BMA Law

Future proof your partnership

Mitigating 'last man standing' risks.

The fear of being either the sole or one a few remaining partners in a GP practice can result in an exceptionally volatile situation, where partners act defensively in order to protect themselves from liability. However, simply having a proper Partnership Agreement in place can manage this issue.

Indeed, in many cases where we have assisted practices who are facing a 'last man standing' situation, it is clear that a properly prepared Partnership Agreement can help mitigate this fear and stop a domino effect of exiting partners.

Your partnership can mitigate last man standing risks by:

1. **Limiting the number of partners who can retire** from your partnership in any one accounting period. This proves exceptionally useful in preventing a significant reduction in the number of partners in quick succession.

2. In situations where you have merged, **establishing a 'stand still' period after the merger** (such as 18 months) occurs. During this period, no partner can retire. This helps to ensure that merged practices have the necessary stability at partnership level to enable the benefits of working at scale to be realised.

3. **Establishing a reasonable period of time over which exiting partners in your partnership are bought out**, which will mitigate the financial burden on those continuing with the practice. This can help avoid the need for borrowing and/or the reduction in earnings to a critically damaging level in terms of morale and earnings.

4. **Making it an option (rather than an obligation) for partners to continue with the practice after someone hands in their notice to retire.** This can help break the mindset of avoiding being the 'last out the door'. While this does not avoid the liabilities associated with a last man standing situation, it does mean that they would be shared if the remaining partners choose not to continue the practice, as opposed to falling on the shoulders of a few just because they were last to hand in their notice.

5. **Covering the issue of premises in a way that proves viable for the practice to continue.** For instance, if the premises are owned by the practice, will outgoing a partner's interest be bought out? If so (subject to tax advice), you should consider allowing a longer period of time.

The above points are just a number of provisions that we routinely consider and introduce within our Partnership Agreements when acting for GP partners. They can provide an essential and sturdy footing upon which partners can operate without the constant fear of being left the 'last man standing' and the liabilities that this would entail.

Expert legal advice

If your partnership agreement is in need of review, contact us for more advice. Discounted rates are offered to BMA members.

T | 0300 123 2014
W | bmalaw.co.uk
E | info@bmalaw.co.uk