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**Welcome**

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# New Partners

Sana Sadiq, Senior Solicitor

Sarah Carr, Trainee Solicitor

## Introduction

- What is a partnership?
- Choosing a new partner/practice
- The Partnership Agreement
- New to Partnership Payment scheme

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# What is a partnership?



## Partnership Act 1890

### Definition of partnership

*“Partnership is the relation which subsists between persons carrying on a business in common with a view of profit.”*

### 3 Key elements

- A business
- Carried on by two or more persons
- With a view to profit

## Partnerships: key features

- One of a number of possible business models
- Most common business model for GP practices
- No separate legal personality – Partners are personally liable
- Partners are self-employed
- Partners are jointly and severally liable
- Profits and losses shared in agreed profit sharing ratios
- Each partner pays tax on their share of the profits

## Partners: duties and responsibilities

- Not just Clinical!
- Business Owner and Employer
- Management and Leadership
- GMS/PMS/APMS contract holder
- Regulatory compliance – e.g. CQC
- Delegated responsibilities – e.g. Tax, PCNs, etc.
- Duties to other partners

## The Advantages of being a GP Partner

- Degree of control in how the practice is run
- Share of Profits - GP Partners can be well paid
- Stability – long term commitment (“a job for life”)
- Develop and utilise a range of skills
- Shape the identity of the Practice
- Continuity of care with patients

## The Disadvantages of being a GP Partner

- Unlimited liability
- Personality clashes: likelihood for disputes
- Taxation: income tax and national insurance
- No statutory employment benefits

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# Choosing the right Partner/Practice



## Get to know your Partners!

- Identify your non-negotiables
- Vision, culture and flexibility
- Balance of skills, interests and personalities
- Commitment to the success of the Practice
- Approach to difficult situations/conflict
- Future Plans/ Progression
- New Partners
  - Existing Employee – promotion to Partnership?
  - External Candidate – mitigate risks and obtain References

## New Partners: Obtaining References

- Conditional offer subject to satisfactory checks being obtained and verified
  - make this clear!
- Offer can be withdrawn if proposed partner withholds information or provides misleading or false information
- Request a full employment or training history
- Explanation of any gaps in employment or training
- Personal and professional from individuals and practices

## Get to know the Practice!

- Do your due diligence – appraise the business to establish its assets and liabilities and evaluate its commercial potential.
  - Areas to include:-
    - Partnership accounts – seek independent financial advice!
    - Practice Property arrangements/documents
    - Condition of building and equipment
    - CQC inspection reports
    - NHS contract breaches
    - Complaints/Claims
    - Partner/staff turnover
    - Insurance
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# The Partnership Agreement



## The Partnership Agreement

- Existing Partners
    - Look at getting your house in order!
    - If you do not have a partnership agreement, get one!
    - Consider whether the existing partnership agreement is fit for purpose
    - Update or new agreement?
  - New Partners
    - Ask to see the partnership agreement
    - Review carefully
    - Are the terms right for you? Is anything missing?
    - If required, seek independent legal advice
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## Dangers of having no agreement

- Partnership at Will – Partnership Act 1890 applies
- Outdated and unclear partnership terms
- Scope for dispute
- Some examples of the risks include:
  - any partner can serve notice to end the partnership at any time
  - no probation period
  - no partner can be expelled from the partnership
  - a partner can't retire without bringing the partnership to an end
  - no cover for leave and locum costs

## Key terms for new partners

- Mutual assessment period?
  - If so, what are the terms, e.g.
    - Shortened notice period
    - Restrictions on decision-making
    - Reduced drawings
    - Delayed capital/ sinking fund contribution
  - Sessional Commitment and Profit share – fixed vs. variable
  - Capital contribution
  - Buying into premises
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## Salaried vs. fixed share partners

- Salaried Partner
  - a title given to a senior employee who will benefit from some of the characteristics of being a partner
  - They won't sign the partnership agreement and will be working under some form of employment contract.

## Salaried vs. fixed share partners

- Fixed Share Partner
  - An owning partner in the partnership. They will be self-employed but will have many of the characteristics of an employee.
  - They should sign up to the partnership agreement and will have whatever rights and obligations are stated within the partnership agreement e.g. restrictions on decision making.

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# The New to Partnership Payment Scheme



# The New to Partnership Payment Scheme

- Aims and objectives
  - One of several initiatives aimed at addressing primary care healthcare recruitment and retention
  - Support and stabilise the Partnership model
  - The scheme is not available to GPs working within an incorporated practice (limited company)

# The New to Partnership Payment Scheme – England only

- Who can apply?
    - GPs, nurses, pharmacists, pharmacy technicians, physiotherapists, paramedics, midwives, dietitians, podiatrists, occupational therapists, mental health practitioners.
    - Be registered with the relevant professional healthcare body (GMC)
    - Deliver clinical care under a GMS/PMS/APMS contract
    - Must be a partner with an equity share (salaried partners are not eligible)
    - Cannot have been a partner previously in England
    - Can only participate in the scheme once
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# The New to Partnership Payment Scheme – England only

- Applicable from 1 April 2020 and expected to run for two years
- Paid up to £20k plus 20% towards tax and national insurance, not pensionable
- Minimum of two clinical sessions per week with the funding increasing on a sliding scale up to nine clinical sessions.
- 5-year minimum commitment
- Access to training fund of up to £3k in the first year to develop non-clinical partnership skills
- Beware: take home pay depends on your tax bracket

# The New to Partnership Payment Scheme – England only

- Signed partnership agreement required
- Payment made to practice – obliged to pass to partner
- Leave within five years – partially repayable
- Leave in first year – fully repayable
- Key terms to include in the partnership agreement:-
  - an obligation on the partnership to comply with the scheme and pass the payment on to the new partner
  - address the new partners repayment liabilities, including an indemnity to protect the interests of the partnership

## How we can help you

- New partnership agreement drafting service
- Existing partnership agreement: review and amend service
- Deed of admission (and retirement)
- Independent legal advice
- Partnership disputes /mediation
- Property advice / declaration of trust
- General Partnership advice

## Contact Us

Please contact us if you have any queries or need advice in relation to a partnership matter:



**Sana Sadiq**, Senior Solicitor

Tel: 020 7383 6824

Email: [s.sadiq@bmalaw.co.uk](mailto:s.sadiq@bmalaw.co.uk)



**Sarah Carr**, Trainee Solicitor

Tel: 020 7383 6205

Email: [s.carr@bmalaw.co.uk](mailto:s.carr@bmalaw.co.uk)

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**Thank you**

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