



National Health Service Act 2006

2006 CHAPTER 41

PART 2

HEALTH SERVICE BODIES

CHAPTER 1

STRATEGIC HEALTH AUTHORITIES

13 Strategic Health Authorities

- (1) The Strategic Health Authorities established by the Secretary of State continue in existence.
- (2) But the Secretary of State may by order—
 - (a) vary the area in England for which a Strategic Health Authority is established,
 - (b) abolish a Strategic Health Authority,
 - (c) establish a new Strategic Health Authority for an area in England,
 - (d) change the name by which a Strategic Health Authority is known.
- (3) A Strategic Health Authority is called such name, in addition to the title “Strategic Health Authority”, as—
 - (a) appears to the Secretary of State appropriately to signify the connection of the authority with the area for which it is established, and
 - (b) is specified in the order establishing the authority or in an order changing the name by which the authority is known.
- (4) No order may be made under this section until after the completion of such consultation as may be prescribed.
- (5) Consultation requirements in regulations under subsection (4) are in addition to, and not in substitution for, any other consultation requirements which may apply.

Status: Point in time view as at 03/11/2008.

Changes to legislation: National Health Service Act 2006, Part 2 is up to date with all changes known to be in force on or before 24 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) The Secretary of State must act under this section so as to ensure that the areas for which Strategic Health Authorities are at any time established together comprise the whole of England.
- (7) The power under section 272(8) to make incidental or supplemental provision includes, in particular, in its application to orders made under this section, power to make provision for the transfer of staff, property and liabilities.
- (8) The liabilities which may be transferred by virtue of this section and section 272(8) to a relevant transferee on the abolition of a Strategic Health Authority include criminal liabilities.
- (9) “Relevant transferee” means—
 - (a) another Strategic Health Authority,
 - (b) a Primary Care Trust,
 - (c) an NHS trust,
 - (d) a Special Health Authority, or
 - (e) an NHS foundation trust.
- (10) Schedule 2 makes further provision about Strategic Health Authorities.

14 Exercise of Strategic Health Authority functions

- (1) This section applies to functions exercisable by a Strategic Health Authority under or by virtue of this Act (including this section) or any prescribed provision of any other Act.
- (2) Regulations may provide for any of the functions to be exercised—
 - (a) by another Strategic Health Authority,
 - (b) by a Special Health Authority, or
 - (c) jointly with any one or more of the bodies mentioned in subsection (3).
- (3) The bodies are—
 - (a) Primary Care Trusts,
 - (b) Local Health Boards,
 - (c) other Strategic Health Authorities.
- (4) Regulations may provide—
 - (a) for any functions to which this section applies to be exercised, on behalf of the Strategic Health Authority by whom they are exercisable, by a committee, sub-committee or officer of the Strategic Health Authority,
 - (b) for any functions exercisable jointly under subsection (2)(c) to be exercised, on behalf of the health service bodies in question, by a joint committee or joint sub-committee.

15 Strategic Health Authorities' directions

- (1) A Strategic Health Authority may, in relation to any specified function of the Strategic Health Authority, direct a Primary Care Trust any part of whose area falls within the Strategic Health Authority's area to exercise the function.

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- (2) But a Strategic Health Authority may not so direct a Primary Care Trust in relation to any functions of the Strategic Health Authority arising under section 92 arrangements or section 107 arrangements if the Primary Care Trust is providing any services in accordance with those arrangements.
- (3) The Secretary of State may direct Strategic Health Authorities that specified functions of theirs—
 - (a) are exercisable, or exercisable to (or only to) any specified extent, by Primary Care Trusts, or
 - (b) are not exercisable by Primary Care Trusts,and that the power in subsection (1) must be exercised accordingly.
- (4) Directions under subsection (3)(a) may include directions that any of the specified functions must be exercised (or exercised to, or only to, any specified extent) jointly with the Strategic Health Authority, or jointly by two or more Primary Care Trusts.
- (5) But such directions may be given only if regulations providing for the joint exercise of those functions have been made under section 14 or 19.
- (6) “Specified” means specified in the directions.

16 Section 92 arrangements and section 107 arrangements

- (1) Each Strategic Health Authority must, in accordance with regulations, perform such functions in relation to section 92 arrangements and section 107 arrangements as may be prescribed.
- (2) The regulations may, in particular—
 - (a) prescribe functions in relation to training,
 - (b) provide for appeals to the Secretary of State or a prescribed body in relation to prescribed functions.

17 Advice for Strategic Health Authorities

Each Strategic Health Authority must make arrangements with a view to securing that it receives advice appropriate for enabling it effectively to exercise the functions exercisable by it from persons with professional expertise relating to the physical or mental health of individuals.

[^{F1}17A Reports on consultation

- (1) Each Strategic Health Authority must, at such times as the Secretary of State may direct, prepare a report—
 - (a) on the consultation it has carried out, or proposes to carry out, before making commissioning decisions, and
 - (b) on the influence that the results of consultation have on its commissioning decisions.
- (2) In subsection (1) “commissioning decisions”, in relation to a Strategic Health Authority, means (subject to any directions under subsection (5)(e)) decisions as to the carrying-out of functions exercisable by it for the purpose of securing, by arrangement with any person or body, the provision of services as part of the health service.

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- (3) Each Strategic Health Authority must also, at such times as the Secretary of State may direct, prepare a report—
 - (a) on any relevant consultation carried out by the authority, and
 - (b) on the influence that the results of any relevant consultation have had on such matters as may be specified in the direction.
- (4) In subsection (3) “relevant consultation” means consultation in relation to matters specified by the direction under that subsection.
- (5) The Secretary of State may give directions as to—
 - (a) the periods to be covered by reports under this section;
 - (b) the matters to be dealt with by reports under this section;
 - (c) the form and content of reports under this section;
 - (d) the publication of reports under this section;
 - (e) decisions that are to be treated as being, or that are to be treated as not being, commissioning decisions for the purposes of subsection (1).]

Textual Amendments

- F1** S. 17A inserted (3.11.2008) by [Local Government and Public Involvement in Health Act 2007 \(c. 28\)](#), ss. [234\(1\)](#), [245\(5\)](#); S.I. 2008/2434, art. [2\(2\)\(c\)](#)

CHAPTER 2

PRIMARY CARE TRUSTS

18 Primary Care Trusts

- (1) The Primary Care Trusts established by the Secretary of State continue in existence.
- (2) But the Secretary of State may by order (a “PCT order”)—
 - (a) vary the area in England for which a Primary Care Trust is established,
 - (b) abolish a Primary Care Trust,
 - (c) establish a new Primary Care Trust for the area in England specified in the order with a view to it exercising functions in relation to the health service.
- (3) The Secretary of State must act under this section so as to ensure that the areas for which Primary Care Trusts are at any time established together comprise the whole of England.
- (4) A Primary Care Trust must exercise its functions in accordance with any prohibitions or restrictions in a PCT order relating to it.
- (5) If any consultation requirements apply, they must be complied with before a PCT order is made.
- (6) “Consultation requirements” means requirements about consultation contained in regulations.
- (7) Regulations must impose requirements about consultation where a PCT order establishes a Primary Care Trust.

