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STATUTORY INSTRUMENTS

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**1996 No. 706**

**NATIONAL HEALTH SERVICE,  
ENGLAND AND WALES**

**The National Health Service (Fund-  
holding Practices) Regulations 1996**

<i>Made</i>	- - - -	<i>11th March 1996</i>
<i>Laid before Parliament</i>		<i>11th March 1996</i>
<i>Coming into force</i>	- -	<i>1st April 1996</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 by section 126(4) and (5) of and paragraph 16 of Schedule 5 to the National Health Service Act 1977(1) and sections 14(2) and (6), 15(7), 16(1) to (4) and (6) and 17 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:—

**PART I  
GENERAL**

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the National Health Service (Fund-holding Practices) Regulations 1996 and shall come into force on 1st April 1996.

(2) In these Regulations, unless the context otherwise requires—

“the 1977 Act” means the National Health Service Act 1977;

“the 1990 Act” means the National Health Service and Community Care Act 1990;

“application” means an application for recognition as a fund-holding practice;

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(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 by, and section 126(5) was inserted by, section 65(2) of the 1990 Act.

(2) 1990 c. 19. Sections 14, 15, 16 and 17 were amended by, respectively, paragraphs 73, 74, 75 and 76 of Schedule 1 to the Health Authorities Act 1995 (c. 17).

“bank account” includes an account with a building society incorporated under the Building Societies Act 1986(3);

“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;

“former fund-holding practice” means the medical practitioners who were members of a fund-holding practice and who—

- (a) have renounced recognition as a fund-holding practice in accordance with regulation 11; or
- (b) from whom recognition has been removed in accordance with regulations 13 and 14 or 15 and 16,

whichever is appropriate;

“fund-holding account” means a bank account maintained by the members of a fund-holding practice for the purpose of receiving an allotted sum or any part of it;

“health service body” has the same meaning as in section 4 of the 1990 Act(4);

“list size” means the number of individuals on the list of patients of a medical practitioner who provides general medical services in accordance with arrangements under section 29 of the 1977 Act;

“notice” means notice in writing;

“practice” means a medical practitioner who, or a group of medical practitioners acting jointly and whether or not practising in partnership which, makes or proposes to make an application and “members of the practice” shall be construed accordingly;

“savings” shall be construed in accordance with regulation 25; and

“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.

(3) In these regulations, any reference to a Health Authority is a reference to the relevant Health Authority, construed in accordance with section 15(1B) and (1C) of the 1977 Act(5) and in the case of an application, the relevant Health Authority is that Health Authority which would be the relevant Health Authority if the application were successful.

(4) For the purposes of these Regulations, an application is made when it is received by the person to whom it is required to be made in accordance with regulation 3.

(5) Where an allotment has not yet been made, references to an allotted sum in regulations 19, 20, 22, 23 and 24 include references to any payments on account of an allotted sum and to the discharge of liabilities as mentioned in section 15(3)(b) of the 1990 Act.

(6) In these Regulations, any reference to a fund-holding practice renouncing recognition is a reference to a fund-holding practice renouncing its status as a recognised fund-holding practice.

(7) In these Regulations, any reference to the Secretary of State removing recognition is a reference to the Secretary of State removing recognition from the members of a fund-holding practice.

(8) In these Regulations, any reference to the rights and liabilities of members of a fund-holding practice is a reference to rights and liabilities incurred in connection with the application of an allotted sum and in particular to rights and liabilities under NHS contracts.

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(3) 1986 c. 53.

(4) Section 4 was amended by paragraph 68 of Schedule 1 to the Health Authorities Act 1995 (c. 17).

(5) Section 15(1B) was added by section 12(1) of the National Health Service and Community Care Act 1990 (c. 19) and amended by paragraph 6 of Schedule 1 to the Health Authorities Act 1995 (c. 17); subsection (1C) was added by paragraph 6 of Schedule 1 to the Health Authorities 1995 Act.

(9) In these Regulations, any reference to the sending of a document is a reference to the sending of the document in a pre-paid letter addressed, in the case of a medical practitioner, to him at the address given in the medical list in which he is included and, in the case of the Secretary of State or a Health Authority, to them at their principal office.

### **Application of Regulations in Wales**

2. In relation to a fund-holding practice whose Health Authority has an area in Wales—
  - (a) in Schedule 1, in paragraph 1—
    - (i) the condition specified in sub-paragraph (a) does not apply, and
    - (ii) sub-paragraph (b) applies as if for “5,000” there were substituted “4,000”; and
  - (b) in Schedule 2, paragraphs 1 and 2 shall each apply as if the words “in the case of a community fund-holding practice at least 3,000 patients or” were omitted and as if for “5,000” there were substituted “4,000”.

## **PART II RECOGNITION**

### **Application for recognition as a fund-holding practice**

- 3.—(1) An application shall be made in writing, and shall be sent to the Health Authority.
- (2) The application shall state whether it is an application for recognition as a community fund-holding practice or as a standard fund-holding practice.
- (3) The application shall be signed by each member of the practice making it.
- (4) 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 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; and where the Health Authority receives such a notice after it has forwarded the application to the Secretary of State pursuant to paragraph (6), it shall forward the notice to the Secretary of State.
- (5) The practice shall provide, in connection with the application, such information and documents as the Secretary of State may reasonably require for the purposes of determining the application.
- (6) The Health Authority shall consider the application and forward it to the Secretary of State together with a notice stating whether the practice—
  - (a) complies with the relevant condition set out in paragraph 1(a) or (b) of Schedule 1 or, in the opinion of the Health Authority, is likely to do so by the date on which any recognition would take effect;
  - (b) will, in the opinion of the Health Authority, be capable of managing an allotted sum effectively and efficiently; and
  - (c) complies with the conditions set out in paragraphs 2, 4 and 5 of Schedule 1.
- (7) Where the notice mentioned in paragraph (6) states that, in the opinion of the Health Authority, the practice will not be capable of managing an allotted sum effectively and efficiently, the Health Authority shall include with the notice a statement of the reasons for its opinion.
- (8) The Health Authority shall send a copy of the notice mentioned in paragraph (6), together with any statement of reasons as mentioned in paragraph (7), to the members of the practice.

