

SCHEDULE 6

OTHER CONTRACTUAL TERMS

PART 8

VARIATION AND TERMINATION OF CONTRACTS

Variation of a contract: general

104.—(1) Subject to Schedule 3, paragraphs 69(8), 70(8), 105, 106 and 117 and paragraph 3 of Schedule 7, no amendment or variation shall have effect unless it is in writing and signed by or on behalf of the Primary Care Trust and the contractor.

(2) In addition to the specific provision made in paragraphs 105(6), 106(6) and 117, the Primary Care Trust may vary the contract without the contractor's consent where it—

- (a) is reasonably satisfied that it is necessary to vary the contract so as to comply with the Act, any regulations made pursuant to that Act, or any direction given by the Secretary of State pursuant to that Act; and
- (b) notifies the contractor in writing of the wording of the proposed variation and the date upon which that variation is to take effect,

and, where it is reasonably practicable to do so, the date that the proposed variation is to take effect shall be not less than 14 days after the date on which the notice under paragraph (b) is served on the contractor.

Variation provisions specific to a contract with an individual medical practitioner

105.—(1) If a contractor which is an individual medical practitioner proposes to practise in partnership with one or more persons during the existence of the contract, the contractor shall notify the Primary Care Trust in writing of—

- (a) the name of the person or persons with whom it proposes to practise in partnership; and
- (b) the date on which the contractor wishes to change its status as a contractor from that of an individual medical practitioner to that of a partnership, which shall be not less than 28 days after the date upon which it has served the notice on the Primary Care Trust pursuant to this sub-paragraph.

(2) A notice under sub-paragraph (1) shall in respect of the person or each of the persons with whom the contractor is proposing to practise in partnership, and also in respect of itself as regards the matters specified in paragraph (c)—

- (a) confirm that he is either—
 - (i) a medical practitioner, or
 - (ii) a person who satisfies the conditions specified in section 28S(2)(b)(i) to (iv) of the Act⁽¹⁾;
- (b) confirm that he is a person who satisfies the conditions imposed by regulations 4 and 5; and
- (c) state whether or not it is to be a limited partnership, and if so, who is to be a limited and who a general partner,

and the notice shall be signed by the individual medical practitioner and by the person, or each of the persons (as the case may be), with whom he is proposing to practise in partnership.

(1) Section 28S was inserted into the Act by section 175(1) of the 2003 Act.

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(3) The contractor shall ensure that any person who will practise in partnership with it is bound by the contract, whether by virtue of a partnership deed or otherwise.

(4) If the Primary Care Trust is satisfied as to the accuracy of the matters specified in sub-paragraph (2) that are included in the notice, the Primary Care Trust shall give notice in writing to the contractor confirming that the contract shall continue with the partnership entered into by the contractor and its partners, from a date that the Primary Care Trust specifies in that notice.

(5) Where it is reasonably practicable, the date specified by the Primary Care Trust pursuant to sub-paragraph (4) shall be the date requested in the notice served by the contractor pursuant to sub-paragraph (1), or, where that date is not reasonably practicable, the date specified shall be a date after the requested date that is as close to the requested date as is reasonably practicable.

(6) Where a contractor has given notice to the Primary Care Trust pursuant to sub-paragraph (1), the Primary Care Trust—

- (a) may vary the contract but only to the extent that it is satisfied is necessary to reflect the change in status of the contractor from an individual medical practitioner to a partnership; and
- (b) if it does propose to so vary the contract, it shall include in the notice served on the contractor pursuant to sub-paragraph (4) the wording of the proposed variation and the date upon which that variation is to take effect.

Variation provisions specific to a contract with two or more individuals practising in partnership

106.—(1) Subject to sub-paragraph (4), where a contractor consists of two or more individuals practising in partnership in the event that the partnership is terminated or dissolved, the contract shall only continue with one of the former partners if that partner is—

- (a) nominated in accordance with sub-paragraph (3); and
- (b) a medical practitioner who meets the condition in regulation 4(2)(a),

and provided that the requirements in sub-paragraphs (2) and (3) are met.

(2) A contractor shall notify the Primary Care Trust in writing at least 28 days in advance of the date on which the contractor proposes to change its status from that of a partnership to that of an individual medical practitioner pursuant to sub-paragraph (1).

(3) A notice under sub-paragraph (2) shall—

- (a) specify the date on which the contractor proposes to change its status from that of a partnership to that of an individual medical practitioner;
- (b) specify the name of the medical practitioner with whom the contract will continue, which must be one of the partners; and
- (c) be signed by all of the persons who are practising in partnership.