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(8) Schedule 3 makes further provision about Primary Care Trusts.

19 Exercise of Primary Care Trust functions

- (1) This section applies to functions exercisable by a Primary Care Trust under or by virtue of this Act (including this section) or any prescribed provision of any other Act.
- (2) Regulations may provide for any functions to which this section applies to be exercised—
 - (a) by another Primary Care Trust,
 - (b) by a Special Health Authority, or
 - (c) jointly with any one or more of the bodies mentioned in subsection (3).
- (3) The bodies are—
 - (a) Strategic Health Authorities,
 - (b) NHS trusts,
 - (c) Local Health Boards, and
 - (d) other Primary Care Trusts.
- (4) Regulations may provide—
 - (a) for any functions to which this section applies to be exercised, on behalf of the Primary Care Trust by whom they are exercisable, by a committee, sub-committee or officer of the Primary Care Trust,
 - (b) for any functions which, under this section, are exercisable by a Primary Care Trust jointly with one or more Strategic Health Authorities or other Primary Care Trusts (but not with any NHS trusts) to be exercised, on behalf of the health service bodies in question, by a joint committee or joint sub-committee.
- (5) Subsection (6) applies where, by virtue of subsection (2)(b), a Special Health Authority exercises functions of a Primary Care Trust in relation to a general dental services contract.
- (6) The Secretary of State may by order make provision for the transfer to the Special Health Authority of the rights and liabilities of the Primary Care Trust under the contract (and for their transfer back to the Primary Care Trust where the Special Health Authority ceases to exercise the functions).

20 Strategic Health Authority directions to Primary Care Trusts

- (1) A Strategic Health Authority may give directions to a Primary Care Trust about its exercise of any function.
- (2) Directions under this section are subject to any directions given under section 8.

21 Provision of services etc

- (1) A Primary Care Trust may provide services under an agreement under—
 - (a) section 92 (primary medical services), or
 - (b) section 107 (primary dental services),and may do so as a member of a qualifying body (within the meaning given by section 93 or section 108).

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- (2) A Primary Care Trust may arrange for the provision by it to another health service body of goods or services which are of the same description as those which, at the time of making the arrangement, the Primary Care Trust has power to provide in carrying out its other functions.
- (3) A Primary Care Trust may provide premises for the use of persons—
- (a) providing pharmaceutical services, or
 - (b) providing or performing primary medical services, primary dental services or primary ophthalmic services,
- on any terms it considers appropriate.
- (4) A Primary Care Trust which manages any health service hospital may make accommodation or services available there for patients who give undertakings (or for whom undertakings are given) to pay any charges imposed by the Primary Care Trust in respect of the accommodation or services.
- (5) A Primary Care Trust has power to do anything specified in section 7(2) of the Health and Medicines Act 1988 (c. 49) (provision of goods, services etc), other than make accommodation or services available for patients at any health service hospital it manages, for the purpose of making additional income available for improving the health service.
- (6) A Primary Care Trust may exercise a power conferred by subsection (4) or (5) only—
- (a) to the extent that its exercise does not to any significant extent interfere with the performance by the Primary Care Trust of its functions or of its obligations under NHS contracts or under agreements or arrangements made with NHS foundation trusts, and
 - (b) in circumstances specified in directions under section 8, with the Secretary of State's consent.
- (7) In this section—
- “health service body” means a body which is a health service body for the purposes of section 9,
- “hospital” includes any establishment or facility managed for the purposes of the health service.

22 Administration and management of services

Each Primary Care Trust must, in accordance with regulations—

- (a) administer the arrangements made in pursuance of this Act for the provision for its area of primary medical services, primary dental services, primary ophthalmic services, pharmaceutical services and local pharmaceutical services, and
- (b) perform such management and other functions relating to those services as may be prescribed.

23 Advice for Primary Care Trusts

Each Primary Care Trust must make arrangements with a view to securing that it receives advice appropriate for enabling it effectively to exercise the functions exercisable by it from persons with professional expertise relating to the physical or mental health of individuals.

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24 Plans for improving health etc

- (1) Each Primary Care Trust must, at such times as the Secretary of State may direct, prepare a plan which sets out a strategy for improving—
 - (a) the health of the people for whom it is responsible, and
 - (b) the provision of health care to such people.
- (2) Each Primary Care Trust must keep under review any plan prepared by it under this section.
- (3) Each local authority whose area falls wholly or partly within the area of a Primary Care Trust must participate in the preparation or review by the Primary Care Trust of any plan under this section.
- (4) In preparing or reviewing any plan under this section, a Primary Care Trust—
 - (a) must consult, or seek the participation of, such persons as the Secretary of State may direct, and
 - (b) may consult, or seek the participation of, such other persons as it considers appropriate.
- (5) The Secretary of State may give directions as to—
 - (a) the periods to be covered by plans under this section,
 - (b) the action to be taken by Strategic Health Authorities, Primary Care Trusts and local authorities in connection with the preparation or review of plans under this section,
 - (c) the matters to be taken into account in connection with the preparation or review of plans under this section,
 - (d) the matters to be dealt with by plans under this section,
 - (e) the form and content of plans under this section,
 - (f) the publication of plans prepared or reviewed under this section,
 - (g) the sharing of information between Strategic Health Authorities, Primary Care Trusts, Local Health Boards and local authorities in connection with the preparation or review of plans under this section or section 17 of the National Health Service (Wales) Act 2006 (c. 42),
 - (h) the provision by Strategic Health Authorities, Primary Care Trusts and Local Health Boards of reports or other information to the Secretary of State in connection with plans under this section or section 17 of the National Health Service (Wales) Act 2006 (c. 42).
- (6) In exercising its functions—
 - (a) a Primary Care Trust must have regard to any plan prepared or reviewed by it, and to any plan in relation to which it has participated by virtue of subsection (4).
 - (b) a Strategic Health Authority must have regard to any plan prepared or reviewed by a Primary Care Trust any part of whose area falls within its area, and
 - (c) a local authority must have regard to any plan in relation to which it has participated.
- (7) For the purposes of this section, the persons for whom a Primary Care Trust is responsible are—
 - (a) the people in the area of the Primary Care Trust, and

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- (b) such of the people outside the area as may be specified in directions given by the Secretary of State.
- (8) “Health care” means—
 - (a) services provided to individuals for or in connection with the prevention, diagnosis or treatment of illness, and
 - (b) the promotion and protection of public health.