- (9) Where the notice mentioned in paragraph (6) states either—
- (a) that the practice does not comply with the relevant condition specified in paragraph 1(a) or (b) of Schedule 1 and that, in the opinion of the Health Authority, it is not likely to do so by the date on which any recognition would take effect; or
  - (b) that the practice will not, in the opinion of the Health Authority, be capable of managing an allotted sum effectively and efficiently,

the Secretary of State shall invite the practice to comment upon the Health Authority's observations before deciding whether or not to grant recognition as a fund-holding practice in accordance with regulation 5.

(10) Where at least one of the members of a practice wishing to make an application is included in the medical list of a Health Board, section 14 of the 1990 Act<sup>(6)</sup> shall operate subject to the modification that at the end of subsection (1), there shall be added the words “except, if at least one of those practitioners is also providing general medical services in accordance with arrangements under section 19 of the National Health Service (Scotland) Act 1978<sup>(7)</sup>, where more patients on the lists of members of the practice reside in Scotland than in England”.

#### **Time of application**

4. An application for recognition which is to take effect from 1st April in any year shall be made by 31st July in the preceding year.

#### **Grant of recognition as a fund-holding practice**

5.—(1) Subject to regulation 9(3), the Secretary of State shall grant recognition as a standard fund-holding practice or as a community fund-holding practice (as the case may be) if he is satisfied that the conditions specified in Schedule 1 in relation to such a practice are fulfilled.

(2) Subject to paragraph (3), recognition as a fund-holding practice shall take effect from 1st April following the grant of recognition.

(3) For the purposes only of the payment and application of the management allowance referred to in regulation 23, recognition shall take effect from the date on which it was granted.

#### **Determination of applications**

6.—(1) The Secretary of State shall determine an application and shall—

- (a) send the Health Authority notice of his decision; and
- (b) include in the notice a statement of the reasons for his decision.

(2) The Health Authority shall send to each member of the practice a copy of the notice of the Secretary of State's decision and a copy of the statement of the reasons for his decision.

#### **Conditions for continuing recognition**

7. 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 so long as the conditions specified in Schedule 2 are fulfilled in relation to that practice.

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<sup>(6)</sup> Section 14 was amended by paragraph 73(a) of Schedule 1 to the Health Authorities Act 1995 (c. 17).

<sup>(7)</sup> 1978 c. 29.

### **Additions to existing fund-holding practices**

8.—(1) Subject to paragraph (2), where a medical practitioner (whether or not he is a member of another fund-holding practice) wishes to become a member of an existing fund-holding practice—

- (a) he and the members of the existing fund-holding practice shall apply for recognition as a fund-holding practice in accordance with regulation 3; but
- (b) regulations 4 and 5(2) shall not apply in the case of that application.

(2) Where a medical practitioner becomes a partner of a member of a fund-holding practice as a result of the grant of an application made by the medical practitioner to a Health Authority under regulation 5 of the National Health Service (General Medical Services) Regulations 1992<sup>(8)</sup> (application for inclusion in the medical list or to succeed to a vacancy), he shall, on giving notice in writing to that effect to the Health Authority, be a member of that fund-holding practice notwithstanding that he did not join in the making of an application under regulation 3.

(3) The Health Authority shall give notice to the Secretary of State of any addition to fund-holding practices made under paragraph (2).

### **Withdrawal or death of a member of a fund-holding practice**

9.—(1) Where a member of a fund-holding practice retires or dies, the recognition of the remaining members of the fund-holding practice shall not be affected if the conditions specified in Schedule 2 in relation to the kind of practice in question continue to be fulfilled in relation to the practice.

(2) Where a member of a fund-holding practice withdraws from the fund-holding practice in circumstances other than death or retirement—

- (a) the remaining members of the practice shall give notice to the Health Authority stating the date on which the withdrawal is to take or took effect; and
- (b) the Health Authority shall forward the notice to the Secretary of State,

and paragraphs (3) to (6) shall apply.

(3) Where the remaining members of the fund-holding practice or one or more members who withdrew from the fund-holding practice wish to continue as a recognised fund-holding practice, they shall apply to the Secretary of State for recognition as a fund-holding practice in accordance with regulation 3; and in those circumstances—

- (a) regulations 4 and 5(2) shall not apply in the case of such an application;
- (b) where all the medical practitioners making the application have been members of a recognised fund-holding practice for at least one year, paragraph 1 of Schedule 1 shall not apply;
- (c) subject to regulation 15, they shall continue to be recognised or, as the case may be, shall be treated as recognised until the application is determined;
- (d) if, as a result, there is more than one fund-holding practice treated as though it were recognised by virtue of sub-paragraph (c), the allotted sum payable in respect of the current financial year and, subject to paragraph (5)1 any accumulated savings of the original practice shall be divided between them in proportions calculated by reference to the respective list sizes of the members of the practices; and
- (e) where any application under this paragraph is refused, regulation 17 shall apply as if the refusal to grant recognition had been a removal of recognition.

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<sup>(8)</sup> S.I. 1992/635; the relevant amending instrument is S.I. 1994/633.

(4) A member of a fund-holding practice who is a partner of another member of the fund-holding practice may not withdraw from the fund-holding practice unless he also ceases to be a partner of that other member.

(5) Where a member of a fund-holding practice (in this paragraph and in paragraph (6) referred to as “the former member”) withdraws from the practice and—

- (a) he continues to be included in the medical list of the Health Authority, and
- (b) on the date on which the withdrawal takes effect, there are savings in the fund-holding account,

such proportion of those savings as the remaining members of the fund-holding practice and the former member may agree (or where they do not agree, the proportion which his list size bears to the sum of all their list sizes) shall be transferred to the Health Authority.

(6) The Health Authority shall apply that part of the savings transferred to it as mentioned in paragraph (5) in accordance with regulation 25 for such purposes as the former member of the fund-holding practice may require, until such time as he ceases to retain responsibility for at least half the patients who were on his list at the time of his withdrawal from the fund-holding practice.

### **Application for change in status of recognised fund-holding practice**

**10.**—(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 Health Authority may agree.

(4) Regulation 3 (except for paragraph (4)) 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.

