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STATUTORY INSTRUMENTS

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**1996 No. 706**

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

**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.