holding practice in accordance with regulation 5.”.

Amendment of regulation 2 of the principal Regulations

3. In regulation 2 of the principal Regulations (application of Regulations in Wales)—
- (a) for paragraph (2) substitute—

“(2) In relation to an application which, by virtue of paragraph (1) or regulation 3(4), has been made to the Secretary of State—

 - (a) regulations 6(c) and 7 do not apply; and
 - (b) in Schedule 1—
 - (i) the condition specified in paragraph 1(a) does not apply, and
 - (ii) paragraph 1(b) applies as if for “5,000” there were substituted “4,000”.”; and
 - (b) for paragraph (4) substitute—

“(4) In relation to any fund-holding practice whose recognition has been granted by the Secretary of State—

 - (a) regulations 14(4)(c)(i) and (5)(c)(i), 16(c)(i), 17 and 25(5)(c) and (6) do not apply; and
 - (b) in Schedule 2—
 - (i) the condition specified in paragraph 1(a) does not apply,
 - (ii) paragraph 1 applies as if for “5,000” in both places and there were substituted “4,000” and as if the words “3,000 or, as the case may be,” were omitted, and
 - (iii) paragraph 2(b) applies as if for “5,000”, there were substituted “4,000”.”.

Amendment of regulation 3 of the principal Regulations

4. In regulation 3 of the principal Regulations (application for recognition as a fund-holding practice)—
- (a) after paragraph (1) insert—

“(1A) The application shall state whether it is an application for recognition as a community fund-holding practice or as a standard fund-holding practice”; and
 - (b) after paragraph (2) insert—

“(2A) Where an application has been made but before it has been determined in accordance with regulation 6, the members of the practice may, by notice to the Regional Health Authority signed by each member of the practice, change their application to an application for recognition as a standard, or as the case may be, a community fund-holding practice.”.

Amendment of regulation 4 of the principal Regulations

5. In regulation 4 of the principal Regulations (time of application), at the beginning insert “(1) Subject to paragraph (2),” and at the end insert—
- “(2) An application for recognition which is to take effect from 1st April 1996 shall be made by 31st July 1995.”.

Amendment of regulation 5 of the principal Regulations

6. In regulation 5 of the principal Regulations (grant of recognition as a fund-holding practice)—

(a) for paragraph (1), substitute—

“(1) The Regional Health Authority shall grant recognition as a standard fund-holding practice or as a community fund-holding practice (as the case may be) if it is satisfied that the conditions specified in Schedule 1 in relation to such a practice are fulfilled.”; and

(b) in paragraph (2), at the beginning insert “Subject to paragraph (3)”; and

(c) after paragraph (2), insert—

“(3) For the purposes only of the payment and application of the management allowance referred to in regulation 22A, recognition shall take effect on the date on which it was granted.”

“(4) A fund-holding practice which is recognised as such immediately before 1st April 1995 shall be a standard fund-holding practice.”.

Amendment of regulation 8 of the principal Regulations

7. In regulation 8 of the principal Regulations (conditions for continuing recognition)—

(a) for “The members of a fund-holding practice shall continue to be entitled to recognition as a fund-holding practice” substitute “The members of a standard fund-holding practice or community fund-holding practice (as the case may be) shall continue to be entitled to recognition as such”; and

(b) after “Schedule 2” in both places insert “in relation to such a practice”.

Amendment of regulation 10 of the principal Regulations

8. In regulation 10(1)(b) of the principal Regulations (withdrawal or death of a member of a fund-holding practice), after “Schedule 2” in both places insert “in relation to the kind of practice in question”.

Application for change in status of recognised fund-holding practice

9. After regulation 10 of the principal Regulations (withdrawal or death of a member of a fund-holding practice), insert the following new Regulation—

“Application for change in status of recognised fund-holding practice

10A.—(1) A community fund-holding practice may apply to become a standard fund-holding practice and a standard fund-holding practice may apply to become a community fund-holding practice.

(2) In this regulation, an application under paragraph (1) is referred to as an “application for change in fund-holding status”.

(3) An application for change in fund-holding status to take effect from 1st April in any year shall be made by 1st July in the preceding year or, in the case of an application from a standard fund-holding practice to become a community fund-holding practice, such later date as the Regional Health Authority may agree.

(4) Regulation 3 (except for paragraph 2A), and regulations 5 and 6 shall apply to an application for change in fund-holding status as they apply to an application for recognition as a fund-holding practice but as if the references in those Regulations—

- (a) to an application were references to an application for change in fund-holding status; and
- (b) to the grant or refusal of recognition were references to the grant or refusal of an application for change in fund-holding status.”.

Amendment of regulation 13 of the principal Regulations

- 10.** In regulation 13(2) of the principal Regulations (grounds for removal of recognition)—
- (a) for “a fund-holding practice”, substitute “a community fund-holding practice or a standard fund-holding practice (as the case may be)”; and
 - (b) after “Schedule 2” in both places insert “in relation to such a practice”.