## **PART III**

### **RENUNCIATION OF RECOGNITION**

#### **Renunciation of recognition**

**11.**—(1) The members of a fund-holding practice may renounce recognition by giving to the Health Authority notice of their intention to renounce recognition with effect from 31st March following the sending of the notice.

(2) The notice referred to in paragraph (1) shall—

- (a) be signed by a majority of the members of the fund-holding practice;
- (b) be sent by the end of the immediately preceding February; and
- (c) be accompanied by a statement containing particulars of—

- (i) the NHS contracts into which the fund-holding practice has entered,
- (ii) the amount standing in the fund-holding account,
- (iii) the amount standing in the fund-holding account which may be applied for the purposes specified in regulation 25, and
- (iv) the liabilities of the members of the fund-holding practice.

(3) The Health Authority shall at least once in every financial year send a notice to the Secretary of State stating how many fund-holding practices have renounced recognition during that year.

### **Consequences of renunciation of recognition**

**12.**—(1) Subject to paragraphs (2) to (6), the consequence of renunciation is that the members of a fund-holding practice cease, on the 31st March specified in the notice referred to in regulation 11, to be recognised as a fund-holding practice.

(2) Notwithstanding a renunciation of recognition and subject to paragraph (7), a former fund-holding practice shall continue to fulfil the conditions specified in paragraphs 7, 8, 9, 10, 12 and 14 of Schedule 2 until the Health Authority is satisfied that all the liabilities of the former fund-holding practice have been discharged.

(3) Where, on the date when the renunciation of recognition takes effect, the members of the fund-holding practice have any outstanding liabilities and the entire allotted sum payable in respect of the financial year ending on that date has been spent, such liabilities shall be met from any accumulated savings.

(4) When the Health Authority is satisfied that all liabilities of the fund-holding practice have been discharged, it shall send a notice to that effect to each member of the former fund-holding practice.

(5) Subject to paragraph (6), if, after a notice under paragraph (4) has been sent, part of the allotted sum remains in the fund-holding account, the former fund-holding practice shall apply that sum as specified in regulation 25 for the benefit of the patients of the members of the former fund-holding practice in such proportions as the members of the former fund-holding practice may agree or, where they do not agree, in proportion to the respective list sizes of the members of the former fund-holding practice.

(6) Where recognition is renounced before it has taken effect in accordance with regulation 5(2), the former fund-holding practice shall pay any part of the management allowance mentioned in regulation 23 which remains in the fund-holding account to the Health Authority.

(7) If, at any time after the renunciation of recognition has taken effect, the Health Authority is satisfied that—

- (a) no funds remain in the fund-holding account; but
- (b) the liabilities of the former fund-holding practice have not been discharged,

all the rights and liabilities of the former fund-holding practice shall, upon notice being sent to that effect to each member of the former fund-holding practice, be transferred to the Health Authority.

### **Grounds for removal of recognition**

**13.**—(1) Where the members of a fund-holding practice have not, within the period of one month beginning with the date on which the notice referred to in regulation 18(3) was sent, notified the Health Authority that they are prepared to accept the amount specified in that notice as their proposed allotted sum for the financial year beginning on the next 1st April, the Secretary of State may remove recognition from them with effect from that 1st April (whether or not the recognition is one which has taken effect in accordance with regulation 5(2)).

(2) The Secretary of State may remove recognition from the members of a community fund-holding practice or a standard fund-holding practice (as the case may be) if any one or more of the conditions specified in Schedule 2 in relation to such a practice is no longer fulfilled in relation to that practice.

(3) The Health Authority shall have the function of collecting, collating and forwarding to the Secretary of State any information reasonably required by the Secretary of State to enable him to consider removal of recognition from the members of a fund-holding practice.

### **Procedure for removal of recognition**

**14.**—(1) Except as provided by regulations 15 and 16, where the Secretary of State proposes to remove recognition from the members of a fund-holding practice on the ground specified in regulation 13(2), the Secretary of State shall—

- (a) send to each member of the practice a notice specifying—
  - (i) the reason for the proposal, and
  - (ii) the date, which shall be after the period of three months beginning with the date on which the notice is sent, on which the removal of recognition is proposed to take effect; and
- (b) inform the members of the practice that they may, subject to paragraphs (2) and (3), make representations to the Secretary of State concerning the matter, either orally or in writing.

(2) Where the members of the practice wish to make representations in writing, representations shall be sent to the Secretary of State within the period of two months beginning with the date on which the notice referred to in paragraph (1) was sent.

(3) Where the members of the practice wish to make representations orally they shall, within the period of two weeks beginning with the date on which the notice referred to in paragraph (1) was sent, give notice to that effect to the Secretary of State and the Secretary of State shall appoint a person or persons to hear those representations and to report to him within the period of six weeks beginning with the date on which the members of the fund-holding practice gave notice under this paragraph.

(4) Where the Secretary of State decides, having taken into account any representations made by the members of the fund-holding practice, to remove recognition, he shall—

- (a) send to each member of the fund-holding practice a notice of his decision; and
- (b) include in the notice—
  - (i) a statement of the reasons for his decision, and
  - (ii) the date on which the removal of recognition is to take effect, and
  - (iii) the consequences of removal of recognition.

(5) In the circumstances specified in regulation 13(1), the Secretary of State shall—

- (a) send to each member of the practice notice of removal of recognition;
- (b) include in the notice a statement of the reasons for the removal of recognition and that the removal takes effect from the 1st April following the sending of the notice; and
- (c) except where recognition has not taken effect in accordance with regulation 5(2), inform each member of the practice of the consequences of the removal of recognition.

### **Removal of recognition with immediate effect**

**15.** Where it appears to the Secretary State that it is necessary either—

- (a) in the interests of patients of members of the practice; or



(b) for the purpose of ensuring the proper management of the allotted sum, that recognition should be removed under regulation 13(2) with immediate effect, the Secretary of State shall remove recognition with immediate effect.

#### **Procedure for removal of recognition with immediate effect**

16. In the circumstances specified in regulation 15, the Secretary of State shall—
- (a) send to each member of the practice a notice of removal of recognition; and
  - (b) include in the notice a statement of the reasons for the removal of recognition and the consequences of the removal of recognition.

#### **Consequences of removal of recognition**

17.—(1) On the day on which removal of recognition takes effect, all the rights and liabilities of a fund-holding practice shall transfer to the Health Authority.