[^{F2}24A Report on consultation

- (1) Each Primary Care Trust must, at such times as the Secretary of State may direct, prepare a report—
 - (a) on the consultation carried out, or proposed to be carried out, before the making by the Primary Care Trust of commissioning decisions, and
 - (b) on the influence that the results of consultation have on its commissioning decisions.
- (2) In subsection (1) “commissioning decisions”, in relation to a Primary Care Trust, means (subject to any directions under subsection (3)(e)) decisions as to the carrying out of its functions under Parts 4 to 7.
- (3) The Secretary of State may give directions as to—
 - (a) the periods to be covered by reports under this section;
 - (b) the matters to be dealt with by reports under this section;
 - (c) the form and content of reports under this section;
 - (d) the publication of reports under this section;
 - (e) decisions that are to be treated as being, or that are to be treated as not being, commissioning decisions for the purposes of subsection (1).]

Textual Amendments

F2 S. 24A inserted (3.11.2008) by [Local Government and Public Involvement in Health Act 2007 \(c. 28\)](#), ss. [234\(2\)](#), [245\(5\)](#); S.I. 2008/2434, art. [2\(2\)\(c\)](#)

CHAPTER 3

NHS TRUSTS

25 NHS trusts

- (1) The Secretary of State may by order establish bodies, called National Health Service trusts (“NHS trusts”), to provide goods and services for the purposes of the health service.
- (2) An order under subsection (1) is referred to in this Act as “an NHS trust order”.
- (3) No NHS trust order may be made until after the completion of such consultation as may be prescribed.
- (4) Schedule 4 makes further provision about NHS trusts.

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26 General duty of NHS trusts

An NHS trust must exercise its functions effectively, efficiently and economically.

27 Financial provisions relating to NHS trusts

Schedule 5 makes provision about the financing of NHS trusts.

CHAPTER 4

SPECIAL HEALTH AUTHORITIES

28 Special Health Authorities

- (1) The Secretary of State may by order establish special bodies for the purpose of exercising any functions which may be conferred on them by or under this Act.
- (2) The Secretary of State may make such further provision relating to a body established under subsection (1) as he considers appropriate.
- (3) A body established under this section is called a Special Health Authority.
- (4) An order may, in particular, contain provisions as to—
 - (a) the membership of the body established by the order,
 - (b) the transfer to the body of officers, property and liabilities, and
 - (c) the name of the body.
- (5) The liabilities which may be transferred by virtue of this section, section 272(8) and section 273(1) to an NHS body on the abolition of a Special Health Authority include criminal liabilities.
- (6) In this Act (apart from in Schedule 15) “NHS body” means—
 - (a) a Strategic Health Authority,
 - (b) a Primary Care Trust,
 - (c) an NHS trust,
 - (d) a Special Health Authority,
 - (e) an NHS foundation trust, and
 - (f) a Local Health Board.
- (7) The Secretary of State must, before he makes an order under this section, consult with respect to the order such bodies as he may recognise as representing officers who in his opinion are likely to be transferred or affected by transfers in pursuance of the order.
- (8) Schedule 6 makes further provision about Special Health Authorities.

29 Exercise of Special Health Authority functions

- (1) Regulations may provide for any functions which are exercisable by a Special Health Authority under section 7 to be exercised—
 - (a) by another Special Health Authority, or
 - (b) jointly with one or more other Special Health Authorities.

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(2) Regulations may provide—

- (a) for any functions which are exercisable by a Special Health Authority under section 7, section 14, section 19 or this section to be exercised on behalf of that Special Health Authority by a committee, sub-committee or officer of the Special Health Authority,
- (b) for any functions exercisable jointly under subsection (1)(b) to be exercised, on behalf of the Special Health Authorities in question, by a joint committee or joint sub-committee.

CHAPTER 5

NHS FOUNDATION TRUSTS

Introductory

30 NHS foundation trusts

- (1) An NHS foundation trust is a public benefit corporation which is authorised under this Chapter to provide goods and services for the purposes of the health service in England.
- (2) A public benefit corporation is a body corporate which, in pursuance of an application under this Chapter, is constituted in accordance with Schedule 7.

31 Independent Regulator of NHS Foundation Trusts

- (1) There continues to be a body corporate known as the Independent Regulator of NHS Foundation Trusts (referred to in this Act as “the regulator”).
- (2) Schedule 8 makes further provision about the regulator.

32 General duty of regulator

The regulator must exercise its functions in a manner consistent with the performance by the Secretary of State of his duties under sections 1, 3 and 258.

Authorisation

33 Applications by NHS trusts

- (1) An NHS trust may make an application to the regulator for authorisation to become an NHS foundation trust, if the application is supported by the Secretary of State.
- (2) The application must—
 - (a) describe the goods and services which the applicant proposes should be provided by the NHS foundation trust, and
 - (b) be accompanied by a copy of the proposed constitution of the NHS foundation trust,
 and must give any further information which the regulator requires the applicant to give.

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- (3) The applicant may modify the application with the agreement of the regulator at any time before authorisation is given under section 35.
- (4) Once an NHS trust has made the application—
 - (a) the provisions of the proposed constitution which give effect to paragraphs 3 to 19 of Schedule 7 have effect, but only for the purpose of establishing the initial membership of the NHS foundation trust and of the board of governors, and the initial directors, and enabling the board of governors and board of directors to make preparations for the performance of their functions,
 - (b) the NHS trust may do anything (including the things mentioned in paragraph 14 of Schedule 4) which appears to it to be necessary or expedient for the purpose of preparing it for NHS foundation trust status.

34 Other applications

- (1) An application may be made to the regulator by persons (other than an NHS trust) to be incorporated as a public benefit corporation and authorised to become an NHS foundation trust, if the application is supported by the Secretary of State.
- (2) The application must—
 - (a) describe the goods and services which the applicants propose should be provided by the NHS foundation trust, and
 - (b) be accompanied by a copy of the proposed constitution of the NHS foundation trust,and must give any further information which the regulator requires the applicants to give.
- (3) If it appears to the regulator that—
 - (a) provision of the goods and services described in the application is likely to assist in the performance of the duties mentioned in section 32,
 - (b) the trust as proposed to be constituted will be able to provide those goods and services, and
 - (c) the proposed constitution accords with Schedule 7 and is otherwise appropriate,the regulator may issue a certificate of incorporation.
- (4) The applicants may modify the application with the agreement of the regulator at any time before the certificate is issued.
- (5) On the issue of the certificate, the applicants are incorporated as a public benefit corporation.
- (6) The certificate is conclusive evidence of incorporation.
- (7) Once the certificate has been issued—
 - (a) the proposed constitution has effect, but the applicants may exercise the functions of the corporation on its behalf until a board of directors is appointed in accordance with the constitution,
 - (b) the corporation may do anything (including the things mentioned in section 47) which appears to it to be necessary or expedient for the purpose of preparing it for NHS foundation trust status.

