
STATUTORY INSTRUMENTS

1999 No. 261

**NATIONAL HEALTH SERVICE,
ENGLAND AND WALES**

**The National Health Service (Fund-holding
Practices) Amendment Regulations 1999**

<i>Made</i>	- - - -	<i>8th February 1999</i>
<i>Laid before Parliament</i>		<i>8th February 1999</i>
<i>Coming into force</i>		
<i>Part I and regulation 31</i>		<i>9th February 1999</i>
<i>Parts II and IV except regulation 31</i>		<i>28th February 1999</i>
<i>Part III</i>		<i>1st April 1999</i>

The Secretary of State for Health, in exercise of powers conferred on him by section 126(4) and (5) of the National Health Service Act 1977(1) and sections 14(2) and (6), 15(7) and 16 of the National Health Service and Community Care Act 1990(2) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

PART I
INTRODUCTORY

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the National Health Service (Fund-holding Practices) Amendment Regulations 1999.

(1) [1977 c. 49](#); see section 128(1) as amended by the National Health Service and Community Care Act [1990 \(c. 19\)](#), section 26(2) (g) and (i), for the definitions of “prescribed” and “regulations”.

(2) [1990 c. 19](#). Sections 14, 15 and 16 were amended by, respectively, paragraphs 73, 74 and 75 of Schedule 1 to the Health Authorities Act [1995 \(c. 17\)](#), and sections 14 and 15 were amended by paragraph 65 of Schedule 2 to the National Health Service (Primary Care) Act [1997 \(c. 46\)](#). Section 14 was extended by section 19 of that Act.

(2) Part I and regulation 31 shall come into force on 9th February 1999, Parts II and IV, except regulation 31, shall come into force on 28th February 1999 and Part III shall come into force on 1st April 1999.

(3) In these Regulations, “the principal Regulations” means the National Health Service (Fund-holding Practices) Regulations 1996⁽³⁾.

PART II

AMENDMENTS TO TAKE EFFECT ON 28TH FEBRUARY 1999

Amendment of regulation 1 of the principal Regulations

2. In regulation 1 of the principal Regulations (citation, commencement and interpretation), in paragraph (9)—

- (a) omit “Subject to regulation 10A(2) and (6),”⁽⁴⁾; and
- (b) after “pre-paid letter” insert “or by fax”.

Amendment of regulation 3 of the principal Regulations

3. In regulation 3 of the principal Regulations (application for recognition as a fund-holding practice), paragraph (4) is omitted.

Amendment of regulation 5 of the principal Regulations

4. In regulation 5 of the principal Regulations (grant of recognition as a fund-holding practice), in paragraph (2)(b)⁽⁵⁾, for “1st April following the grant of recognition”, substitute “whichever date, of 1st April 2001, 1st April 2003, and so on, most closely follows the date on which recognition was granted”.

Amendment of regulation 13 of the principal Regulations

5. In regulation 13 of the principal Regulations (grounds for removal of recognition), in paragraph (1)—

- (a) after “the next 1st April” insert “or, if 1st April has passed, for the current financial year,”; and
- (b) for “that 1st April” substitute “midnight on 31st March immediately preceding that 1st April, or, if that date has passed, the last day of the month in which that notice is sent”.

Amendment of regulation 14 of the principal Regulations

6. In regulation 14 of the principal Regulations (procedure for removal of recognition), in paragraph (5)(b)—

- (a) for “1st April” substitute “midnight on 31st March”; and
- (b) after “following the sending of the notice” insert “or (as the case may be) the last day of the month in which the notice referred to in regulation 18(3) was sent”.

⁽³⁾ S.I. 1996/706, amended by S.I. 1997/747, 1997/1678 and 1998/693.

⁽⁴⁾ These words were inserted by S.I. 1998/693, regulation 12(1).

⁽⁵⁾ Paragraph (2) was substituted by S.I. 1997/1678 and amended by S.I. 1998/693.

Amendment of regulation 18 of the principal Regulations

7. In regulation 18 (determination of allotted sum)—
- (a) in paragraph (1), omit “Subject to regulation 10A,”⁽⁶⁾; and
 - (b) in paragraph (2), for “28th February” substitute “30th April”.

