

The importance of Partnership Agreements

SUPPORTING GENERAL PRACTICE | Partnership agreements

With the primary care landscape changing rapidly, it's vital for GP partnerships to have a written Partnership Agreement drawn up by a specialist solicitor – and to keep it up to date. Oliver Pool, Senior Associate, Veale Wasbrough Vizards LLP, discusses.

There are around 8,000 GP partnerships in the country – it's not known how many have a written Partnership Agreement. Although there's no legal requirement for practices to have this document, the lack of a well-drawn up agreement could cause a GP partnership significant future problems.

DON'T RELY ON A VERBAL AGREEMENT

If GPs have no written agreement to work together they are what is called a Partnership at Will, which lasts for as long as all the partners involved commit to it. While such an arrangement is perfectly acceptable in theory, and can work effectively in many cases, problems can arise when there are disputes between partners.

SAFEGUARD YOUR GMS CONTRACT

A Partnership at Will can be dissolved instantly by any of the partners. If the

partnership dissolves, its PMS or GMS contract can go back out to tender and winning it back can be time consuming and expensive.

BE CLEAR ABOUT ROLES AND RESPONSIBILITIES

A written Partnership Agreement, sometimes called a Partnership Deed, works like a constitution by setting out who must do what, when and how. If a partnership has a clear agreement, which outlines all the relevant processes and is regularly updated, there should be much less scope for future disagreement or misunderstanding. Just as importantly, if partners do fall out, having an agreement helps give them remedies.

GET SPECIALIST HELP

A Partnership Agreement should be drawn up by a specialist solicitor. Many GPs try to economise on the fees for setting this up, which would typically be £2000 – £3000, by drawing up a Partnership Agreement themselves.

However, this will often not address all the issues that need to be covered and this approach could prove a major

false economy. Legal fees from solving any disputes that have arisen from an inadequate Partnership Agreement often dwarf the initial cost of having an agreement drawn up by a specialist solicitor.



The lack of a well-drawn up agreement could cause a GP partnership significant future problems.



OLIVER POOL
Senior Associate,
Veale Wasbrough Vizards LLP



DEALING WITH RETIREES AND NEW PARTNERS

A properly drawn-up Partnership Agreement will not be affected by a partner retiring. However, an inadequate Partnership Agreement carries the very real risk of dissolution when a partner dies or retires, so it is important to make sure agreements cover this eventuality.

When a new partner joins, they should sign the Partnership Agreement or a Deed of Adherence setting out the fact they agree to comply with the terms of the existing agreement. If nothing is signed, the old deed can fall away, leaving the practice as a Partnership at Will again.

FOCUS ON PREMISES

One area a Partnership Agreement needs to be very clear on is ownership of the

building in which the practice operates. It should specify whether new partners have to buy into ownership of the building and whether retiring partners have to sell up. It should also outline responsibilities for meeting the premises costs.

KEEP YOUR AGREEMENT UP TO DATE

Given the pace of change in primary care, a Partnership Agreement should be updated every three or four years to make sure it covers contemporary issues or changed circumstances. An agreement that is currently eight years old, for example, won't mention the Care Quality Commission (CQC) or revalidation, won't take account of recent tax changes or be up to date with changes in discrimination law. It will of course also still refer to PCTs etc. The onus is on the practice to contact their solicitor and get the changes made.

NEXT STEPS

If you don't already have a written Partnership Agreement, or you are concerned that your current agreement is inadequate, you should contact one of the following:

your current solicitor.

Veale Wasbrough Vizards LLP, a firm of solicitors specialising in the field.

www.vvw.co.uk

the **National Association of Specialist Solicitors Advising Doctors** for an appropriate specialist.

www.nasad.co.uk



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Other reasons to have a Partnership Agreement:

CQC advise that partnerships should have a written Partnership Agreement.

GMS contracts require that partnerships have a written Partnership Agreement.

It's a basic feature of good governance for GP practices.

Oliver Pool is a Senior Associate at Veale Wasbrough Vizards LLP, a full-service law firm based in the Midlands and London with a specialist healthcare team.

www.vvw.co.uk/what-we-do/sector/healthcare

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