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35 Authorisation of NHS foundation trusts

- (1) The regulator may give an authorisation under this section—
- (a) to an NHS trust which has applied under section 33, or
 - (b) to a public benefit corporation,
- if the regulator is satisfied as to the following matters.
- (2) The matters are that—
- (a) the applicant's constitution will be in accordance with Schedule 7 and will otherwise be appropriate,
 - (b) the applicant has taken steps to secure that (taken as a whole) the actual membership of any public constituency, and (if there is one) of the patients' constituency, will be representative of those eligible for such membership,
 - (c) there will be a board of governors, and a board of directors, constituted in accordance with the constitution,
 - (d) the steps necessary to prepare for NHS foundation trust status have been taken,
 - (e) the applicant will be able to provide the goods and services which the authorisation will require it to provide, and
 - (f) any other requirements which the regulator considers appropriate are met.
- (3) In deciding whether it is satisfied as to the matters referred to in subsection (2)(e), the regulator must consider (among other things)—
- (a) any report or recommendation in respect of the applicant made by the Commission for Healthcare Audit and Inspection,
 - (b) the financial position of the applicant.
- (4) The authorisation may be given on any terms the regulator considers appropriate.
- (5) The regulator must not give an authorisation unless it is satisfied that the applicant has sought the views about the application of the following—
- ^{F3}(a)
 - (b) individuals who live in any area specified in the proposed constitution as the area for a public constituency,
 - (c) any local authority that would be authorised by the proposed constitution to appoint a member of the board of governors,
 - (d) if the proposed constitution provides for a patients' constituency, individuals who would be able to apply to become members of that constituency,
 - (e) any prescribed persons.
- (6) If regulations make provision about consultation, the regulator may not give an authorisation unless it is satisfied that the applicant has complied with the regulations.
- (7) The generality of the power in subsection (4) is not affected by the following provisions of this Chapter.

Textual Amendments

- F3** S. 35(5)(a) repealed (1.4.2008) by [Local Government and Public Involvement in Health Act 2007](#) (c. 28), s. 245(5), [Sch. 18 Pt. 18](#); S.I. 2008/461, art. 2(3), Sch.

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36 Effect of authorisation

- (1) On an authorisation being given to a body corporate which is an NHS trust—
 - (a) it ceases to be an NHS trust and becomes an NHS foundation trust,
 - (b) the proposed constitution has effect, and
 - (c) any order under section 25(1) is revoked.
- (2) On an authorisation being given to a body corporate which is a public benefit corporation, it becomes an NHS foundation trust.
- (3) The authorisation is conclusive evidence that the body in question is an NHS foundation trust.
- (4) Subsections (1) to (3) do not affect the continuity of the body or of its property or liabilities (including its criminal liabilities).
- (5) The validity of any act of an NHS foundation trust is not affected by any vacancy among the directors or by any defect in the appointment of any director.
- (6) An NHS foundation trust must not be regarded as the servant or agent of the Crown or as enjoying any status, immunity or privilege of the Crown; and an NHS foundation trust's property must not be regarded as property of, or property held on behalf of, the Crown.

37 Amendments of constitution

An NHS foundation trust may make amendments of its constitution with the approval of the regulator.

38 Variation of authorisation

- (1) The regulator may vary an authorisation.
- (2) In deciding whether or not to vary an authorisation, the regulator must have regard (among other things) to—
 - (a) any report or recommendation made to it by virtue of section 21(2)(f) of the Local Government Act 2000 (c. 22) (overview and scrutiny committees),
 - ^{F4}(b)

Textual Amendments

F4 S. 38(2)(b) repealed (30.6.2008) by [Local Government and Public Involvement in Health Act 2007](#) (c. 28), s. 245(5), [Sch. 18 Pt. 18](#); S.I. 2008/461, art. 4(b)(c)

39 Register of NHS foundation trusts

- (1) The regulator must continue to maintain a register of NHS foundation trusts.
- (2) The register must contain in relation to each NHS foundation trust—
 - (a) a copy of the current constitution,
 - (b) a copy of the current authorisation,
 - (c) a copy of the latest annual accounts and of any report of the auditor on them,
 - (d) a copy of the latest annual report,

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- (e) a copy of the latest document sent to the regulator under paragraph 27 of Schedule 7 (forward planning),
 - (f) a copy of any notice given under section 52 (failing NHS foundation trusts).
- (3) In relation to any time before an NHS foundation trust is first required to send an annual report to the regulator, the register must contain a list of the persons who were first elected or appointed as—
- (a) the members of the board of governors,
 - (b) the directors.
- (4) Members of the public may inspect the register at any reasonable time.
- (5) Any person who requests it must be provided with a copy of, or extract from, any document contained in the register on payment of a reasonable charge.

Financial matters

40 Power of Secretary of State to give financial assistance

- (1) The Secretary of State may give financial assistance to any NHS foundation trust.
- (2) The financial assistance may be given by way of loan, public dividend capital, grant or other payment.
- (3) The Secretary of State may guarantee the payment of any amount payable by an NHS foundation trust under an externally financed development agreement.
- (4) “Externally financed development agreement” has the same meaning as in paragraph 23 of Schedule 4, reading references in sub-paragraphs (3) and (5) of that paragraph to the NHS trust as references to the NHS foundation trust.

41 Prudential borrowing code

- (1) The regulator may revise the code made under section 12(1) of the Health and Social Care (Community Health and Standards) Act 2003 (c. 43) for determining the limit on the total amount of the borrowing of any NHS foundation trust.
- (2) In revising the code the regulator must have regard (among other things) to any generally accepted principles used by financial institutions to determine the amounts of loans to non profit making bodies.
- (3) A body is non profit making if it does not carry on activities for the purpose of making profits for distribution to its members or others.
- (4) Before revising the code, the regulator must consult—
 - (a) the Secretary of State,
 - (b) each NHS foundation trust,
 - (c) each NHS trust intending to make an application to become an NHS foundation trust,
 - (d) such other persons as the regulator considers appropriate.
- (5) The regulator must lay a copy of the revised code before Parliament.

Status: Point in time view as at 03/11/2008.

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42 Public dividend capital

- (1) Where an NHS trust becomes an NHS foundation trust, the amount which was the public dividend capital of the NHS trust immediately before the giving of the authorisation continues as public dividend capital of the NHS foundation trust held on the same conditions (“initial public dividend capital”), but subject to this section.
- (2) Any amount issued to an NHS foundation trust as public dividend capital under section 40 is (like initial public dividend capital) an asset of the Consolidated Fund.
- (3) The Secretary of State may, with the consent of the Treasury, decide the terms on which any public dividend capital of an NHS foundation trust must be treated as having been issued.
- (4) But the dividend to be paid by the trust must be the same as that payable by NHS trusts in England under paragraph 1(6) of Schedule 5.
- (5) Before exercising the power in subsection (3), the Secretary of State must consult the regulator.
- (6) Any amount paid to the Secretary of State by an NHS foundation trust by way of repayment of public dividend capital must be paid into the Consolidated Fund.