(2) Subject to paragraph (3), on the day on which the removal of recognition takes effect, the fund-holding account shall be treated as having been opened by the Health Authority and the Health Authority may deal with the allotted sum or any part of it remaining in that account as though it were the fund-holding practice.

(3) Where, on the day on which removal of recognition takes effect, there remains in the fund-holding account any part of an allotted sum which may be applied for the purposes specified in regulation 25, the Health Authority shall apply that part of the allotted sum for such of those purposes as the former fund-holding practice may require.

## **PART V**

### **ALLOTTED SUM—DETERMINATION**

#### **Determination of allotted sum**

- 18.—(1) In respect of each recognised fund-holding practice the Health Authority shall—
- (a) collect and collate any information reasonably required by the Secretary of State to enable him to make a determination of the allotted sum to be paid to that fund-holding practice;
  - (b) make any such information available to the members of the fund-holding practice and, before it makes the recommendation mentioned in sub-paragraph (c), invite the fundholding practice to make representations to it concerning either the accuracy or the significance of the information; and
  - (c) subject to any directions issued by the Secretary of State under section 15(1) of the 1990 Act, propose an allotted sum to the Secretary of State and send with its proposal—
    - (i) the information collected pursuant to sub-paragraph (a), and
    - (ii) a notice stating whether the members of the fund-holding practice agree with the sum proposed.
- (2) The Secretary of State shall consider the information and the sum proposed by the Health Authority and shall, by 28th February in any year, notify the Health Authority whether or not he agrees with its proposal and, where he does not agree, he shall include a notice of his proposed allotted sum.
- (3) The Health Authority shall forward the notification and, where appropriate, the Secretary of State's notice of his proposed allotted sum, to the fund-holding practice.

(4) Where the Secretary of State proposes an allotted sum which is different from that proposed by the Health Authority, the members of the fund-holding practice shall, within the period of one month beginning with the date on which the Secretary of State's notice was forwarded to them pursuant to paragraph (3), notify the Health Authority whether or not they are prepared to accept that amount and where they notify the Health Authority that they are not prepared to accept it, the Health Authority shall notify the Secretary of State.

(5) If at the time when the Secretary of State is to determine an allotted sum, his determination would differ from the sum proposed by the Health Authority or (in a case falling within paragraph (2)) from the sum which he has himself proposed, he shall first notify the members of the fund-holding practice and invite them to make representations to him; and he shall take such representations into account before making his determination.

## PART VI

### ALLOTTED SUM—AUTHORISED PURPOSES

#### **Payment for drugs, medicines and listed appliances**

**19.**—(1) The members of a fund-holding practice shall, in respect of each month, pay to the Health Authority out of the allotted sum an amount determined in accordance with the following paragraphs of this regulation as the basic cost of the drugs, medicines and listed appliances supplied pursuant to orders given by or on behalf of members of the practice.

(2) The amount referred to in paragraph (1) shall, subject to paragraph (6), be—

- (a) the net ingredient cost of the drugs, medicines or listed appliances calculated in accordance with paragraphs (3) and (4); minus
- (b) an amount representing a percentage of the price of the drugs, medicines or listed appliances, which percentage—
  - (i) the Prescription Pricing Authority, or in Wales the Welsh Health Common Services Authority, in its calculation of the remuneration payable to pharmacists in accordance with Part II of the Drug Tariff, has determined is the total discount value applicable to items dispensed in that month divided by the total net ingredient cost of those items, multiplied by 100, and
  - (ii) has been published by the Secretary of State; plus
- (c) except in the case of listed appliances supplied with, or in connection with, the supply of oxygen or drugs and medicines supplied in bulk, an amount specified in the Drug Tariff representing the cost of the container or packaging in which the drug, medicine or listed appliance is supplied.

(3) The net ingredient cost referred to in paragraph (2)(a) of a drug or medicine shall be—

- (a) where the name of the drug or medicine is included in a list in the Drug Tariff which specifies a price for a specified quantity of that drug or medicine, the price so specified;
- (b) where the name of the drug or medicine is not so listed, the manufacturer's list price.

(4) The net ingredient cost of a listed appliance referred to in paragraph (2)(a) shall be the price of the appliance specified in the Drug Tariff.

(5) Where an amount calculated under paragraph 2(a), (b) or (c) is in any month not an exact number of pounds, any amount of 50 pence or more shall be rounded up to, and any amount less than 50 pence shall be rounded down to, the nearest whole pound.

(6) In this regulation—

“the Drug Tariff” means the statement published under regulation 18 of the National Health Services (Pharmaceutical Services) Regulations 1992(9);

“listed appliance” means an appliance which is included in a list for the time being approved by the Secretary of State for the purposes of section 41 of the 1977 Act;

“manufacturer’s list price” means the price which the manufacturer of a drug or medicine or his wholesaler or supplier publishes as being the price of that drug or medicine;

“medicine” includes such chemical reagents as are included in a list for the time being approved by the Secretary of State for the purposes of section 41 of the 1977 Act;

“Prescription Pricing Authority” means the special health authority now constituted by the Prescription Pricing Authority Constitution Order 1990 pursuant to section 11 of the 1977 Act(10);

“Welsh Health Common Services Authority” means the special health authority now constituted by the Welsh Health Common Services Authority Constitution Order 1990(11).

(7) For the purposes of this regulation, a drug or medicine is supplied in bulk only when—

- (a) it is ordered by a member of a fund-holding practice for two or more of his patients;
- (b) those patients reside in a school or institution in which at least 20 persons reside;
- (c) the name of that school or institution is written on the order; and
- (d) at least 10 of the persons residing in the school or institution are patients of the member of the fund-holding practice who ordered the drug or medicine.

### **Purchase of goods and services**

20.—(1) Subject to paragraphs (3) to (11), the members of a fund-holding practice shall apply the allotted sum so as to secure the purchase of such of the goods and services, other than general medical services, referred to in paragraph (2) as are necessary for the proper treatment of individuals on the lists of patients of the members of the practice and are appropriate in all the circumstances having regard, in particular, to the needs of all those individuals.

(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-hold practices in Part II, of a list approved from time to time by the Secretary of State for the purposes of this regulation.