(4) If a partnership is terminated or dissolved because, in a partnership consisting of two individuals practising in partnership, one of the partners has died, sub-paragraphs (1), (2) and (3) shall not apply and—

- (a) the contract shall continue with the individual who has not died only if that individual is a medical practitioner who meets the condition in regulation 4(2)(a); and
- (b) that individual shall in any event notify the Primary Care Trust in writing as soon as is reasonably practicable of the death of his partner.

(5) When the Primary Care Trust receives a notice pursuant to sub-paragraph (2) or (4)(b), it shall acknowledge in writing receipt of the notice, and in relation to a notice served pursuant to sub-paragraph (2), the Trust shall do so before the date specified pursuant to sub-paragraph (3)(a).

(6) Where a contractor gives notice to the Primary Care Trust pursuant to sub-paragraph (2) or (4)(b), the Primary Care Trust may vary the contract but only to the extent that it is satisfied is necessary to reflect the change in status of the contractor from a partnership to an individual medical practitioner.

(7) If the Primary Care Trust varies the contract pursuant to sub-paragraph (6), it shall notify the contractor in writing of the wording of the proposed variation and the date upon which that variation is to take effect.

Termination by agreement

107. The Primary Care Trust and the contractor may agree in writing to terminate the contract, and if the parties so agree, they shall agree the date upon which that termination should take effect and any further terms upon which the contract should be terminated.

Termination by the contractor

108.—(1) A contractor may terminate the contract by serving notice in writing on the Primary Care Trust at any time.

(2) Where a contractor serves notice pursuant to sub-paragraph (1), the contract shall, subject to sub-paragraph (3), terminate six months after the date on which the notice is served (“the termination date”), save that if the termination date is not the last calendar day of a month, the contract shall instead terminate on the last calendar day of the month in which the termination date falls.

(3) Where the contractor is an individual medical practitioner, sub-paragraph (2) shall apply to the contractor, save that the reference to “six months” shall instead be to “three months”.

(4) This paragraph and paragraph 109 are without prejudice to any other rights to terminate the contract that the contractor may have.

Late payment notices

109.—(1) The contractor may give notice in writing (a “late payment notice”) to the Primary Care Trust if the Trust has failed to make any payments due to the contractor in accordance with a term of the contract that has the effect specified in regulation 22, and the contractor shall specify in the late payment notice the payments that the Trust has failed to make in accordance with that regulation.

(2) Subject to sub-paragraph (3), the contractor may, at least 28 days after having served a late payment notice, terminate the contract by a further written notice if the Primary Care Trust has still failed to make the payments due to the contractor, and that were specified in the late payment notice served on the Primary Care Trust pursuant to sub-paragraph (1).

(3) If, following receipt of a late payment notice, the Primary Care Trust refers the matter to the NHS dispute resolution procedure within 28 days of the date upon which it is served with the late payment notice, and it notifies the contractor in writing that it has done so within that period of time, the contractor may not terminate the contract pursuant to sub-paragraph (2) until—

(a) there has been a determination of the dispute pursuant to paragraph 102 and that determination permits the contractor to terminate the contract; or

(b) the Primary Care Trust ceases to pursue the NHS dispute resolution procedure,

whichever is the sooner.

Termination by the Primary Care Trust: general

110. The Primary Care Trust may only terminate the contract in accordance with the provisions in this Part.

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Termination by the Primary Care Trust for breach of conditions in regulation 4

111.—(1) The Primary Care Trust shall serve notice in writing on the contractor terminating the contract forthwith if the contractor is an individual medical practitioner and the medical practitioner no longer satisfies the condition specified in regulation 4(1).

(2) Where the contractor is—

- (a) two or more persons practising in partnership, and the condition specified in regulation 4(2)(a) is no longer satisfied; or
- (b) a company limited by shares, and the condition specified in regulation 4(3)(a) is no longer satisfied,

sub-paragraph (3) shall apply.

(3) Where sub-paragraph (2)(a) or (b) applies, the Primary Care Trust shall—

- (a) serve notice in writing on the contractor terminating the contract forthwith; or
- (b) serve notice in writing on the contractor confirming that the Primary Care Trust will allow the contract to continue, for a period specified by the Primary Care Trust of up to six months (the “interim period”), during which time the Primary Care Trust shall, with the consent of the contractor, employ or supply one or more general medical practitioners to the contractor for the interim period to assist the contractor in the provision of clinical services under the contract.