Functions

43 Authorised services

- (1) An authorisation must authorise the NHS foundation trust to provide goods and services for purposes related to the provision of health care.
- (2) But the authorisation must secure that the principal purpose of the NHS foundation trust is the provision of goods and services for the purposes of the health service in England.
- (3) The NHS foundation trust may also carry on activities other than those mentioned in subsection (1), subject to any restrictions in the authorisation, for the purpose of making additional income available in order better to carry on its principal purpose.
- (4) The authorisation may require the provision, wholly or partly for the purposes of the health service in England, of goods and services by the NHS foundation trust.
- (5) The authorisation must authorise and may require the NHS foundation trust—
 - (a) to carry out research in connection with the provision of health care,
 - (b) to make facilities and staff available for the purposes of education, training or research carried on by others,and, in deciding how to exercise its functions under this subsection in a case where any of the corporation's hospitals includes a medical or dental school provided by a university, the regulator must have regard to the need to establish and maintain appropriate arrangements within the university.
- (6) In deciding whether or not to require the NHS foundation trust to provide, wholly or partly for the purposes of the health service in England, any goods or services the regulator must have regard (among other things) to—
 - (a) the need for the provision of goods or services in the area in question,

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- (b) any provision of goods or services by other health service bodies in the area in question,
 - (c) any other provision by the NHS foundation trust with which the provision of the goods or services is connected,
 - (d) any agreement or arrangement to which the body corporate which is the NHS foundation trust is or was a party.
- (7) Such a requirement as is mentioned in subsection (4) may be framed by reference (among other things) to—
- (a) goods or services in general or of a particular description,
 - (b) goods or services required to meet the needs of health service bodies in general or those of a particular description,
 - (c) goods or services required to meet the needs of other persons of a particular description,
 - (d) the volume of goods or services provided,
 - (e) the place where goods or services are provided,
 - (f) the period within which goods or services are provided.

44 Private health care

- (1) An authorisation may restrict the provision, for purposes other than those of the health service in England, of goods and services by an NHS foundation trust.
- (2) The power must be exercised, in particular, with a view to securing that the proportion of the total income of an NHS foundation trust which was an NHS trust in any financial year derived from private charges is not greater than the proportion of the total income of the NHS trust derived from such charges in the base financial year.
- (3) “Base financial year” means the first financial year throughout which the body corporate was an NHS trust or, if it was an NHS trust throughout the financial year ending with 31st March 2003, that year.
- (4) “Private charges” means charges imposed in respect of goods and services provided to patients other than patients being provided with goods and services for the purposes of the health service.
- (5) Section 43(7) applies for the purposes of this section.
- (6) According to the nature of its functions, an NHS foundation trust may, in the case of patients being provided with goods and services for the purposes of the health service, make accommodation or further services available for patients who give undertakings (or for whom undertakings are given) to pay any charges imposed by the NHS foundation trust in respect of the accommodation or services.
- (7) An NHS foundation trust may exercise the power conferred by subsection (6) only to the extent that its exercise does not to any significant extent interfere with the performance by the NHS foundation trust of its functions.

45 Protection of property

- (1) An NHS foundation trust may not dispose of any protected property without the approval of the regulator.
- (2) Disposing of property includes disposing of part of it or granting an interest in it.

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- (3) Protected property is property of the trust designated as protected in its authorisation.
- (4) The regulator may designate property as protected if it considers it is needed—
 - (a) for the purposes of any goods or services which the authorisation requires the trust to provide wholly or partly for the purposes of the health service in England, or
 - (b) for the purpose of doing anything which the trust is required to do under section 43(5).
- (5) The regulator may give approval under subsection (1) on any terms it considers appropriate.
- (6) An NHS foundation trust may not create a floating charge on its property.

46 Financial powers

- (1) An NHS foundation trust may borrow money for the purposes of or in connection with its functions.
- (2) But the total amount of the NHS foundation trust's borrowing is subject to the limit imposed by its authorisation.
- (3) The limit must be reviewed annually by the regulator.
- (4) An NHS foundation trust may invest money (other than money held by it as trustee) for the purposes of or in connection with its functions.
- (5) The investment may include investment by—
 - (a) forming, or participating in forming, bodies corporate,
 - (b) otherwise acquiring membership of bodies corporate.
- (6) An NHS foundation trust may give financial assistance (whether by way of loan, guarantee or otherwise) to any person for the purposes of or in connection with its functions.

47 General powers

- (1) An NHS foundation trust may do anything which appears to it to be necessary or expedient for the purpose of or in connection with its functions.
- (2) In particular it may—
 - (a) acquire and dispose of property,
 - (b) enter into contracts,
 - (c) accept gifts of property (including property to be held on trust for the purposes of the NHS foundation trust or for any purposes relating to the health service),
 - (d) employ staff.
- (3) Any power of the NHS foundation trust to pay remuneration and allowances to any person includes power to make arrangements for providing, or securing the provision of, pensions or gratuities (including those payable by way of compensation for loss of employment or loss or reduction of pay).

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- (4) “The purposes of the NHS foundation trust” means the general or any specific purposes of the trust (including the purposes of any specific hospital at or from which services are provided by the trust).

48 Information

- (1) An authorisation—
- (a) must require an NHS foundation trust to disclose such information to the regulator as the Secretary of State specifies,
 - (b) may require an NHS foundation trust to disclose other information to the regulator.
- (2) The regulator may require any other health service body to disclose any information which the regulator requires for the purposes of its functions.

49 Entry and inspection of premises

An authorisation may require an NHS foundation trust to allow the regulator to enter and inspect premises owned or controlled by the trust.

50 Fees

An authorisation may require an NHS foundation trust to pay a reasonable annual fee to the regulator.

51 Trust funds and trustees

- (1) The Secretary of State may by order provide for the appointment of trustees for an NHS foundation trust to hold property on trust—
- (a) for the purposes of the NHS foundation trust, or
 - (b) for any purposes relating to the health service.
- (2) The order may—
- (a) make provision as to the persons by whom trustees must be appointed and generally as to the method of their appointment,
 - (b) make any appointment subject to such conditions as may be specified in the order (including conditions requiring the consent of the Secretary of State),
 - (c) make provision as to the number of trustees to be appointed, including provision under which that number may from time to time be determined by the Secretary of State after consultation with such persons as he considers appropriate,
 - (d) make provision with respect to the term of office of any trustee and his removal from office.
- (3) Where trustees have been appointed for an NHS foundation trust under this section, the Secretary of State may by order provide for the transfer of any trust property from the NHS foundation trust to the trustees.
- (4) Where an NHS trust for which trustees have been appointed under paragraph 10 of Schedule 4 is given an authorisation, the order appointing the trustees has effect as an order under this section.

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- (5) “The purposes of the NHS foundation trust” means the general or any specific purposes of the trust (including the purposes of any specific hospital at or from which services are provided by the trust).

Failure

52 Failing NHS foundation trusts

- (1) If the regulator is satisfied—
- (a) that an NHS foundation trust is contravening, or failing to comply with, any term of its authorisation or any requirement imposed on it under any enactment and that the contravention or failure is significant, or
 - (b) that an NHS foundation trust has contravened, or failed to comply with, any such term or requirement and is likely to do so again and that the contravention or failure was significant,
- the regulator may by a notice to the trust exercise one or more of the powers in subsections (3) and (4).
- (2) The regulator may also by a notice to the trust exercise one or more of those powers if the regulator is satisfied that the trust has contravened or failed to comply with a previous notice.
- (3) The regulator may require the trust, the directors or the board of governors to do, or not to do, specified things or things of a specified description within a specified period.
- (4) The regulator may remove any or all of the directors or members of the board of governors and appoint interim directors or members of the board.
- (5) The regulator's power to remove a director, or member of the board of governors, of the trust includes power to suspend him from office, or to disqualify him from holding office, as a director or member of the board of governors of the trust for a specified period.