Amendment of regulation 20 of the principal Regulations

- 11.** For regulation 20(2) of the principal Regulations (purchase of goods and services) substitute—

“(2) The goods and services referred to in paragraph (1) are the goods and services specified, in the case of standard fund-holding practices in Part I and in the case of community fund-holding practices in Part II, of a list approved from time to time by the Secretary of State for the purposes of this regulation.

(2A) Where—

- (a) the list mentioned in paragraph (2) includes services in connection with the termination of pregnancy; and
- (b) the members of a fund-holding practice do not wish to purchase such services in any financial year,

they may give notice to that effect to the Regional Health Authority by 31st July in the preceding year.

(2B) Where such notice has been given, the cost of any such services as are provided to individuals on the lists of patients of members of the practice in the financial year in question shall be met by the District Health Authority whose primary functions include the provision of goods and services to those individuals.”.

Payment for management expenses

- 12.** After regulation 22 (payment of salaries), insert the following new Regulation—

“Payment for management expenses

22A.—(1) Where the allotted sum is determined wholly or partly by reference to the management expenses of the members of the fund-holding practice, the amount so determined (in this regulation referred to as the “management allowance”) may be applied in accordance with this regulation.

(2) The management allowance shall be applied only for the purposes of management expenses.

(3) The amount applied out of the allotted sum for the purposes of management expenses shall not exceed the management allowance and no more than 25% (in the preparatory year 50%) of the total management allowance may be applied for the purpose mentioned in paragraph (4)(d).

(4) For the purposes of this regulation, “management expenses” are—

- (a) the cost of employing staff in connection with the management of the allotted sum;
- (b) the cost of training members of the practice or their staff in connection with the management of the allotted sum;
- (c) the cost, not exceeding such sum as the Secretary of State may specify in directions under section 15(1) of the 1990 Act, of either—
 - (i) employing or engaging (as an assistant or deputy) a registered medical practitioner to provide general medical services to the patients of a member of the practice who is engaged in the management of the allotted sum, or
 - (ii) paying a member of the practice for his time in connection with the management of the allotted sum;
- (d) the cost of acquiring office equipment (excluding computers) required for the purposes of the management of the allotted sum;
- (e) the upkeep and running costs of office equipment required for the purposes of the management of the allotted sum, including computer hardware and software running costs not exceeding such sum as the Secretary of State may specify in directions;
- (f) the cost of specialist advice required in connection with the management of the allotted sum; and
- (g) the cost of minor internal modifications to any premises from which the members of the practice carry on their practice which are required to provide office accommodation for staff employed in connection with the management of the allotted sum.”.

(5) In this regulation “preparatory year” means the interval between a grant of recognition under regulation 5(1) and the following 1st April.

Amendment of regulation 23 of the principal Regulations

13. — In regulation 23 of the principal Regulations (payments to members of the fund-holding practice)—

- (a) in paragraph (1), from “in accordance” until the end of the paragraph substitute—
 - “(a) in accordance with an arrangement made in pursuance of paragraph (2);
 - (b) pursuant to regulation 22A(4)(c)(ii); or
 - (c) pursuant to regulation 24(2)(e) or (f)”;
- (b) in paragraph (2), for “a fund-holding practice” substitute “a standard fund-holding practice”.

Amendment of regulation 24 of the principal Regulations

14.—(1) Regulation 24 of the principal Regulations (savings from the allotted sum) is amended as follows.

- (2) In paragraph (2)—
 - (a) at the beginning insert “Subject to paragraph (3)”;
 - (b) for “for the benefit of the patients of the practice” substitute “with the consent of the Regional Health Authority”; and
 - (c) after sub-paragraph (c) insert—
 - “or

- (d) the purchase of services in connection with an audit of clinical practice which relates to any of the goods and services which are included in the list of goods and services mentioned in regulation 20(2); or
 - (e) commissioning research which relates to any of the goods and services included in the list mentioned in regulation 20(2); or
 - (f) training for members or employees of the fund-holding practice which is required in connection with their membership of the fund-holding practice or, in the case of employees, their fund-holding duties arising in the course of their employment.”.
- (3) After paragraph (2), insert—
- “(3) The Regional Health Authority shall not consent to the application of any part of an allotted sum for any of the purposes specified in paragraph (2)(a) to (f) unless it is satisfied that the expenditure would—
- (a) be for the benefit of the patients of the members of the practice; and
 - (b) represent value for money.”.

Amendment of regulation 25 of the principal Regulations

15. — In regulation 25(1) of the principal Regulations (recovery of misapplied sums), after “22,” insert “22A,”.

Amendment of Schedule 1 to the principal Regulations

16.—(1) Schedule 1 to the principal Regulations (conditions for obtaining recognition as a fund-holding practice) is amended as follows.

