

New partners

Securing a suitable new partner.

Adding new partners can bring big changes, providing you with the opportunity to review your partnership's core business and finances.

There are important steps that you need to take before offering partnership to a candidate. This short guidance piece looks at the documents that your new partner will be interested in and the due diligence you should carry out before making them an offer.

Core documents

The three core documents that you should give a new partner will vary by practice, but are likely to include:

1. Partnership agreement

A partnership agreement identifies the obligations, responsibilities and restrictions of partners at a practice. Your partnership agreement is undoubtedly the most important document that should be provided to any incoming partner, as they will be required to sign up to it.

Providing your partnership agreement to any proposed new partner will help provide clarity on:

- Their sessional commitment and share of net profits
- Their financial commitment in terms of contributing capital or otherwise
- Provisions for leave (sick leave, maternity leave or otherwise), particularly what happens to a partner's profit share during times of absence and their obligations regarding locum costs
- The provisions concerning the practice premises and whether the incoming partner will be expected to 'buy in'
- The provisions concerning the valuation of partnership assets – especially those concerning premises
- The provisions concerning expulsion and retirement

If no agreement is in place then, as an alternative, you should seriously consider discussing the terms upon which you will work together, with a view to drawing up a formal agreement to document your working relationship.

2. Partnership accounts

Any incoming partner should be given the opportunity to review the last three years of the partnership's accounts. This ensures that the new partners is aware of the partnership's financial status, and what the likely returns would be.

3. Practice property documents

It is crucial that the incoming partners is aware of the practice's premises arrangements. There are several things that they will want to know:

If the premises are leased:	If the premises are owned, and....
<ul style="list-style-type: none"> - The term (length) of the lease - Rent and other sums payable under the lease – and the extent to which they are reimbursable - Rent review provisions - Provisions for repair, maintenance and historic dilapidations - Existence of break clauses (if any) 	<p>They are required to 'buy in'</p> <ul style="list-style-type: none"> - The share that they will be asked to acquire - From whom they will acquire this share (i.e. from current or ex-partners) - How the share will be valued - The date by which they will be expected to complete the 'buy in'
	<p>If they are not required to 'buy in'</p> <ul style="list-style-type: none"> - The terms governing the practice's occupation of the premises - If there are no terms, what security the partnership would have when all property owners leave - Who is responsible for repairs and maintenance - Who the current owners are

Obtaining references

Unless a proposed new partner has worked with you before, you can never be entirely sure that they will fit in with your practice – both professionally and personally. This risk can be mitigated by obtaining a full employment and training history for the proposed partners, along with supporting personal and professional references.

In doing so, some key things you may wish to consider:

- Make it clear that any conditional offer of appointment is subject to satisfactory checks being obtained and verified
- Clarify that any offer of appointment may be withdrawn if, at any time, it becomes apparent that the proposed partner has withheld information, or has provided misleading or false information
- Request a full employment or training history
- Obtain an explanation of any gaps in employment or training
- Asking for the details of individuals and/or other practices who can provide personal and/or professional references

Contact us

If you need legal advice on securing a new partner, BMA Law can help. We can also work with you to update your partnership – or write a new one – once your new partner is in post. Contact us for more information:

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