53 Voluntary arrangements

- (1) If the regulator is satisfied that it is necessary or expedient to do so, it may by a notice to an NHS foundation trust require the directors—
- (a) to take steps to obtain a moratorium, or
 - (b) to make a proposal for a voluntary arrangement.
- (2) An order may provide for Part 1 of the Insolvency Act 1986 (c. 45) (company voluntary arrangements), including any related provision of that Act, to apply with modifications in relation to NHS foundation trusts.
- (3) References in this Chapter to a moratorium are to a moratorium under section 1A of that Act as modified by the order.
- (4) References in this Chapter to a voluntary arrangement are to a voluntary arrangement under Part 1 of that Act as modified by the order.

54 Dissolution etc

- (1) The powers conferred by this section are exercisable where—

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- (a) an NHS foundation trust contravenes or fails to comply with a notice under section 52 or 53 or the trust's compliance with a notice under section 53 does not result in the implementation of a voluntary arrangement, and
 - (b) the regulator considers that further exercise of any of the powers conferred by those sections would not be likely to secure the provision of the goods and services which the authorisation requires the trust to provide.
- (2) Before the powers conferred by this section are exercised, the regulator must consult specified persons about specified matters.
- (3) “Specified” means specified in an order.
- (4) An order may transfer, or provide for the transfer of, any property or liabilities of the trust to—
- (a) another NHS foundation trust,
 - (b) a Primary Care Trust,
 - (c) an NHS trust,
 - (d) the Secretary of State.
- (5) The liabilities which may be transferred by virtue of subsection (4) to any of the bodies mentioned in paragraphs (a) to (c) of that subsection include criminal liabilities.
- (6) Schedule 9 makes provision for the transfer of employees.
- (7) An order may provide for the dissolution of the trust.
- (8) An order may apply any provision of Part 4 of the Insolvency Act 1986 (c. 45) (winding up of companies), including any related provision of that Act, with modifications.
- (9) Where the regulator refuses to give an authorisation to a public benefit corporation—
- (a) the powers conferred by this section are also exercisable, and
 - (b) references in this section and Schedule 9 to an NHS foundation trust are references to the corporation.

55 Sections 53 and 54: supplementary

- (1) In sections 53 and 54, an order means an order made by the Secretary of State.
- (2) The modifications of the Insolvency Act 1986 that may be made by an order include—
- (a) provision for securing that the goods and services which the trust is required by the authorisation to provide continue to be provided (whether by the trust or another),
 - (b) provision for securing the protection of property needed for the purposes of those goods and services.
- (3) The power conferred by section 54(3) must be exercised with a view to securing the provision of the goods and services which the authorisation requires the trust to provide.
- (4) That power must also be exercised (together, if required, with the power conferred by section 40(2)) with a view to securing that any transfer of property in pursuance of the exercise of the power does not result in a net loss of value to the trust; and the question whether a transfer would result in a net loss of value must be determined in accordance with regulations.

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- (5) The Insolvency Act 1986 may not be modified under section 54(8) so as to alter the priority of debts or the ranking of debts between themselves.

Mergers

56 Mergers

- (1) An application may be made jointly by—
- (a) an NHS foundation trust, and
 - (b) another NHS foundation trust or an NHS trust,
- to the regulator for authorisation of the dissolution of the trusts and the transfer of some or all of their property and liabilities to a new NHS foundation trust established under this section.
- (2) The application must—
- (a) be supported by the Secretary of State if one of the parties to it is an NHS trust,
 - (b) specify the property and liabilities proposed to be transferred to the new NHS foundation trust,
 - (c) describe the goods and services which it is proposed should be provided by the new trust, and
 - (d) be accompanied by a copy of the proposed constitution of the new trust,
- and must give any further information which the regulator requires the applicants to give.
- (3) The applicants may modify the application with the agreement of the regulator at any time before authorisation is given under this section.
- (4) The regulator may—
- (a) issue a certificate incorporating the directors of the applicants as a public benefit corporation, and
 - (b) give an authorisation under this section to the corporation to become an NHS foundation trust,
- if the regulator is satisfied as to the following matters.
- (5) The matters are that—
- (a) the constitution of the new trust will be in accordance with Schedule 7 and will otherwise be appropriate,
 - (b) the applicants have taken steps to secure that (taken as a whole) the actual membership of any public constituency, and (if there is one) of the patients' constituency, will be representative of those eligible for such membership,
 - (c) the new trust will be able to provide the goods and services which the authorisation will require it to provide, and
 - (d) any other requirements which the regulator considers appropriate are met.
- (6) In deciding whether it is satisfied as to the matters referred to in subsection (5)(c), the regulator must consider (among other things)—
- (a) any report or recommendation in respect of either of the applicants made by the Commission for Healthcare Audit and Inspection,
 - (b) the financial position of the applicants.

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- (7) The applicants must consult about the application in accordance with regulations.
- (8) In the course of the consultation the applicants must seek the views of—
- ^{F5}(a)
 - (b) the staff employed by the applicants,
 - (c) individuals who live in any area specified in the proposed constitution as the area for a public constituency,
 - (d) any local authority that would be authorised by the proposed constitution to appoint a member of the board of governors,
 - (e) if the proposed constitution provides for a patients' constituency, individuals who would be able to apply to become members of that constituency,
 - (f) any prescribed persons.
- (9) The regulator may not give an authorisation under this section unless it is satisfied that the applicants have complied with the regulations.
- (10) The certificate is conclusive evidence of incorporation; and the authorisation is conclusive evidence that the corporation is an NHS foundation trust.
- (11) On an authorisation being given under this section, the proposed constitution of the NHS foundation trust has effect, but the directors of the applicants may exercise the functions of the trust on its behalf until a board of directors is appointed in accordance with the constitution.

Textual Amendments

- F5** S. 56(8)(a) repealed (1.4.2008) by [Local Government and Public Involvement in Health Act 2007](#) (c. 28), s. 245(5), [Sch. 18 Pt. 18](#); S.I. 2008/461, art. 2(3), Sch.

57 Section 56: supplementary

- (1) Where an authorisation is given under section 56, the regulator must specify the property and liabilities to be transferred to the new NHS foundation trust.
- (2) Where such an authorisation is given, the Secretary of State must make an order—
- (a) dissolving the trusts in question, and
 - (b) transferring, or providing for the transfer of, the property and liabilities specified by the regulator to the new NHS foundation trust.
- (3) The order may—
- (a) transfer, or provide for the transfer of, any of the remaining property or liabilities to the persons mentioned in section 54(3),
 - (b) include provisions corresponding to those of Schedule 9.
- (4) In section 56(1) and (2), and subsections (1) and (2) of this section, “liabilities” includes criminal liabilities; and an order under subsection (3) of this section may transfer any remaining criminal liabilities to any of the bodies mentioned in section 54(4)(a) to (c).
- (5) Where one of the parties to an application under section 56 is an NHS trust, the powers conferred on the Secretary of State by Part 3 of Schedule 4 are not exercisable in relation to the trust.