(4) Before deciding which of the options in sub-paragraph (3) to pursue, the Primary Care Trust shall, whenever it is reasonably practicable to do so, consult the Local Medical Committee (if any) for its area.

(5) If the contractor does not, pursuant to sub-paragraph (3)(b), consent to the Primary Care Trust employing or supplying a general medical practitioner during the interim period, the Primary Care Trust shall serve notice in writing on the contractor terminating the contract forthwith.

(6) If, at the end of the interim period, the contractor still falls within sub-paragraph (2)(a) or (b), the Primary Care Trust shall serve notice in writing on the contractor terminating the contract forthwith.

Termination by the Primary Care Trust for the provision of untrue etc. information

112. The Primary Care Trust may serve notice in writing on the contractor terminating the contract forthwith, or from such date as may be specified in the notice if, after the contract has been entered into, it comes to the attention of the Primary Care Trust that written information provided to the Primary Care Trust by the contractor before the contract was entered into in relation to the conditions set out in regulation 4 and 5 (and compliance with those conditions) was, when given, untrue or inaccurate in a material respect.

Other grounds for termination by the Primary Care Trust

113.—(1) The Primary Care Trust may serve notice in writing on the contractor terminating the contract forthwith, or from such date as may be specified in the notice if—

- (a) in the case of a contract with a medical practitioner, that medical practitioner;
- (b) in the case of a contract with two or more individuals practising in partnership, any individual or the partnership; and
- (c) in the case of a contract with a company limited by shares—
 - (i) the company,
 - (ii) any person legally and beneficially owning a share in the company, or

(iii) any director or secretary of the company,

falls within sub-paragraph (2) during the existence of the contract.

(2) A person falls within this sub-paragraph if—

- (a) it does not satisfy the conditions prescribed in section 28S(2)(b) or (3)(b) of the Act;
- (b) he or it is the subject of a national disqualification;
- (c) subject to sub-paragraph (3), he or it is disqualified or suspended (other than by an interim suspension order or direction pending an investigation or a suspension on the grounds of ill-health) from practising by any licensing body anywhere in the world;
- (d) subject to sub-paragraph (4), he has been dismissed (otherwise than by reason of redundancy) from any employment by a health service body unless before the Primary Care Trust has served a notice terminating the contract pursuant to this paragraph, he is employed by the health service body that dismissed him or by another health service body;
- (e) he or it is removed from, or refused admission to, a primary care list by reason of inefficiency, fraud or unsuitability (within the meaning of section 49F(2), (3) and (4) of the Act respectively⁽²⁾) unless his name has subsequently been included in such a list;
- (f) he has been convicted in the United Kingdom of murder;
- (g) he has been convicted in the United Kingdom of a criminal offence other than murder and has been sentenced to a term of imprisonment of over six months;
- (h) subject to sub-paragraph (5), he has been convicted elsewhere of an offence which would if committed in England and Wales—
 - (i) constitute murder, or
 - (ii) constitute a criminal offence other than murder and been sentenced to a term of imprisonment of over six months;
- (i) he has been convicted of an offence referred to in Schedule 1 to the Children and Young Persons Act 1933⁽³⁾ (offences against children and young persons with respect to which special provisions of this Act apply) or Schedule 1 to the Criminal Procedure (Scotland) Act 1995⁽⁴⁾ (offences against children under the age of 17 years to which special provisions apply);
- (j) he or it has—
 - (i) been adjudged bankrupt or had sequestration of his estate awarded unless (in either case) he has been discharged or the bankruptcy order has been annulled,
 - (ii) been made the subject of a bankruptcy restrictions order or an interim bankruptcy restrictions order under Schedule 4A to the Insolvency Act 1986⁽⁵⁾, unless that order has ceased to have effect or has been annulled,
 - (iii) made a composition or arrangement with, or granted a trust deed for, his or its creditors unless he or it has been discharged in respect of it, or
 - (iv) been wound up under Part IV of the Insolvency Act 1986;
- (k) there is—
 - (i) an administrator, administrative receiver or receiver appointed in respect of it, or

(2) Section 49F was inserted into the Act by section 25 of the Health and Social Care Act 2001 (c. 15) and amended by the National Health Service Reform and Health Care Professions Act 2002 (c. 17), Schedule 2, paragraph 21 and the 2003 Act, Schedule 14, Part 2.