Revocations

8. Regulations 10 and 10A⁽⁷⁾ of the principal Regulations are hereby revoked.

PART III

AMENDMENTS EFFECTING A SINGLE FORM OF FUND-HOLDING PRACTICE AS FROM 1ST APRIL 1999

Amendment of regulation 1 of the principal Regulations

9. In regulation 1 (citation, commencement and interpretation)—
- (a) in paragraph (2) omit the definitions of “community fund-holding practice”, “GP commissioning group”⁽⁸⁾ and “standard fund-holding practice”; and
 - (b) in paragraph (5), for “19, 20, 22, 23 and 24” substitute “20, 23, 24 and 24A”.

Amendment of regulation 3 of the principal Regulations

10. In regulation 3 of the principal Regulations (application for recognition as a fund-holding practice)—
- (a) omit paragraphs (2)⁽⁹⁾ and (6)(a); and
 - (b) in paragraph (9)⁽¹⁰⁾, for the words from “either-” to the end of sub-paragraph (b) substitute “that the practice will not, in the opinion of the Health Authority, be capable of managing an allotted sum effectively and efficiently”.

Amendment of regulation 5 of the principal Regulations

- 11.—(1) Regulation 5 of the principal Regulations (grant of recognition as a fund-holding practice) is amended as follows.
- (2) In paragraph (1), for “as a standard fund-holding practice, a community fund-holding practice or a GP commissioning group (as the case may be)”, substitute “as a fund-holding practice”.
- (3) For paragraph (2)⁽¹¹⁾, substitute—
- “(2) Subject to paragraph (3), recognition which has been granted—
- (a) on or after 31st July 1997 but before 1st April 2001 shall take effect from 1st April 2001; and

⁽⁶⁾ These words were inserted by [S.I. 1998/693](#), regulation 12(3).

⁽⁷⁾ Regulation 10A was inserted by [S.I. 1998/693](#).

⁽⁸⁾ The definition of “GP commissioning group” was inserted by [S.I. 1997/747](#).

⁽⁹⁾ Paragraph (2) was substituted by [S.I. 1997/747](#).

⁽¹⁰⁾ Regulation 3(9)(a) was amended by [S.I. 1997/747](#).

⁽¹¹⁾ Paragraph (2) was substituted by [S.I. 1997/1678](#) and amended by [S.I. 1998/693](#) and Part II of these Regulations.

- (b) on or after April 2001 shall take effect from whichever date, of 1st April 2005, 1st April 2009, and so on, most closely follows the date on which recognition was granted.”.

Amendment of regulation 7 of the principal Regulations

- 12.** In regulation 7 of the principal Regulations (conditions for continuing recognition)—
- (a) in paragraph (1), for “of a standard fund-holding practice or community fund-holding practice or GP commissioning group (as the case may be)”**(12)** substitute “of a fund-holding practice”; and
 - (b) omit paragraph (2)**(13)**.

Amendment of regulation 9 of the principal Regulations

- 13.** In regulation 9 of the principal Regulations (withdrawal or death of a member of a fund-holding practice)—
- (a) in paragraph (1), omit “in relation to the kind of practice in question”; and
 - (b) omit paragraphs (2) to (6).

Amendment of regulation 11 of the principal Regulations

- 14.** In regulation 11 of the principal Regulations (renunciation of recognition)—
- (a) in paragraph (1), for “31st March following the sending of the notice” substitute “the last day of the month in which the notice is sent”; and
 - (b) in paragraph (2), omit sub-paragraph (b) and insert “and” at the end of sub-paragraph (a).

Amendment of regulation 12 of the principal Regulations

- 15.** In regulation 12 of the principal Regulations (consequences of renunciation of recognition)—
- (a) in paragraph (1), for “the 31st March specified in the notice referred to in regulation 11” substitute “the last day of the month in which the notice referred to in regulation 11 is sent”; and
 - (b) in paragraph (3), for “ending on that date”, substitute “in which that date falls”.

Amendment of regulation 13 of the principal Regulations

- 16.** In regulation 13 of the principal Regulations (grounds for removal of recognition), in paragraph (2), for the words “a community fund-holding practice or a standard fund-holding practice or a GP commissioning group (as the case may be)”**(14)** substitute “a fund-holding practice”.

Amendment of regulation 20 of the principal Regulations

- 17.**—(1) Regulation 20 of the principal Regulations (purchase of goods and services) is amended as follows.
- (2) Omit paragraphs (A1)**(15)**, (3) to (6) and (11)(a) and (b).

(12) The reference to a GP commissioning group was inserted by [S.I. 1997/747](#), which also renumbered the former regulation 7 as paragraph (1) of that regulation.

(13) Paragraph (2) was inserted by [S.I. 1997/747](#).

(14) The words “or a GP commissioning group” were inserted by [S.I. 1997/747](#).