- (2) For paragraph 1, substitute—
- “**1.** On the date on which the application is made there are—
- (a) in the case of an application for recognition as a community fund-holding practice, at least 3,000 patients, or
 - (b) in the case of an application for recognition as a standard fund-holding practice at least 5,000 patients,
- on the lists of patients of the members of the practice or, in the opinion of the Regional Health Authority, it is likely that there will be at least that many patients on those lists on the date on which any recognition would take effect in accordance with regulation 5(2).”.

(3) Paragraph 3 is omitted.

Amendment of Schedule 2 to the principal Regulations

17.—(1) Schedule 2 to the principal Regulations (conditions for continuing recognition as a fund-holding practice) is amended as follows.

- (2) For paragraphs 1 and 2 there are substituted—
- “**1.** Subject to paragraph 2, there are—
- (a) in the case of a community fund-holding practice, at least 3,000 patients; or
 - (b) in the case of a standard fund-holding practice, at least 5,000 patients,
- on the lists of patients of the members of the practice or, in the opinion of the Regional Health Authority, it is likely that there will be at least that many patients on those lists by 1st April following the date on which it came to the notice of the Regional Health Authority that the number of patients on those lists was less than 3,000 or, as the case may be, 5,000.”.

2. In relation to a fund-holding practice which is recognised immediately before 1st April 1995 there are until 1st April 1996—

- (a) at least 7,000 patients on the lists of patients of the members of the practice; or
 - (b) fewer than 7,000 but at least 5,000 patients on the lists of patients of the members of the practice and the Regional Health Authority is satisfied that the only reason for the number falling below 7,000 is that a member of the practice has died or has retired on grounds of age or ill health.
- (3) Paragraph 2 is omitted.
- (4) In paragraph 5—
- (a) after “5(2)” insert “or (3)”;
 - (b) for “or” substitute “and”; and
 - (c) for “are capable of doing so” substitute “will also be capable of doing so then”.
- (5) After paragraph 10, there is inserted—
- “**10A.** The members of the fund-holding practice send to the relevant FHSA—
- (a) before the beginning of each financial year, a practice plan outlining how the practice proposes to spend its allotted sum; and
 - (b) by 30th June in any year, an annual report summarising how its allotted sum has been spent in the most recent financial year.”.
- (6) In paragraph 12, for “(h) to (m)” substitute “(h) to (o).”.

9th March 1995

Gerald Malone
Minister of State,
Department of Health

9th March 1995

John Redwood
Secretary of State for Wales

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the National Health Service (Fund-holding Practices) Regulations 1993 (“the principal Regulations”), which regulate the recognition and operation of fund-holding practices.

The principal change effected by these Regulations is the creation of two levels of fund-holding practice. GP practices with at least 3,000 patients on their lists will be able to apply for recognition as a community fund-holding practice. Practices with at least 5,000 patients on their lists will be able to apply for recognition as a standard fund-holding practice. Existing fund-holders will automatically become standard fund-holding practices.

Regulation 2 inserts two new definitions into the principal Regulations to take account of the two new types of fund-holding practice.

Regulation 3 amends regulation 2 of the principal Regulations to make special provision for Wales. The minimum list size criterion for community fund-holding practices is disapplied in Wales, and the list size criterion for standard fund-holding practices in Wales is 4,000 patients instead of 5,000.

Regulations 4 to 8 amend the provisions in the principal Regulations relating to applications for recognition of fund-holding practices, the granting of recognition, the conditions for continuing recognition and associated matters.

Regulation 9 provides for one type of fund-holding practice to apply to become a fund-holding practice of the other type.

Regulation 11 amends the principal Regulations to make provision for different lists of goods and services which may be purchased for patients by community and standard fund-holding practices. Provision is also made for a fund-holding practice to decline to purchase services in connection with the termination of pregnancy. If a practice does this, responsibility for such services will revert to the relevant District Health Authority.

Regulation 12 provides for the payment to fund-holding practices of a management allowance to be spent on certain management expenses.

Regulation 13 extends the purposes for which members of a fund-holding practice may make payments to themselves out of their allotted sum.

Regulation 14 amends regulation 24 of the principal Regulations to extend the purposes on which fund-holding practices may spend savings and introduces a requirement that the Regional Health Authority consent to such expenditure.

Regulations 16 and 17 amend the Schedules to the principal Regulations to provide for the different list sizes for different types of fund-holding practice, and to remove the requirement that a fund-holding practice may not include two members who practise in partnerships whose list size exceeds 7,000. The change to the list size requirements takes effect from 1st April 1996. Schedule 2 to the principal Regulations is also amended to require the members of a fund-holding practice to send Family Health Services Authorities information about proposed and past expenditure of their allotted sums.

The Regulations make other drafting and consequential amendments.