(3) 1933 c. 12, as amended by the Criminal Justice Act 1988 (c. 33), section 170, Schedule 15, paragraph 8 and Schedule 16, paragraph 16; the Sexual Offences Act 1956 (c. 69), sections 48 and 51 and Schedules 3 and 4, as modified by the Criminal Justice Act 1988, section 170(1), Schedule 15, paragraph 9.

(4) 1995 c. 46.

(5) 1986 c. 45. Schedule 4A was inserted by section 257 of and Schedule 2 to the Enterprise Act 2002 (c. 40).

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- (ii) an administration order made in respect of it under Schedule B1 to the Insolvency Act 1986(6);
 - (l) that person is a partnership and—
 - (i) a dissolution of the partnership is ordered by any competent court, tribunal or arbitrator, or
 - (ii) an event happens that makes it unlawful for the business of the partnership to continue, or for members of the partnership to carry on in partnership;
 - (m) he has been—
 - (i) removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commissioners or the High Court on the grounds of any misconduct or mismanagement in the administration of the charity for which he was responsible or to which he was privy, or which he by his conduct contributed to or facilitated, or
 - (ii) removed under section 7 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990(7) (powers of the Court of Session to deal with management of charities), from being concerned in the management or control of any body;
 - (n) he is subject to a disqualification order under the Company Directors Disqualification Act 1986(8), the Companies (Northern Ireland) Order 1986(9) or to an order made under section 429(2)(b) of the Insolvency Act 1986 (failure to pay under county court administration order); or
 - (o) he has refused to comply with a request by the Primary Care Trust for him to be medically examined on the grounds that it is concerned that he is incapable of adequately providing services under the contract and, in a case where the contract is with two or more individuals practising in partnership or with a company, the Primary Care Trust is not satisfied that the contractor is taking adequate steps to deal with the matter.
- (3) A Primary Care Trust shall not terminate the contract pursuant to sub-paragraph (2)(c) where the Primary Care Trust is satisfied that the disqualification or suspension imposed by a licensing body outside the United Kingdom does not make the person unsuitable to be—
- (a) a contractor;
 - (b) a partner, in the case of a contract with two or more individuals practising in partnership; or
 - (c) in the case of a contract with a company limited by shares—
 - (i) a person legally and beneficially holding a share in the company, or
 - (ii) a director or secretary of the company,as the case may be.
- (4) A Primary Care Trust shall not terminate the contract pursuant to sub-paragraph (2)(d)—
- (a) until a period of at least three months has elapsed since the date of the dismissal of the person concerned; or
 - (b) if, during the period of time specified in paragraph (a), the person concerned brings proceedings in any competent tribunal or court in respect of his dismissal, until proceedings before that tribunal or court are concluded,
- and the Primary Care Trust may only terminate the contract at the end of the period specified in paragraph (b) if there is no finding of unfair dismissal at the end of those proceedings.

(6) Schedule B1 was inserted by section 248 of and Schedule 16 to the Enterprise Act 2002.

(7) 1990 c. 40.

(8) 1986 c. 46 as amended by the Insolvency Act 2000 (2000 c. 39).

(9) S.I.1986/1032 (N.I.6).

(5) A Primary Care Trust shall not terminate the contract pursuant to sub-paragraph (2)(h) where the Primary Care Trust is satisfied that the conviction does not make the person unsuitable to be—

- (a) a contractor;
- (b) a partner, in the case of a contract with two or more individuals practising in partnership; or
- (c) in the case of a contract with a company limited by shares—
 - (i) a person legally and beneficially holding a share in the company, or
 - (ii) a director or secretary of the company,as the case may be.

114. The Primary Care Trust may serve notice in writing on the contractor terminating the contract forthwith or with effect from such date as may be specified in the notice if—

- (a) the contractor has breached the contract and as a result of that breach, the safety of the contractor's patients is at serious risk if the contract is not terminated; or
- (b) the contractor's financial situation is such that the Primary Care Trust considers that the Primary Care Trust is at risk of material financial loss.

Termination by the Primary Care Trust: remedial notices and breach notices

115.—(1) Where a contractor has breached the contract other than as specified in paragraphs 111 to 114 and the breach is capable of remedy, the Primary Care Trust shall, before taking any action it is otherwise entitled to take by virtue of the contract, serve a notice on the contractor requiring it to remedy the breach ("remedial notice").