(15) Paragraph (A1) was inserted by [S.I. 1997/747](#).

(3) In paragraph (1), for “Subject to paragraphs (3) to (11)” substitute “Subject to paragraphs (7) to (11) and to regulation 24A”.

(4) For paragraph (2) substitute—

“(2) The goods and services referred to in paragraph (1) are the goods and services specified in the list set out in Schedule 3 to these Regulations.”.

(5) In paragraph (2A)(16), omit “Subject to paragraph (4)”.

(6) After paragraph (2A), insert—

“(2B) Except where goods and services are purchased pursuant to an agreement entered into before 1st April 1999, fund-holding practices shall purchase goods and services only from providers which are health service bodies.”.

Amendment of regulation 21 of the principal Regulations

18. In regulation 21 of the principal Regulations (limit on provision of goods and services), omit paragraph (1)(17).

Amendment of regulation 23 of the principal Regulations

19.—(1) Regulation 23 of the principal Regulations (payment for management expenses) is amended as follows.

(2) In paragraph (1), at the beginning insert “Subject to regulation 24A,”.

(3) In paragraph (3), omit “either sub-paragraph (7)(d) for the purpose of buying computers, or”.

(4) Omit paragraphs (4) and (6).

(5) In paragraph (7)—

(a) omit sub-paragraph (c);

(b) in paragraph (d), after “computer hardware and software running costs” insert “and the renewal of any leasing agreements in respect of office equipment”; and

(c) in sub-paragraph (j)(18), for “the Statement referred to in regulation 22(2)”, substitute “the Statement published in accordance with regulation 34 of the National Health Service (General Medical Services) Regulations 1992(19), as it had effect on 1st April 1996”.

Amendment of regulation 24 of the principal Regulations

20.—(1) Regulation 24 of the principal Regulations (payments to a member of the fund-holding practice) is amended as follows.

(2) In paragraph (1)—

(a) at the beginning insert “Subject to regulation 24A,”;

(b) at the end of sub-paragraph (a) insert “or”;

(c) omit sub-paragraph (b); and

(d) in sub-paragraph (c), omit “or (e)”.

(3) In paragraph (2)—

(a) omit “standard”; and

(16) Paragraph (2A) was inserted by [S.I. 1997/747](#), and amended by [S.I. 1997/1678](#).

(17) Paragraph (1) was inserted by [S.I. 1997/747](#), which also renumbered the existing text of regulation 21 as paragraph (2) of that regulation.

(18) Sub-paragraph (j) was inserted by [S.I. 1998/693](#).

(19) [S.I. 1992/635](#), to which there are amendments not relevant to this regulation.

- (b) omit “Part I of”.
- (4) In paragraph (3)(a), omit “Part I of”.

Limit on period of agreements

21. After regulation 24 insert—

“Limit on period of agreements

24A.—(1) Any agreement (whether or not it is an NHS contract for the purposes of section 4 of the 1990 Act) entered into on or after 1st April 1999 by the members of a fund-holding practice whereby the allotted sum would be applied as provided for in regulation 20, 23 or 24, must comply with the requirements of paragraph (2).

(2) The agreement shall contain terms the effect of which shall be that—

- (a) it shall come to an end not later than the end of the period of 6 months beginning with the date the agreement was made and that the duration of the agreement may not be extended; and
- (b) without prejudice to the availability of any remedy for breach of the agreement, no rights, liabilities or obligations are imposed beyond the end of that period.”.

Amendment of regulation 25 of the principal Regulations

22.—(1) Regulation 25 of the principal Regulations (savings from the allotted sum) is amended as follows.

(2) In paragraph (1)—

- (a) for “regulations 19 and 20” substitute “regulation 20”;
- (b) omit “22,”, both times that it appears; and
- (c) omit “19,”.

(3) For paragraph (2) substitute—

“(2) Subject to paragraphs (3), (3B) and (3C), 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 1982⁽²⁰⁾, the members of a fund-holding practice may, within the period of four years after the end of that financial year, with the consent of the Health Authority apply any part of the allotted sum paid to them in respect of that financial year for the purposes specified in regulations 20, 23(7)(j) and 24 or 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 of the members of the practice; 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, or
 - (ii) building an extension provided that no acquisition of land is involved; or

(20) 1982 c. 32, as amended by Schedule 4 to the National Health Service and Community Care Act 1990 (c. 19).