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- (6) Section 35(4) applies to an authorisation under section 56 as it does in relation to an authorisation under that section.

Miscellaneous

58 Taxation

Section 61(3) of the National Health Service and Community Care Act 1990 (c. 19) (health service bodies: stamp duty) applies to an NHS foundation trust as it applies to an NHS trust.

59 Conduct of elections

- (1) Regulations may make provision as to the conduct of elections for membership of the board of governors of an NHS foundation trust.
- (2) The regulations may in particular provide for—
- (a) nomination of candidates and obligations to declare their interests,
 - (b) systems and methods of voting, and the allocation of places on the board of governors, at contested elections,
 - (c) filling of vacancies,
 - (d) supervision of elections,
 - (e) elections expenses and publicity,
 - (f) questioning of elections and the consequences of irregularities.
- (3) Regulations under this section may create offences punishable on summary conviction with a maximum fine not exceeding level 4 on the standard scale.
- (4) An NHS foundation trust must secure that its constitution is in accordance with regulations under this section.
- (5) Pending the coming into force of regulations under this section, elections for membership of the board of governors of an NHS foundation trust, if contested, must be by secret ballot.

60 Voting and standing for election

- (1) A person may not vote at an election for the board of governors of an NHS foundation trust unless, within the specified period, he has made a declaration in the specified form of the particulars of his qualification to vote as a member of the constituency, or class within a constituency, for which the election is being held.
- (2) A person may not stand for election to the board unless—
- (a) he has within the specified period made a declaration in the specified form of the particulars of his qualification to vote as a member of the constituency, or class within a constituency, for which the election is being held, and
 - (b) he is not prevented from being a member of the board by paragraph 8 of Schedule 7.
- (3) A person elected to the board may not vote at a meeting of the board unless—
- (a) he has within the specified period made a declaration in the specified form of the particulars of his qualification to vote as a member of the trust, and

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- (b) he is not prevented from being a member of the board by paragraph 8 of Schedule 7.
- (4) This section does not apply to an election held for the staff constituency.
- (5) “Specified” means specified in the trust's constitution.
- (6) A person is guilty of an offence if he—
 - (a) makes a declaration under this section which he knows to be false in a material particular, or
 - (b) recklessly makes such a declaration which is false in a material particular.
- (7) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 4 on the standard scale.

61 Representative membership

An authorisation may require an NHS foundation trust to take steps to secure that (taken as a whole) the actual membership of any public constituency and (if there is one) of the patients' constituency is representative of those eligible for such membership.

62 Audit

Schedule 10 makes provision in relation to the audit of accounts of NHS foundation trusts.

63 General duty of NHS foundation trusts

An NHS foundation trust must exercise its functions effectively, efficiently and economically.

Supplementary

64 Orders and regulations under this Chapter

- (1) Any power under this Chapter to make an order or regulations is exercisable by statutory instrument.
- (2) Subject to subsections (3) and (4), a statutory instrument made by virtue of this Chapter is subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) A statutory instrument containing—
 - (a) the first regulations under section 55(4) or 59, or
 - (b) an order or regulations under this Chapter making, by virtue of subsection (5) (b), provision which amends or repeals any part of the text of an Act,
 may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.
- (4) Subsection (2) does not apply to a statutory instrument containing an order under—
 - (a) section 51,
 - (b) section 54(4), or

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- (c) section 57.
- (5) Any order or regulations under this Chapter—
 - (a) may make different provision for different purposes, and
 - (b) may make incidental, supplementary, consequential, transitory or transitional or saving provision.
- (6) Any power under this Chapter to make an order or regulations (as well as being exercisable in relation to all cases to which it extends) may be exercised in relation to all those cases subject to exceptions or in relation to any particular case or class of case.

65 Interpretation of this Chapter

- (1) In this Chapter—
 - “authorisation” means an authorisation under section 35 or 56,
 - “health service body” means a Strategic Health Authority, a Primary Care Trust, an NHS trust, a Special Health Authority or an NHS foundation trust.
- (2) Any references in this Chapter to goods and services include, in particular, facilities, education and training.

CHAPTER 6

MISCELLANEOUS

Intervention orders and default powers

66 Intervention orders

- (1) This section applies to NHS bodies other than NHS foundation trusts.
- (2) If the Secretary of State—
 - (a) considers that a body to which this section applies is not performing one or more of its functions adequately or at all, or that there are significant failings in the way the body is being run, and
 - (b) is satisfied that it is appropriate for him to intervene under this section,he may make an order under this section in respect of the body (an “intervention order”).
- (3) An intervention order may make any provision authorised by section 67 (including any combination of such provisions).

67 Effect of intervention orders

- (1) In this section—
 - (a) “member” means a member of a Strategic Health Authority, Primary Care Trust, Special Health Authority or Local Health Board, or a member of the board of directors of an NHS trust,
 - (b) “employee member” means a member of a Strategic Health Authority, Primary Care Trust, Special Health Authority or Local Health Board who is an officer of the body, or an executive director of an NHS trust.

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- (2) An intervention order may provide for the removal from office of—
- (a) all the members, or
 - (b) those specified in the order,
- and for their replacement with individuals specified in or determined in accordance with the order (who need not be the same in number as the removed individuals).
- (3) An intervention order may provide for the suspension (either wholly, or in respect only of powers and duties specified in or determined in accordance with the order) of—
- (a) all the members, or
 - (b) those specified in the order,
- and for the powers of the suspended members to be exercised, and their duties performed, during their suspension by individuals specified in or determined in accordance with the order (who need not be the same in number as the suspended individuals).
- (4) The powers and duties referred to in subsection (3) are, in the case of an employee member, only those which he has in his capacity as a member.
- (5) An intervention order may contain directions to the body to which it relates to secure that a function of the body specified in the directions—
- (a) is performed, to the extent specified in the directions, on behalf of the body and at its expense, by such person as is specified in the directions, and
 - (b) is so performed in such a way as to achieve such objectives as are so specified, and the directions may require that any contract or other arrangement made by the body with that person contains such terms and conditions as may be so specified.
- (6) If the person referred to in subsection (5)(a) is a body to which section 66 applies, the functions of that body include the performance of the functions specified in the directions under subsection (5).
- (7) Subsection (8) applies in relation to any provision in this Act, or in any order or regulations made, or directions given, under this Act, relating to—
- (a) the membership of the body to which an intervention order relates (or in the case of an NHS trust to the membership of its board of directors), or
 - (b) the procedure of the body.
- (8) The intervention order may provide in relation to any provision specified in the order—
- (a) that it does not apply in relation to the body while the order remains in force, or
 - (b) that it applies in relation to the body, while the order remains in force, with modifications specified in the order.
- (9) An intervention order may contain such supplementary directions to the body to which it relates as the Secretary of State considers appropriate for the purpose of giving full effect to the order.

