

# Better together?

Accountant Phil Harnby assesses the important issues when preparing for a practice merger in the first of a two-part series

Closer working between GP practices has become a common fact of primary care over the last few years and, while some practices are content to carry out joint activities on an informal basis, increasing numbers are deciding to come together into one larger organisation. Practice mergers – the mechanics, implications, issues and benefits – are a hot topic that practice managers frequently wish to discuss with my firm of accountants.

In this, the first of two articles on practice mergers, I'll be looking at the background to this trend, as well as the issues that practices need to address in advance of any formal merger. There are any number of reasons why formal practice mergers can make sense in an era of dwindling or static funding settlements and ever-greater demand on primary care services from an ageing and growing population.

## Safety in numbers

From a simple size point of view, there's safety in numbers, both in terms of the clinical staff available to service local health needs, and the size of the patient lists from which revenues can be earned. With a larger pool of doctors available, work on succession planning becomes clearer, and new career development options can be provided for younger doctors that might not be available in smaller practices.

## Sharing resources

Different practices have different types of facilities in different locations, and sharing facilities may enable practices to use space more efficiently, with opportunities arising for additional revenue generation through the sale of surplus premises or leasing space to third

parties, such as pharmacies.

The risks and rewards of introducing new service offerings can be shared across the bigger organisation, rather than by a smaller single practice, and there may be more options for funding premises improvements. Staff and/or functions may also be shared across practices, with individuals based in a smaller number of buildings.

## Opportunities for new income

Finally, with the ever-growing emphasis on community-based care and the consequent movement of services out of secondary care, there is the opportunity to be an early adopter on providing integrated care services and to thus gain incremental income for the practice.

## Good communication vital

If two (or more) practices decide that a formal merger is the right model for their respective futures, then clear, open and early communication between all parties at a partner level is the absolute key to making it work.

At the start of the process, the practice teams should sit down and discuss their 'red lines' – that is the key issues over which agreement needs to be reached to give the merger a chance of going through.

These could be anything from the amount of holidays that partners can take or the way in which GP remuneration is organised, through to roles for other staff and issues of leadership amongst the merged team. If there's clarity and open discussion from the beginning, the risk of something arising that derails the whole merger process is significantly reduced.

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## Inform your local NHS authorities

As things progress, make your local NHS authorities aware of your plans, so that they can ask questions and raise any queries before things progress too far. In our experience, local NHS organisations will generally look positively on changes of this type, especially as it will reduce their own administrative work.

## Keep staff in the loop

The staff at each practice needs to be informed of their employers' plans once things begin to fall into place, and then kept updated as work on the merger progresses.

Given that you'd still be looking after the same number of patients, it's actually unlikely that there would be many, if any, redundancies associated with a practice merger, but that doesn't mean staff won't worry about their future employment.

It would, at the very least, be a shame, and more seriously, potential damaging to the services you provide if good staff decided to

go elsewhere purely because they weren't well enough informed about future plans and opportunities. Keeping staff informed also gives the respective workforces a chance to discover a bit more about each other and how their prospective new co-workers operate.

## Appoint a project manager

Finally, appoint a project manager for the merger. This could be an existing employee or an outside party like a lawyer or accountant but whoever it is will need to have a clear focus on and responsibility for driving the project forward and keeping everything on schedule. Without a project manager, there's always the danger of other management or clinical tasks taking priority and merger plans therefore getting held up. There are a great many things to consider before practices merge, and it takes a lot of spadework to get things in shape. However, with the right approach, it's eminently achievable.

• Next month's article will focus on what to do to secure a positive outcome for everyone involved.