- (d) the purchase of goods and services as part of an initiative to improve prescribing practices within the fund-holding practice; or
- (e) the cost of employing temporary staff.”.
- (4) Omit paragraph (2A)(21).
- (5) In paragraph (2B)(22), omit “or (2A)”.
- (6) In paragraph (3)(23), omit “(a) to (f) or paragraph (2A)”.
- (7) In paragraph (3B)(24)—
 - (a) omit “(a) to (f) or (2A)”, and
 - (b) for “£90,000 of savings” substitute “£25,000 of savings or 25% of the total savings, whichever is the less”.
- (8) For paragraph (3C)(25) substitute—

“(3C) The members of a fund-holding practice shall not in any one financial year apply savings for the purposes specified in paragraph (2) of any amount greater than £25,000 or 25% of the total savings, whichever is the less.”.
- (9) After paragraph (3C) insert—

“(3D) In paragraphs (3B) and (3C) “total savings” means the total savings of the practice at the end of the most recent financial year, excluding any amount of savings which, at that date, the members of the fund-holding practice have entered a binding obligation to apply or received consent from the Health Authority to apply.”.

Amendment of regulation 25A of the principal Regulations

23. In regulation 25A of the principal Regulations (redundancy payments)(26), in paragraph (1), omit “22 or”.

Amendment of regulation 26 of the principal Regulations

24. In regulation 26 of the principal Regulations (recovery of misapplied sums), in paragraph (1) omit “19,” and “22,”.

Amendment of Schedule 1 to the principal Regulations

- 25.** In Schedule 1 to the principal Regulations (conditions for obtaining recognition)—
- (a) omit paragraph 1; and
 - (b) in paragraph 6(27), for “, in the case of standard fund-holding practices in Part I, and in the case of community fund-holding practices in Part II, of” substitute “in”.

Amendment of Schedule 2 to the principal Regulations

26.—(1) Schedule 2 to the principal Regulations (conditions for continuing recognition) is amended as follows.

- (2) Omit paragraphs 1 and 2.

(21) Paragraph (2A) was inserted by [S.I. 1997/747](#), regulation 14(3).

(22) Paragraph (2B) was inserted by [S.I. 1997/747](#), regulation 14(3).

(23) Paragraph (3) was substituted by [S.I. 1997/1678](#) and amended by [S.I. 1998/693](#).

(24) Paragraph (3B) was inserted by [S.I. 1998/693](#), regulation 11(4).

(25) Paragraph (3C) was inserted by [S.I. 1998/693](#), regulation 11(4).

(26) Regulation 25A was inserted by [S.I. 1998/693](#), regulation 10(3).

(27) Paragraph 6 was inserted by [S.I. 1998/693](#), regulation 7.

- (3) In paragraph 5, for “19, 20, 22, 23, 24 and 25” substitute “20, 23, 24, 24A, 25 and 25A”.
- (4) In paragraph 15(28), for “, in the case of standard fund-holding practices in Part I, and in the case of community fund-holding practices in Part II, of” substitute “in”.
- (5) After paragraph 15 add the following—
 - “16. There shall be no changes to the membership of the fund-holding practice, either by addition of new members or withdrawal of existing members, except in circumstances of death or retirement of a member.
 - 17. The members of the practice shall not let the fund-holding account become overdrawn.”.

New Schedule 3 to the principal Regulations

27. After Schedule 2 to the principal Regulations, add the new Schedule 3 set out in the Schedule to these Regulations.

Revocations

28. Regulations 2, 8, 19 and 22 of the principal Regulations are hereby revoked.

Saving

29.—(1) The amendments made by regulation 13 of these Regulations do not affect the members or former members of any fund-holding practice from which a member has withdrawn before 1st April 1999 in circumstances other than death or retirement, provided that the notice required in accordance with regulation 9(2)(a) of the principal Regulations has been sent before 1st April 1999; and in such cases regulation 9 of the principal Regulations shall continue to apply in relation to members and former members of such practices, as if the amendments referred to above had not been made.

(2) The amendment made by regulation 22 of these Regulations does not affect any consent given, or appeal right which arose, before Part III of these Regulations came into force, or the application of savings for any of the purposes specified in paragraph (2)(a) to (f) or paragraph (2A) of regulation 25 of the principal Regulations pursuant to a consent given before Part III came into force; and in such cases regulations 24, 25 and 25A of the principal Regulations shall continue to apply in relation to that consent, or to the application of those savings, as if the amendments referred to above had not been made.