(3) Where the list mentioned in paragraph (2) includes services in connection with the termination of pregnancy but 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 Health Authority by 1st July in the preceding year.

(4) The cost of any such services in connection with the termination of pregnancy which 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 Health Authority whose primary functions include the provision of goods and services to those individuals—

- (a) where the members of the practice have given notice as mentioned in paragraph (3); or

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(9) S.I. 1992/662 amended by S.I. 1994/2402, 1993/2451 and 1995/644.

(10) S.I. 1990/1718. The Prescription Pricing Authority was originally established by the Prescription Pricing Authority (Establishment and Constitution) Order 1974 (S.I. 1974/9) which was revoked and replaced by S.I. 1978/331 (itself revoked and replaced by S.I. 1990/1718).

(11) S.I. 1990/2647. The Welsh Health Common Services Authority was originally established as the Welsh Health Technical Services Organisation under the Welsh Health Technical Services Organisation (Establishment and Constitution) Order 1973 (S.I. 1973/1624). It was re-established as the Welsh Health Common Services Authority under S.I. 1985/996 (itself revoked and replaced by S.I. 1990/2648).

- (b) where a patient of a member of a practice either refers herself for such services to a Health Authority or an NHS Trust or is referred by a doctor who is not a member of the fund-holding practice.
- (5) Where the list mentioned in paragraph (2) includes district nursing or health visiting services or both, the members of a fund-holding practice shall enter into at least one NHS contract, to which the Health Authority has consented in writing in accordance with paragraph (6), for the purchase of such of those services as are included in that list.
- (6) The Health Authority shall consent to such an NHS contract as is referred to in paragraph (5) if it is satisfied that—
- (a) the proposed provider is either a Health Authority or an NHS Trust;
  - (b) the proposed provider either has itself provided, or has assumed responsibility for the relevant establishments or facilities of a body which provided, such district nursing or health visiting services or both, whether under an NHS contract or not and whether to the patients of the members of the fund-holding practice or not, for the whole of the calendar year ending on the date from which the proposed services are to be purchased; and
  - (c) the volume of district nursing and health visiting services which the members of the practice propose to purchase is at least that which the Secretary of State, in his determination of the allotted sum payable to the members of the fund-holding practice, determined was expected to be purchased for the benefit of individuals on the lists of patients of members of the fund-holding practice.
- (7) The members of a fund-holding practice shall not purchase any of the goods or services specified in a list approved under paragraph (2) for an individual who is on the lists of patients of a member of the practice from any provider with which any member of the practice is connected unless—
- (a) the Health Authority has consented in writing to the purchase of those goods or services from that provider; or
  - (b) it is impracticable, having regard to the condition of the patient, to obtain the consent and no alternative provider is available; or
  - (c) the provider is a health service body other than a fund-holding practice.
- (8) The Health Authority shall not consent to the purchase of any goods or services from a provider with which a member of the practice is connected unless it is satisfied either that no member of the practice will receive any payment from the allotted sum, whether directly or indirectly, more than half of which is attributable to treatment given to individuals who are on the lists of patients of members of the practice, or that such payments will be made in accordance with regulation 24.
- (9) Where the members of a practice have obtained the consent of the Health Authority under paragraph (6) or (7), the members of the practice shall give notice to the Health Authority—
- (a) in the case of consent under paragraph (6), where they propose any reduction in the level of the services in respect of which the consent was given; and
  - (b) in the case of consent under paragraph (7), of any change either in the facilities available at, or the charges made by, the provider in respect of which the consent was given.
- (10) Where a Health Authority receives notice as mentioned in paragraph (9), it shall either confirm or withdraw its consent.
- (11) For the purposes of this regulation—
- (a) “district nursing services” means services provided by or under the direction of a nurse who is employed by a Health Authority or an NHS Trust and who has a qualification in district nursing recorded in the register of qualified nurses, midwives and health visitors prepared and maintained by the Central Council for Nursing, Midwifery and Health

visiting in accordance with section 10 of the Nurses, Midwives and Health Visitors Act 1979<sup>(12)</sup>;

- (b) “health visiting services” means services provided by or under the direction of a health visitor who is employed by a health authority or an NHS Trust and whose name is included in Part II of the register of qualified nurses, midwives and health visitors prepared and maintained by the Central Council for Nursing, Midwifery and Health Visiting in accordance with section 10 of the Nurses, Midwives and Health Visitors Act 1979;
- (c) a member of a fund-holding practice shall be treated as connected with a provider if—
- (i) he is employed by, or is a close relative of a person who is employed by, the provider,
  - (ii) where the provider is a company, he is a director of the company or a partner of or employed by or a close relative of a person who is a director of the company,
  - (iii) he is in partnership with or is a close relative of a person who is in partnership with the provider,
  - (iv) where the provider is a fund-holding practice he is a close relative of a member of that practice,
  - (v) where the provider is an individual, he is a close relative of that individual,
  - (vi) he has a beneficial interest in the securities of the provider, or
  - (vii) he provides or has provided any services to that provider,
- and in this sub-paragraph “close relative” means a husband, wife, brother, sister, father, mother, son or daughter; and
- (d) “provider” means any person or body with whom the members of a fund-holding practice contract or propose to contract for the purchase of any of the goods and services specified in the list mentioned in paragraph (2).

### **Limit on provision of goods and services**

**21.** There shall be a limit of £6,000 on the amount which may be spent out of an allotted sum on the provision of goods and services for any one individual, being a limit above which the cost of any goods and services for that individual in the financial year in question will fall to be met by the Health Authority whose primary functions include the provision of goods and services (not necessarily the goods and services in question) to the individual concerned.

### **Payments to staff**

**22.—**(1) Subject to paragraphs (2), (3) and (4), the members of a fund-holding practice may apply the allotted sum for the purpose of making payments to those employees of members of the practice who are employed—

- (a) to provide treatment to the patients of the members of the practice; or
- (b) in connection with the management or administration of the practice.

(2) The payments referred to in paragraph (1) may include only those payments which could be made by virtue of paragraph 52(3) of the Statement published in accordance with regulation 34 of the National Health Service (General Medical Services) Regulations 1992<sup>(13)</sup> as it has effect on the date these Regulations are made.