(2) A remedial notice shall specify—

- (a) details of the breach;
- (b) the steps the contractor must take to the satisfaction of the Primary Care Trust in order to remedy the breach; and
- (c) the period during which the steps must be taken ("the notice period").

(3) The notice period shall, unless the Primary Care Trust is satisfied that a shorter period is necessary to—

- (a) protect the safety of the contractor's patients; or
- (b) protect itself from material financial loss,

be no less than 28 days from the date that notice is given.

(4) Where a Primary Care Trust is satisfied that the contractor has not taken the required steps to remedy the breach by the end of the notice period, the Primary Care Trust may terminate the contract with effect from such date as the Primary Care Trust may specify in a further notice to the contractor.

(5) Where a contractor has breached the contract other than as specified in paragraphs 111 to 114 and the breach is not capable of remedy, the Primary Care Trust may serve notice on the contractor requiring the contractor not to repeat the breach ("breach notice").

(6) If, following a breach notice or a remedial notice, the contractor—

- (a) repeats the breach that was the subject of the breach notice or the remedial notice; or
- (b) otherwise breaches the contract resulting in either a remedial notice or a further breach notice,

the Primary Care Trust may serve notice on the contractor terminating the contract with effect from such date as may be specified in that notice.

(7) The Primary Care Trust shall not exercise its right to terminate the contract under sub-paragraph (6) unless it is satisfied that the cumulative effect of the breaches is such that the Primary

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Care Trust considers that to allow the contract to continue would be prejudicial to the efficiency of the services to be provided under the contract.

(8) If the contractor is in breach of any obligation and a breach notice or a remedial notice in respect of that default has been given to the contractor, the Primary Care Trust may withhold or deduct monies which would otherwise be payable under the contract in respect of that obligation which is the subject of the default.

Termination by the Primary Care Trust: additional provisions specific to contracts with two or more individuals practising in partnership and companies limited by shares

116.—(1) Where the contractor is a company limited by shares, if the Primary Care Trust becomes aware that the contractor is carrying on any business which the Primary Care Trust considers to be detrimental to the contractor’s performance of its obligations under the contract—

- (a) the Primary Care Trust shall be entitled to give notice to the contractor requiring that it ceases carrying on that business before the end of a period of not less than 28 days beginning on the day on which the notice is given (“the notice period”); and
- (b) if the contractor has not satisfied the Primary Care Trust that it has ceased carrying on that business by the end of the notice period, the Primary Care Trust may, by a further written notice, terminate the contract forthwith or from such date as may be specified in the notice.

(2) Where the contractor is two or more persons practising in partnership, the Primary Care Trust shall be entitled to terminate the contract by notice in writing on such date as may be specified in that notice where one or more partners have left the practice during the existence of the contract if in its reasonable opinion, the Primary Care Trust considers that the change in membership of the partnership is likely to have a serious adverse impact on the ability of the contractor or the Primary Care Trust to perform its obligations under the contract.

(3) A notice given to the contractor pursuant to sub-paragraph (2) shall specify—

- (a) the date upon which the contract is to be terminated; and
- (b) the Primary Care Trust’s reasons for considering that the change in the membership of the partnership is likely to have a serious adverse impact on the ability of the contractor or the Primary Care Trust to perform its obligations under the contract.

Contract sanctions

117.—(1) In this paragraph and paragraph 118, “contract sanction” means—

- (a) termination of specified reciprocal obligations under the contract;
- (b) suspension of specified reciprocal obligations under the contract for a period of up to six months; or
- (c) withholding or deducting monies otherwise payable under the contract.

(2) Where the Primary Care Trust is entitled to terminate the contract pursuant to paragraph 112, 113, 114 or 115(4) or (6) or paragraph 116, it may instead impose any of the contract sanctions if the Primary Care Trust is reasonably satisfied that the contract sanction to be imposed is appropriate and proportionate to the circumstances giving rise to the Primary Care Trust’s entitlement to terminate the contract.

(3) The Primary Care Trust shall not, under sub-paragraph (2), be entitled to impose any contract sanction that has the effect of terminating or suspending any obligation to provide, or any obligation that relates to, essential services.

(4) If the Primary Care Trust decides to impose a contract sanction, it must notify the contractor of the contract sanction that it proposes to impose, the date upon which that sanction will be imposed and provide in that notice an explanation of the effect of the imposition of that sanction.

(5) Subject to paragraph 118, the Primary Care Trust shall not impose the contract sanction until at least 28 days after it has served notice on the contractor pursuant to sub-paragraph (4) unless the Primary Care Trust is satisfied that it is necessary to do so in order to—

- (a) protect the safety of the contractor's patients; or
- (b) protect itself from material financial loss.

