

A winning hand

Phil Harnby suggests that, if you play your cards right, it's easy to deal with GP partner departures and arrivals

It is a fact of life, let alone business, that people come and go, and GP practices are no exception. At some point, a partner will leave, whether to retire, emigrate or simply move elsewhere and this, of course, will affect the partnership. For many GP practices this is a really hot topic since the current changes and uncertainties in primary care have led to plenty of GP partners considering early retirement as workload pressures increase.

At all well-run practices, the partners will have regular meetings to discuss strategy, and an important part of this should be discussions around retirement and other plans for all of the partners, so that the practice as a whole can plan for the future.

Plan well in advance

Knowing now that one of the partners is planning to retire in five or even 10 years gives the practice time in advance to ensure things are in place to manage the change. Do you, for example, specifically recruit a new salaried GP now with an aim that they will become a partner within five years? You now have plenty of time to interview and find the perfect candidate, and you aren't rushing at the last minute to desperately fill an unexpected void.

As with all business situations, proper planning allows for such changes to be managed smoothly and hopefully painlessly! Of course, some situations arise that just cannot be planned for, and your fellow partners may spring a surprise on Monday morning, or indeed you on them.

Avoid kneejerk reactions

When a partner does leave in a hurry, you need to avoid kneejerk reactions and give proper consideration to whether immediately recruiting a new partner is the right thing to do.

Might, for example, the practice be better off both clinically and financially by not replacing like-for-like? Could the leaving partner's sessions be spread out between one or more

of the remaining partners, perhaps by an existing two or three session partner who would be happy to pick up a couple of additional sessions permanently? Or could recruiting a nurse practitioner help take some of the pressure off the remaining partners? Of course, it may well be that you need to recruit like-for-like, but it is important to stand back and ensure this is the right decision for the practice, both now and in the future.

Consider pay-outs

Practices also need to consider the implications of paying out a leaving partner. Cash flow is currently a headache for many practices due to changes in funding. Would an exiting partner with a large current account cause a significant strain on practice finances? The practice should make sure it has sufficient cash reserves to pay out a retiring partner or agree up front to a payment plan for pay-outs. Of course the partnership agreement should have a definitive answer to how pay-outs should work.

Create new current accounts

On the same note, will the practice expect a joining partner to introduce capital or take reduced drawings to create a current account balance come the financial year-end? This latter situation is not uncommon, but the joining partner will need to have this explained prior to starting at the practice.

As cash flow is restricted, creating suitable reserves of working capital within the practice is important, and with good planning, this can be achieved.

Premises issues

The comings and goings of partners may have an effect on the practice premises, whether the partners own or rent the building. For example, if the partners own the building, does a leaving partner want to sell or a joining partner want to buy?



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Of course, in the ideal world, the retiring partner will sell their share of the property to a joining partner. In order to do this, the property will need a valuation. It is important that this is carried out by suitably qualified surveyors experienced in dealing with medical practices.

Reluctant to sell?

We are, however, seeing more and more situations where no one wants to sell. With the current healthy returns on property, they are seen by many retiring partners as a good way to substitute earnings. This has potential implications for certain tax reliefs and charges so partners need to consult with their tax advisors on what these might be.

Reluctant to buy?

The other side of the coin is that new partners sometimes don't want to buy into the practice property, wishing to avoid the additional tie-in and responsibility of a large loan. Being flexible, and having open discussions about what each partner is looking for, should ensure succession goes smoothly.

Liaise with the practice landlord

If the practice rents its building from NHS Property Services Ltd or a third party landlord, there are other considerations. A change in partners is of course a change in partnership. This may have implications on any lease agreement you have. More unscrupulous landlords could take advantage of this situation and decide a rent review is in order. As with all leases and agreements, your solicitor should have reviewed this prior to signature, but be cautious and ensure everything is in order before any changes happen.

• In the next issue, more on finance matters when GP partners change

ACE moves

1. Anticipate changes by discussing upcoming HR issues at regular team meetings
2. Plan ahead by recruiting a new salaried GP
3. Take it easy and don't jump in with a solution. These things need a lot of consideration
4. Prepare for any pay-outs that may come with partners leaving
5. Make sure you employ a qualified surveyor to deal with any issues regarding premises. Remember, they need to be experienced in dealing with medical practices
6. Allow for both a reluctance to sell and a reluctance to buy the property
7. Be cautious and ensure everything is in order before any changes happen