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<sup>(12)</sup> 1979 c. 36. See the Nurses, Midwives and Health Visitors (Parts of the Register) Order 1983 (S.I. 1983/67), amended by S.I. 1989/104 and S.I. 1989/1456 and the Nurses, Midwives and Health Visitors Rules Approval Order 1983 (S.I. 1983/873) amended by S.I. 1989/1456.

<sup>(13)</sup> S.I. 1992/635, to which there are amendments not relevant to this regulation.

(3) Where a Health Authority has, before the date on which the members of a fund-holding practice were granted recognition as a fund-holding practice, reimbursed a member of the practice in respect of a proportion of the expenses of employing a member of his staff, then the members of the fund-holding practice may apply the allotted sum for the purpose of paying, in respect of periods after that date, only that proportion of the same expenses of employing that person or of any other person employed in place of that employee to perform substantially the same functions.

(4) The members of a fund-holding practice may apply the allotted sum for the purpose of paying fees to persons for providing, on the practice premises, services which are necessary for the proper treatment of individuals who are on the lists of patients of the members of the practice.

(5) The members of a fund-holding practice shall not apply the allotted sum for the purpose of employing or engaging the services of a medical practitioner except—

- (a) for the purpose of providing to individuals who are on the lists of patients of members of the practice such services as are included in the list mentioned in regulation 20(2); or
- (b) as mentioned in regulation 23(7)(c).

(6) The members of the fund-holding practice may apply the allotted sum for the purpose of training employees of members of the practice, provided that the training will be beneficial to the patients of the members of the practice and its cost represents value for money.

#### **Payment for management expenses**

**23.**—(1) Where the allotted sum is determined wholly or partly by reference to the management expenses of the members of the fund-holding practice, so much of the allotted sum as represents an amount in respect of those expenses (in this regulation referred to as the “management allowance”) may be applied for the purposes of those expenses in accordance with this regulation.

(2) The amount applied out of the allotted sum for the purposes of management expenses shall not exceed the management allowance.

(3) Where the members of the practice propose to spend any part of the management allowance in accordance with either sub-paragraph (7)(d) for the purpose of buying computers, or sub-paragraph (7)(i), they shall first obtain the written consent of the Health Authority.

(4) The Health Authority shall consent to the fund-holding practice’s proposals to buy computers provided it is satisfied that the equipment proposed is suitable for the needs of the fund-holding practice and represents value for money.

(5) The Health Authority shall consent to the fund-holding practice’s proposals to spend its management allowance on rent provided it is satisfied that existing premises are being properly used, the proposed office accommodation is suitable and that the proposed rent represents value for money.

(6) Where the cost of a computer is less than that agreed with the Health Authority, any saving shall be spent only in accordance with regulation 25.

(7) 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 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,

- but only up to such sum (if any) as the Secretary of State, in directions as to the allotted sum, directed was expected to be required to meet such cost;
- (d) the cost of acquiring office equipment (including computers);
  - (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;
  - (f) the cost of specialist advice required in connection with the management of the allotted sum;
  - (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.
  - (h) office expenses, including postage, stationery and telephone charges, which are necessarily incurred in connection with the management of the allotted sum, and
  - (i) the rent payable on office accommodation used by staff employed in connection with the management of the allotted sum.

#### **Payments to a member of the fund-holding practice**

**24.**—(1) The members of a fund-holding practice may apply the allotted sum for the purposes of paying a medical practitioner who is a member of the practice but only—

- (a) in accordance with an arrangement made in pursuance of paragraph (2);
- (b) pursuant to regulation 23(7)(c)(ii); or
- (c) pursuant to regulation 25(2)(d) or (e).

(2) Subject to paragraphs (3) and (4), the members of a standard fund-holding practice may, with the written consent of the Health Authority, enter into an arrangement with a medical practitioner who is a member of the practice for the provision by that medical practitioner of services which are included in Part I of the list mentioned in regulation 20(2) to patients who are on the lists of patients of members of the practice.

(3) The Health Authority shall not consent to an arrangement made under paragraph (2) unless it is satisfied that—

- (a) the services to be provided are included in Part I of the list mentioned in regulation 20(2);
- (b) the medical practitioner with whom the arrangement is to be made to provide those services is suitably qualified, competent and experienced;
- (c) the facilities, including premises, for the provision of those services are suitable, and
- (d) the payments which it is proposed shall be made in respect of the provision of those services—
  - (i) are reasonable,
  - (ii) represent value for money, and
  - (iii) are to be made directly to the medical practitioner who provides the services or to the partnership of which he is a member and not to any third party.

(4) Where the members of a practice have obtained the consent of the Health Authority under paragraph (2) they shall give notice to that Health Authority of any change in the matters specified in paragraph (3).

(5) Where a Health Authority receives notice as mentioned in paragraph (4), it shall either confirm or withdraw its consent.

### Savings from the allotted sum

**25.**—(1) The members of the fund-holding practice may discharge their obligations under regulations 19 and 20 and exercise their powers under regulations 22, 23 and 24 in such a way as to take into account any benefit to individuals on the lists of patients of the members of the practice which, in their opinion, would be derived from making savings to be applied in accordance with the following provisions of this regulation; and regulations 19, 20, 22, 23 and 24 shall be construed accordingly.

(2) Subject to paragraph (3), where the accounts for a financial year of members of a fund-holding practice have been audited in accordance with Part III of the Local Government Finance Act 1972(**14**), the members of a fund-holding practice may, within the period of four years after the end of that financial year, continue to apply any part of the allotted sum paid to them in respect of that financial year for the purposes specified in regulations 19, 20, 22 and 24 and, in addition, with the written consent of the Health Authority, for any one or more of the following purposes—

- (a) the purchase of material or equipment which—
  - (i) can be used for the treatment of patients of the members of the practice, or
  - (ii) enhances the comfort or convenience of patients to the members of the practice, or
  - (iii) enables the practice to be managed more effectively and efficiently; or
- (b) the purchase of material or equipment relating to health education; or
- (c) in relation to any premises from which the members of the practice carry on their practice—
  - (i) improvements to the premises, including alterations to or decoration of the premises and the purchase of furniture and furnishings, and
  - (ii) building an extension provided that no acquisition of land is involved.
- (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 of the fund-holding practice which is required in connection with their membership of the fund-holding practice.