(3) The amendments made by regulation 22(7)(b), (8) and (9) of these Regulations shall not apply to the members of any fund-holding practice whose relevant Health Authority is in Wales, which has ceased to be a recognised fund-holding practice with effect from midnight on 31st March 1999; and in such cases regulation 25(3B) and (3C) shall continue to apply to the application of savings, as if the amendments referred to above had not been made.

(4) In respect of any part of an allotted sum applied before 1st April 1999, regulation 26 shall continue to have effect as though the amendments made by regulations 24 and 28 of these Regulations had not been made, notwithstanding that the Secretary of State does not make his determination until on or after that date.

PART IV

TRANSITION TO NEW SYSTEM

Applications for recognition as a fund-holding practice

30.—(1) Where the Secretary of State has granted recognition in accordance with regulation 5(2)(**29**) as a standard fund-holding practice, a community fund-holding practice or a GP commissioning group, but the recognition has not taken effect before 1st April 1999, such recognition (when it takes effect) shall be as a residual fund-holding practice.

(2) Where, by midnight on 31st March 1999, the Secretary of State has neither granted nor refused recognition in respect of any outstanding application for recognition as a standard fund-holding practice or as a community fund-holding practice that outstanding application shall be deemed to be for recognition as a residual fund-holding practice.

(3) In this regulation, “residual fund-holding practice” means a fund-holding practice recognised as from 1st April 1999, in accordance with the principal Regulations as amended by these Regulations.

Change in status of recognised fund-holding practices

31.—(1) Where the members of a standard fund-holding practice or a community fund-holding practice wish the practice to continue to be recognised as a fund-holding practice on and after 1st April 1999, they shall send a written notice of their intention to remain a fund-holding practice to the Health Authority to be received no later than 3rd March 1999.

(2) Where the members of a GP commissioning group wish the practice to be recognised as a fund-holding practice on and after 1st April 1999 they shall send an application for change of status to the Health Authority to be received no later than 3rd March 1999.

(3) Regulation 3 of the principal Regulations shall apply to an application by a GP commissioning group for a change of status to a fund-holding practice as it applies to an application for recognition as a fund-holding practice, but as if the references in that regulation to an application were references to an application for change of status to a fund-holding practice.

(4) For the purposes of this regulation a notice or application may be sent by fax.

Removal of recognition

32.—(1) Subject to paragraphs (3) to (6), where the notice referred to in regulation 31(1) has not been received on or before 3rd March 1999 from the members of any fund-holding practice (other than a GP commissioning group), the Secretary of State shall remove recognition from them with effect from midnight on 31st March 1999.

(2) Subject to paragraphs (3) to (6), where the application referred to in regulation 31(2) has not been received on or before 3rd March 1999 from the members of a GP commissioning group, the Secretary of State shall remove recognition from them with effect from midnight on 31st March 1999.

(3) Where recognition is to be removed in circumstances specified in this regulation, 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 reason for removal of recognition and that the removal takes effect from midnight on 31st March 1999;

- (c) inform the members of the practice that they may, subject to paragraphs 4 and 5, make representations in writing to the Secretary of State concerning the matter; and
 - (d) inform each member of the practice of the consequences of removal of recognition.
- (4) Where the members of the practice wish to make representations in writing against the removal of recognition, the representations may be sent to the Secretary of State within the period of three weeks beginning with the date on which the notice referred to in paragraph (3) was sent.
- (5) Where the Secretary of State decides, having taken into account the representations of the members of the fund-holding practice, not to remove recognition he shall—
- (a) write to each member of the fund-holding practice withdrawing the notice referred to in paragraph (3); and
 - (b) inform them of a new date by which the notice or application referred to in regulation 31(1) or (2), as the case may be, must be received by the Health Authority.
- (6) Where the Secretary of State informs the members of a fund-holding practice that their notice or application must be received by a new date in accordance with paragraph (5)(b), and the notice or application is not received by that new date the Secretary of State shall remove recognition from them forthwith and paragraph (3)(a), (b) and (d) shall apply, save that paragraph (b) shall apply as if “forthwith” were substituted for “from midnight on 31st March 1999”.

Consequences of removal of recognition

- 33.** Where recognition is removed from a practice in accordance with regulation 31(1), (2) or (6) the consequences shall be the same as the consequences of the practice’s having renounced recognition and—
- (a) regulation 12(2) to (7) of the principal Regulations shall apply as if the references in those paragraphs to renunciation of recognition were references to removal of recognition; and
 - (b) regulation 17 of the principal Regulations shall not apply.