(6) Where the Primary Care Trust imposes a contract sanction, the Primary Care Trust shall be entitled to charge the contractor the reasonable costs of additional administration that the Primary Care Trust has incurred in order to impose, or as a result of imposing, the contract sanction.

Contract sanctions and the NHS dispute resolution procedure

118.—(1) If there is a dispute between the Primary Care Trust and the contractor in relation to a contract sanction that the Primary Care Trust is proposing to impose, the Primary Care Trust shall not, subject to sub-paragraph (4), impose the proposed contract sanction except in the circumstances specified in sub-paragraph (2)(a) or (b).

(2) If the contractor refers the dispute relating to the contract sanction to the NHS dispute resolution procedure within 28 days beginning on the date on which the Primary Care Trust served notice on the contractor in accordance with paragraph 117(4) (or such longer period as may be agreed in writing with the Primary Care Trust), and notifies the Primary Care Trust in writing that it has done so, the Primary Care Trust shall not impose the contract sanction unless—

- (a) there has been a determination of the dispute pursuant to paragraph 102 and that determination permits the Primary Care Trust to impose the contract sanction; or
- (b) the contractor ceases to pursue the NHS dispute resolution procedure,

whichever is the sooner.

(3) If the contractor does not invoke the NHS dispute resolution procedure within the time specified in sub-paragraph (2), the Primary Care Trust shall be entitled to impose the contract sanction forthwith.

(4) If the Primary Care Trust is satisfied that it is necessary to impose the contract sanction before the NHS dispute resolution procedure is concluded in order to—

- (a) protect the safety of the contractor's patients; or
- (b) protect itself from material financial loss,

the Primary Care Trust shall be entitled to impose the contract sanction forthwith, pending the outcome of that procedure.

Termination and the NHS dispute resolution procedure

119.—(1) Where the Primary Care Trust is entitled to serve written notice on the contractor terminating the contract pursuant to paragraph 112, 113, 114, or 115(4) or (6), the Primary Care Trust shall, in the notice served on the contractor pursuant to those provisions, specify a date on which the contract terminates that is not less than 28 days after the date on which the Primary Care Trust has served that notice on the contractor unless sub-paragraph (2) applies.

(2) This sub-paragraph applies if the Primary Care Trust is satisfied that a period less than 28 days is necessary in order to—

- (a) protect the safety of the contractor's patients; or
- (b) protect itself from material financial loss.

(3) In a case falling with sub-paragraph (1), where the exceptions in sub-paragraph (2) do not apply, where the contractor invokes the NHS dispute resolution procedure before the end of the period of notice referred to in sub-paragraph (1), and it notifies the Primary Care Trust in writing

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that it has done so, the contract shall not terminate at the end of the notice period but instead shall only terminate in the circumstances specified in sub-paragraph (4).

(4) The contract shall only terminate if and when—

- (a) there has been a determination of the dispute pursuant to paragraph 102 and that determination permits the Primary Care Trust to terminate the contract; or
- (b) the contractor ceases to pursue the NHS dispute resolution procedure,

whichever is the sooner.

(5) If the Primary Care Trust is satisfied that it is necessary to terminate the contract before the NHS dispute resolution procedure is concluded in order to—

- (a) protect the safety of the contractor's patients; or
- (b) protect itself from material financial loss,

sub-paragraphs (3) and (4) shall not apply and the Primary Care Trust shall be entitled to confirm, by written notice to be served on the contractor, that the contract will nevertheless terminate at the end of the period of the notice it served pursuant to paragraph 112, 113(1), 114, 115(4) or (6) or 116.

Consultation with the Local Medical Committee

120.—(1) Whenever the Primary Care Trust is considering—

- (a) terminating the contract pursuant to paragraph 112, 113, 114, 115(4) or (6) or 116; or
- (b) imposing a contract sanction,

it shall, whenever it is reasonably practicable to do so, consult the Local Medical Committee (if any) for its area before it terminates the contract or imposes a contract sanction.

(2) Whether or not the Local Medical Committee has been consulted pursuant to sub-paragraph (1), whenever the Primary Care Trust imposes a contract sanction on a contractor or terminates a contract pursuant to this Part, it shall, as soon as reasonably practicable, notify the Local Medical Committee in writing of the contract sanction imposed or of the termination of the contract (as the case may be).