(3) The Health Authority shall consent to the application of any part of an allotted sum for any of the purposes specified in paragraph (2)(a) to (f) if 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.

(4) Where the Health Authority refuses its consent under paragraph (3), it shall send to the members of the fund-holding practice a notice stating the reasons for its refusal and informing them of their right to appeal to the Secretary of State under paragraph (5).

(5) The members of the fund-holding practice may, within the period of 28 days beginning with the day on which the notice referred to in paragraph (4) was sent, appeal to the Secretary of State against the Health Authority's refusal of consent under paragraph (3).

(6) An appeal to the Secretary of State shall be made in writing and shall include a statement of the grounds of appeal.

(7) On any appeal under paragraph (4), the Secretary of State—

- (a) may, if he thinks fit, hold an oral hearing of the appeal and, in such a case, shall—



- (i) appoint one or more persons to hear the appeal and to report to him on it, and
  - (ii) not less than 14 days before the date fixed for the hearing, give notice in writing to the members of the fund-holding practice and to the Health Authority; and
- (b) in determining the appeal, shall either confirm or reverse the decision of the Health Authority and shall communicate his decision, together with the reasons for it, to the members of the fund-holding practice and to the Health Authority.

### **Recovery of misapplied sums**

26.—(1) Where the Secretary of State has determined, in accordance with this regulation, that any part of an allotted sum has been applied by the members of a fund-holding practice (or any one or more of them) otherwise than in accordance with regulation 19, 20, 22, 23, 24 and 25, the Health Authority may seek to recover that amount in accordance with paragraph (6).

(2) The Secretary of State shall send to each member of the practice a notice informing them of the amount which it is alleged has been misapplied and the nature and circumstances of the alleged misapplication and that they may make representations to the Secretary of State concerning the matter, either orally or in writing.

(3) Where the members of a fund-holding practice wish to make representations in writing, they shall do so within the period of two months beginning with the date on which the notice referred to in paragraph (2) was sent.

(4) Where the members of the practice wish to make representations orally they shall, within the period of 2 weeks beginning with the date on which the notice referred to in paragraph (2) was sent, give notice to that effect to the Secretary of State and the Secretary of State shall appoint a person or persons to hear those representations and to report to him within the period of 6 weeks of the date on which the members of the fund-holding practice gave notice under this paragraph.

(5) Where the Secretary of State, having taken into account any representations made by the members of the fund-holding practice, is satisfied that any part of an allotted sum has been misapplied as mentioned in paragraph (1), he shall—

- (a) send to each member of the practice a notice of his determination to that effect; and
- (b) include in the notice a statement of the reasons for his decision.

(6) An amount equal to that part of the allotted sum which the Secretary of State has determined has been misapplied as mentioned in paragraph (1) shall be recoverable from the members of the practice (or from any one or more of them) by the Health Authority as a civil debt.

## **PART VII**

### **MISCELLANEOUS**

#### **Transfer of functions**

27. To the extent that functions conferred on a Health Authority under regulations 3(6), 13(3) and 18(1) are functions of the Secretary of State under sections 14 to 16 of the 1990 Act, they shall be functions of the Health Authority.

#### **Revocations**

28. The following Regulations are hereby revoked—

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- (a) the National Health Service (Fund-holding Practices) Regulations 1993**(15)**;
- (b) the National Health Service (Fund-holding Practices) Amendment Regulations 1994**(16)**;
- (c) the National Health Service (Fund-holding Practices) Amendment Regulations 1995**(17)**;  
and
- (d) the National Health Service (Fund-holding Practices) (Functions of Family Health Services Authorities) Regulations 1995**(18)**.

Signed by authority of the Secretary of State for Health

8th March 1996

*Gerald Malone*  
Minister of State,  
Department of Health

Signed by authority of the Secretary of State for Wales

11th March 1996

*Rod Richards*  
Parliamentary Under Secretary of State Welsh  
Office

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**(15)** S.I. 1993/567.  
**(16)** S.I. 1994/640.  
**(17)** S.I. 1995/693.  
**(18)** S.I. 1995/3280.

## SCHEDULE 1

Regulation 5(1)

### CONDITIONS FOR OBTAINING RECOGNITION AS A FUND-HOLDING PRACTICE (REGULATION 5(1))

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 Secretary of State, 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).

2. Where some or all of the members of the practice are practising in partnership, the application is made (whether or not with other persons) by all the members practising in the partnership.

3. The practice is, in the opinion of the Secretary of State, capable of managing an allotted sum effectively and efficiently.

4. The members of the practice agree to comply with the conditions for continuing recognition set out in Schedule 2 to these Regulations.

5. Where the members of the practice are not partners in a single partnership, the members of the practice have entered into an agreement, approved by the Health Authority, which—

- (a) provides that any act of a member of the practice with respect to the allotted sum binds the other members of the practice; and
- (b) provides for the determination of how much of the allotted sum, including any savings, is to be allocated to each member of the practice.

## SCHEDULE 2

Regulation 8

### CONDITIONS FOR CONTINUING RECOGNITION AS A FUND-HOLDING PRACTICE

1. Where recognition has been granted in accordance with regulation 5(1) but has not taken effect in accordance with regulation 5(2), there are, in the case of a community fund-holding practice, at least 3,000 patients or 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 Secretary of State, it is likely that there will be at least that many patients on those lists by 1st April on which recognition will take effect in accordance with regulation 5(2).

2. For the first year following 1st April on which recognition as a fund-holding practice took effect in accordance with regulation 5(2), there are, in the case of a community fund-holding practice, at least 3,000 patients or 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.

3. The members of the fund-holding practice are, and in the opinion of the Secretary of State will continue to be, capable of managing the allotted sum effectively and efficiently and in particular, they possess or have access to, the equipment (including computers) and expertise necessary to enable them to do so.

4. Where the members of the practice are not partners in a single partnership there is in force an agreement such as is mentioned in paragraph 5 of Schedule 1.

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5. The allotted sum is applied in accordance with regulations 19, 20, 22, 23, 24 and 25, except where recognition has been granted but has not taken effect in accordance with regulation 5(2), in which case the allotted sum shall be applied only in accordance with regulation 23.