Signed by authority of the Secretary of State for Health

8th February 1999

John Denham
Minister of State,
Department of Health

Signed by authority of the Secretary of State for Wales

8th February 1999

Peter Hain
Parliamentary Under Secretary of State,
Welsh Office

SCHEDULE

Regulation 27

“SCHEDULE 3

Regulation 20

GOODS AND SERVICES WHICH MAY BE PURCHASED BY A FUND-HOLDING PRACTICE

Diagnostic tests and investigations provided on an outpatient basis or at the practice surgery (including diagnostic tests following an abnormal cervical smear and any diagnostic test carried out by the Public Health Laboratory Service, but excluding tests which form part of general medical services under section 29 of the 1977 Act)

Pregnancy tests

Antenatal blood tests (except where provided as part of an outpatient appointment)

The following therapy services provided by the National Health Service:

Speech and language therapy

Occupational therapy

Chiropody

Dietetics”

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the National Health Service (Fund-holding Practices) Regulations 1996, which contain provisions relating to the recognition and operation of fund-holding practices.

As from 1st April 1999, the three existing types of fund-holding practice, standard fund-holding practices, community fund-holding practices and GP commissioning groups will be replaced by a single type of fund-holding practice to which the amended regulations will apply.

Part II of these Regulations makes changes to the principal Regulations which come into force before the three types of practice cease to exist including—

Regulation 3, amending regulation 3 of the principal Regulations (application for recognition as a fund-holding practice) and regulation 8, which revokes regulation 10 and 10A of the principal Regulations, prevent practices changing between the three types of fund-holding practice between the coming into force of these Regulations and the types of practice ceasing to exist on 1st April 1999.

Regulation 7 amends regulation 18 of the principal Regulations so that the date for determination of the allotted sum becomes 30th April. Regulation 5 makes a consequential amendment.

Part III sets out the new rules which will apply to the single type of fund-holding practice from 1st April 1999.

Regulation 13 amends regulation 9 of the principal Regulations so that the membership of a fund-holding practice shall not change, except by death or retirement of a member.

Regulation 14 amends regulation 11 of the principal Regulations to permit renunciation of recognition other than at the end of a financial year.

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

Regulation 17 amends regulation 20 so that the only goods and services which may be bought are those listed in a new Schedule 3 to the principal Regulations (inserted by regulation 27 of these Regulations). Goods and services are only to be purchased from health service bodies.

Regulation 19 amends regulation 23 of the principal Regulations so that management expenses may not be spent on purchasing computers or on paying members of the practice.

Regulation 21 inserts a new regulation 24A limiting the duration of new contracts entered into by fund-holding practices to 6 months.

Regulation 22 amends regulation 25 of the principal Regulations to amend the list of items on which savings from the allotted sum may be spent, requiring that Health Authority consent is to be obtained before any savings are spent and setting the maximum amount of savings which may be spent in one financial year.

Regulation 25 amends Schedule 1 to the principal Regulations (conditions for obtaining recognition) and regulation 26 amends Schedule 2 (conditions for continuing recognition) so that the number of patients on a practice's list do not affect recognition. New conditions are inserted in Schedule 2 making it a condition of continued recognition that there be no changes in the membership of a fund-holding practice (other than because of death or retirement) and that the fund-holding account not become overdrawn.

Regulations 2 and 8 of the principal Regulations are revoked by way of consequential amendments and regulations 19 and 22 are revoked so that the allotted sum shall not be paid to the Health Authority for drugs, medicines and listed appliances nor spent on staff costs, except as permitted by regulations 23 and 25 of the principal Regulations.

Regulation 29 makes saving provisions in respect of regulations 9 (withdrawal or death of a member of a fund-holding practice), 25 (savings from the allotted sum) and 26 (recovery of misapplied sums) of the principal Regulations.

The other regulations make consequential amendments removing references to the three types of fund-holding practice and to the revoked regulations.

Part IV set out the steps which fund-holding practices will have to follow to retain recognition beyond 1st April 1999.

Regulation 30 makes arrangements for practices in respect of which recognition has been granted as one of the three types of fund-holding practice but not taken effect before 1st April 1999.

Regulations 31 and 32 require standard and community fund-holding practices to notify their health authorities that they wish to continue to be recognised as fund-holding practices and require GP commissioning groups to apply for a change of status by 3rd March. Failing such notice or application recognition will be removed, subject to regulation 32 which also sets out the procedure for making representations against such a decision to remove recognition.

Regulation 33 provides that the consequences of removal of recognition in such circumstances will be the same as where a practice has renounced recognition rather than as provided by regulation 17 of the principal Regulations.