68 Default powers

- (1) This section applies to NHS bodies other than NHS foundation trusts.
- (2) If the Secretary of State considers that a body to which this section applies—

Status: Point in time view as at 03/11/2008.

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- (a) has failed to carry out any functions conferred or imposed on it by or under this Act, or
 - (b) has in carrying out those functions failed to comply with any regulations or directions relating to those functions,
- he may after such inquiry as he considers appropriate make an order declaring it to be in default.
- (3) The members of the body in default must immediately vacate their office, and the order—
- (a) must provide for the appointment, in accordance with the provisions of this Act, of new members of the body, and
 - (b) may contain such provisions as seem to the Secretary of State expedient for authorising any person to act in the place of the body pending the appointment of new members.
- (4) An order under this section may contain such supplementary and incidental provisions as appear to the Secretary of State to be necessary or expedient, including—
- (a) provision for the transfer to the Secretary of State of property and liabilities of the body in default, and
 - (b) where any such order is varied or revoked by a subsequent order, provision in the subsequent order for the transfer to the body in default of any property or liabilities acquired or incurred by the Secretary of State in discharging any of the functions transferred to him.

Protection of members and officers of health service bodies

69 Protection from personal liability

- (1) Section 265 of the Public Health Act 1875 (c. 55) (which relates to the protection of members and officers of certain authorities) has effect as if there were included in the authorities referred to in that section a reference to an NHS body.
- (2) Any reference in that section to the Public Health Act 1875 has effect as if it included a reference to this Act and the National Health Service (Wales) Act 2006 (c. 42).

Transfer of residual liabilities

70 Transfer of residual liabilities

- (1) If a Strategic Health Authority, a Primary Care Trust, an NHS trust or a Special Health Authority ceases to exist, the Secretary of State must exercise his functions so as to secure that all of the body's liabilities (other than any criminal liabilities) are dealt with.
- (2) A liability is dealt with by being transferred to an NHS body, the Secretary of State or the Welsh Ministers.

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Losses and liabilities of certain health service bodies

71 Schemes for meeting losses and liabilities etc of certain health service bodies

(1) The Secretary of State may by regulations made with the consent of the Treasury establish a scheme whereby any of the bodies [^{F6}or other persons] specified in subsection (2) may make provision to meet—

- (a) expenses arising from any loss of or damage to their property, and
- (b) liabilities to third parties for loss, damage or injury arising out of the carrying out of the functions of the bodies [^{F6}or other persons] concerned.

(2) The bodies [^{F7} and other persons] referred to in subsection (1) are—

- (a) Strategic Health Authorities,
- (b) Primary Care Trusts,
- (c) NHS trusts,
- (d) Special Health Authorities,
- (e) NHS foundation trusts,
- (f) the Commission for Healthcare Audit and Inspection, and
- (g) the Health Protection Agency,
- [^{F8}(h) the Secretary of State, and
- (i) a body or other person (other than a body or other person within any of paragraphs (a) to (h)) providing, or arranging the provision of, health services whose provision is the subject of arrangements with a body or other person within any of paragraphs (a) to (h),]

but a scheme under this section may limit the class or description of bodies which [^{F9}, or other persons who,] are eligible to participate in it.

[^{F10}(2A) In subsection (1)(b) “functions”—

- (a) in relation to the Secretary of State, means the Secretary of State's functions in connection with the health service;
- (b) in relation to a body or other person within paragraph (i) of subsection (2), means the body's or person's functions of providing, or arranging the provision of, health services whose provision is the subject of arrangements with a body or other person within any of paragraphs (a) to (h) of that subsection.]

(3) A scheme under this section may, in particular—

- (a) provide for the scheme to be administered by the Secretary of State or by a Strategic Health Authority, Primary Care Trust, NHS trust, Special Health Authority or NHS foundation trust specified in the scheme,
- (b) require any body which [^{F11}, or other person who,] participates in the scheme to make payments in accordance with the scheme, and
- (c) provide for the making of payments for the purposes of the scheme by the Secretary of State [^{F12} (whether or not a participator in the scheme and, if a participator, whether or not required to make payments as a participator)].

(4) If the Secretary of State so directs, a body which is eligible to participate in a scheme must do so.

[^{F13}(5) The Secretary of State may make a direction under subsection (4) in respect of a body only if the body is within any of paragraphs (a) to (d), (f) and (g) of subsection (2).]

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- (6) Where a scheme provides for the scheme to be administered by the Secretary of State, a Strategic Health Authority, Primary Care Trust, NHS trust, Special Health Authority or NHS foundation trust must carry out such functions in connection with the administration of the scheme by the Secretary of State as he may direct.
- (7) Subsections (4) and (6) do not affect any other power of direction of the Secretary of State.
- (8) A person or body administering a scheme under this section does not require permission under any provision of the Financial Services and Markets Act 2000 (c. 8) as respects activities carried out under the scheme.
- [^{F14}(9) In subsection (2)(i), the reference to a person providing health services does not include a person providing health services under a contract of employment.
- (10) In this section “health services” means services provided as part of the health service.]

Textual Amendments

- F6** Words in s. 71(1) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(2)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F7** Words in s. 71(2) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(3)(a)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F8** S. 71(2)(h)(i) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(3)(b)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F9** Words in s. 71(2) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(3)(c)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F10** S. 71(2A) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(4)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F11** Words in s. 71(3)(b) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(5)(a)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F12** Words in s. 71(3)(c) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(5)(b)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F13** S. 71(5) substituted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(6)**, 170(3)(4); [S.I. 2008/2497](#), art. 5
- F14** S. 71(9)(10) inserted (1.10.2008) by [Health and Social Care Act 2008 \(c. 14\)](#), **ss. 142(7)**, 170(3)(4); [S.I. 2008/2497](#), art. 5

Modifications etc. (not altering text)

- C1** S. 71(2) modified (temp.) (1.10.2008) by [Health and Social Care Act 2008 \(Consequential Amendments and Transitory Provisions\) Order 2008 \(S.I. 2008/2250\)](#), arts. 1(1), **3(15)**

Co-operation between NHS bodies

72 Co-operation between NHS bodies

It is the duty of NHS bodies to co-operate with each other in exercising their functions.

Status: Point in time view as at 03/11/2008.

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Directions and regulations under this Part

73 Directions and regulations under this Part

- (1) This section applies to directions and regulations under any of—
- (a) section 7,
 - (b) section 8,
 - (c) section 14,
 - (d) section 15,
 - (e) section 19,
 - (f) section 20,
 - (g) section 29.
- (2) Except in prescribed cases, the directions and regulations must not preclude a person or body by whom the function is exercisable apart from the directions or regulations from exercising the function.

Status:

Point in time view as at 03/11/2008.

Changes to legislation:

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