6. Where the members of a fund-holding practice employ a person or purchase any services, they first satisfy themselves that the employee has such qualifications, training and experience as is necessary for that employment or, as the case may be, that the provider of the services is suitably competent to provide those services.

7. The members of the fund-holding practice maintain a fund-holding account.

8. The members of the fund-holding practice make payments from the allotted sum or any part of it only through the fund-holding account.

9. No sums are paid into the fund-holding account other than the allotted sum or any part of it.

10. The members of the fund-holding practice send to the Health Authority before the end of each month, such information relating to the preceding month as the Health Authority may reasonably require in relation to the management of the allotted sum and in particular to—

- (a) transactions effected through the fund-holding account,
- (b) the amount standing in the fund-holding account at the end of the preceding month,
- (c) whether any such amount includes an amount which may be applied for the purposes specified in regulation 25, and
- (d) the arrangements made for the purchase of the goods and services referred to in regulation 20(2).

11. The members of the fund-holding practice send to the Health Authority—

- (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 each year, an annual report summarising how its allotted sum has been spent in the most recent financial year.

12. The annual accounts of a fund-holding practice which are required to be kept under section 98(2B)(c) of the 1977 Act shall be submitted to the Health Authority within six weeks of the end of the financial year to which the accounts relate.

13. The members of the fund-holding practice shall not, except in the circumstances specified in sub-paragraphs (c), (d), (f) and (h) to (o) of paragraph 38 of Schedule 2 to the National Health Service (General Medical Services Regulations 1992<sup>(19)</sup>) (acceptance of fees), demand or accept from any patient of a member of the practice for whom general medical services are provided a payment (including a payment in kind) in respect of any treatment—

- (a) provided by a member of the practice, or
- (b) which a member of the practice has arranged to be provided for the patient, whether or not the treatment is to be provided under the 1990 Act or the 1977 Act.

14. The members of the fund-holding practice shall secure that the procedure to investigate complaints established and operated under paragraph 47A of Schedule 2 to the National Health Service (General Medical Services) Regulations 1992<sup>(20)</sup> applies in relation to complaints about their use of the allotted sum and they shall cooperate as required by paragraph 47B of those terms of service with the investigation of such complaints by Health Authorities.

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<sup>(19)</sup> S.I. 1992/635. Relevant amending instruments are S.I. 1993/540, S.I. 1995/80.

<sup>(20)</sup> Paragraphs 47A and 47B were inserted by S.I. 1996/702.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations consolidate, with amendments, the National Health Services (Fund-holding Practices) Regulations 1993 (S.I. 1993/567), the National Health Service (Fund-holding Practices) Amendment Regulations 1994 (S.I. 1994/640), the National Health Service (Fund-holding Practices) Amendment Regulations 1995 (S.I. 1995/693) and the National Health Service (Funding-holding Practices) (Functions of Family Health Services Authorities) Regulations 1995 (S.I. 1995/3280).

The Regulations contain provision relating to the recognition and operation of fund-holding practices. A fund-holding practice means a practice of one or more medical practitioners who are providing general medical services in accordance with arrangements under section 29 of the National Health Service Act 1977 and which has been recognised as a fund-holding practice in accordance with section 14 of the National Health Service and Community Care Act 1990. A fund-holding practice is entitled to be paid an allotted sum in accordance with section 15(1) of the 1990 Act and may use that sum for purposes specified in these Regulations.

The Regulations include provision about:

- the interpretation of the Regulations and their application in Wales (Part I),
- recognition as a fund-holding practice, including applications for recognition, the conditions for obtaining and continuing recognition and determination of applications (Part II),
- renunciation of recognition including the procedure for renunciation and its consequences (Part III),
- removal of recognition as a fund-holding practice, including the grounds for removal, the procedure for removal and the consequences of removal (Part IV),
- the determination of the allotted sum (Part V), and
- the purposes for which allotted sums may be applied (Part VI).

The Regulations also incorporate consequential amendments required by the Health Authorities Act 1995. Responsibilities of the former Regional Health Authorities in relation to fund-holding practices have become functions either of the Secretary of State or of Health Authorities. Responsibilities of former Family Health Services Authorities have become the functions of Health Authorities. The other principal differences between these Regulations and those they replace are the following:

- Regulation 9 (withdrawal or death of a member of a fund-holding practice) has been amended to provide that where a member of a fund-holding practice withdraws from the practice, a part of any savings accumulated by the fund-holding practice may be applied by the Health Authority for the benefit of his patients.
- Regulation 12 (consequences of renunciation of recognition as a fund-holding practice) has been amended to require a former fund-holding practice to apply any accumulated savings to discharge its outstanding liabilities. Regulation 12 has also been amended to provide that where such liabilities have been discharged and any money remains in the fund-holding account, the Health Authority shall apply that money as if it were savings. Further, if recognition is renounced before it has taken effect, the former fund-holding practice is required to repay to the Health Authority any part of the management allowance that it received in preparation for fund-holding.

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- Regulation 18 (determination of the allotted sum) is amended to make it clear that the allotted sum initially proposed to a fund-holding practice will not necessarily be the same as the actual allotted sum.
- Regulation 20 (purchase of goods and services) is amended to provide that where a patient of a fund-holding practice either refers herself or is referred by another doctor, who is not a member of the fund-holding practice, for services in connection with the termination of pregnancy, the Health Authority shall meet the cost of those services.
- Regulation 22 (payments to staff) makes it clear that the allotted sum can be used for employment costs other than salaries. It can be used for the same costs which Health Authorities can pay to doctors in connection with their provision of general medical services. These are set out in the Statement referred to in regulation 22(2) which is published by the Department of Health and can be obtained from “Two-ten Communications”, P.O. Box 410, Wetherby LS23 7LN.
- Regulation 23 (payment for management expenses) extends the purposes on which the management allowance may be spent to include the purchase of computers, certain office expenses and rent payable on accommodation used to accommodate staff employed for fund-holding purposes. The written consent of the Health Authority is required before the management allowance can be spent either on purchase of computers or on rent.
- Regulation 25 (savings from the allotted sum) makes it clear that savings can be used to build extensions to fund-holders' premises.

The Regulations also make a number of amendments which are minor or consequential drafting amendments or procedural in nature.