

Supporting Sustainable General Practice

**A Guide to Mergers
For General Practice**

Document Version Control

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Resource Development Stakeholders

This information resource has been developed in consultation with the following organisations:

- Bristol CCG
- Somerset CCG
- South Gloucestershire CCG
- NEW Devon CCG
- South Devon and Torbay CCG
- NHS Kernow CCG
- Avon LMC
- Somerset LMC
- Devon LMC
- Cornwall LMC
- South West Academic Health Science Network
- Severn Deanery
- Sample groups of GPs and Practice/Business Managers within all seven South West CCG areas
- NHS England South (South West) Primary Care
- Vitality Partnership, Birmingham

Introduction

This document aims to provide guidance to General Practices considering merging into a single entity. It is one of a suite of documents focused on supporting General Practice in achieving and maintaining sustainability, and exploring new, innovative ways of working.

Issues to Consider

The 5 Year Forward View (5YFV) is confirming the need for practices to come together to explore new, innovative ways of delivering Primary Care at scale. There is important learning from the experience of those primary care organisations that have already been through the process which may aid those starting the journey. As with many issues there is no 'right answer' and the decision about the scale of joint working and whether to formally merge or simply work in a federated model will depend on local circumstances.

Mergers traditionally involved two or more neighbouring practices that were confronted with similar limitations: for example the desire for larger, better equipped premises or the opportunity to increase the patient list size and practice income. The benefit of sharing staff can also be a significant factor. These potential benefits continue to be relevant but practices are now also considering how merger might put them in a stronger position to exploit opportunities or respond to the potential challenges arising from 5YFV.

A partnership agreement between the partners of the practices will usually be sufficient for a merger to take place, but this may eventually be replaced by another structure, e.g. a company limited by guarantee or a company limited by shares (*see Appendix 1 – Options for Formation of Merger*).

What Benefits Could Merging Deliver?

- Merging parties do not have to have equal viability
- This model can be applied to multiple practices, e.g. Vitality Partnership in Birmingham; Whitstable Medical Practice in Kent
- Can offer significant benefits through economies of scale
- Enables rationalisation of quality frameworks and policies
- Can establish joint ventures with other GP or NHS organisations

What Might the Disadvantages Be?

- Poor planning and preparation can lead to future splits following disintegration of relationships
- Joining a larger GP organisation can lead to an initial decline in income due to profit sharing arrangements

- Involves a considerable amount of effort and motivation to establish large organisations
- Individual GPs may have less influence in decision making within a very large partnership
- Risk of losing local connections and continuity with patients if staff become remote or too centralised

Caveats for Merging

- Development of a **shared 'vision'** for the merged organisation - perhaps limiting it initially to how the primary care service could be delivered differently/improved through a shared approach
- Producing and agreeing a **robust Business Case**, to establish benchmarks for measuring successful outcomes, document perceived benefits and risks, and document the outcomes of benefit: cost analysis.
- Focus on **the short-medium term** – bringing practices together as a single business. Longer term views, hopes or objectives can be referenced and documented for further consideration at a later date.
- Consideration and understanding of **the potential barriers** to achieving the 'vision' – successful merger is only likely where there are perceived benefits for all participant practices/individuals. This will avoid any risk of participants perceiving the 'vision as a 'take-over'.
- Achieving consensus on **sharing of information** and agreement on **how issues will be handled**. For example:
 - Understanding and respecting that historic partner drawing may be different.
 - Understanding and respecting that employed staff conditions of service and pay rates may be different
 - Working arrangements may be different
 - Achieving consensus and clarity about what the offer for people joining the new organisation will be and then setting up a process for handling how that impacts on those transferring in
- Consideration of **property related issues and opportunities**. For example, will all existing premises be required for future service delivery?
- Development of a clear **Business Plan** which will deliver the expected benefits, as specified in your Business Case.
- Achieving understanding and consensus on the potential **immediate impact of merging** – it may mean a change to the status quo to each individual's and practice's ways of working with the consequent sense of loss. It may also have an impact on neighbouring Practices not involved in the merger, which may need to be investigated during the discussion and planning phase.
- Consideration of and consensus on **opportunities for wider service integration**, as outlined in the Five Year Forward View. Key to initial thinking will be the anticipated

future relationship with individual and groups of local community health and social care providers.

- Consideration of and consensus on whether you believe you are most likely to succeed in **achieving the ‘vision’ through a collaborative or competitive relationship with those providers**. Given the need for services to be improved within existing budgets/lack of new money it would perhaps be sensible to start a process with other providers to identify early win/win opportunities from joint working such as sharing of staff and premises.
- Consideration of **how** you are going to achieve the merger, and realise its objectives – what **resources** will you need e.g. effort, time, project management, facilitation, financial investment, legal and financial advice and guidance. What are your commissioners’ expectations and requirements?

Next Steps

General Practices wishing to begin considering how to collaborate in order to establish networks and federations or single business units may need to consider the following:

What’s the Big Idea?

- What is the goal or vision for the merger?
- Is there a prescribed business ‘model’ which you are aiming to establish?
- What is your aspiration (reducing costs? Increasing income streams? Providing new services?)?
- What is the envisaged size of the merger?

Identifying and Agreeing the Collaborators

- Which General Practices will make up the merger?
- Do potential collaborators need to be approached and invited, and if so, how/by whom?
- Do you want selection criteria or baseline standards for interested Practices?
- What information do you want or need all interested Practices to provide e.g. current patient demographics, current premises profile, current service delivery profile, current workforce profile, current use of technologies, current contractual status, current financial profile, etc.?

Initiating Discussion and Achieving Consensus

- Where will this occur?
- How will it be facilitated?
- How will it be structured and documented?
- What should the key discussion items be, for example:

- Difference in partner workloads
 - Financial differences
 - Staff issues/contractual
 - Staff issues/financial
 - Premises
 - NHS contract issues
 - Accounting
 - Partnership issues
- How will outcomes be followed-up?

Idea to Action

- What are all the tasks, actions, roles and responsibilities required to realise the merger?
- Where will this occur?
- How will it be facilitated?
- How will it be structured and documented?
- How will outcomes be followed-up?

Initiation

- Do you need a Business Case for the proposed merger?
- Do you need a Business Plan for the proposed merger?
- Do you need a Project Plan for delivering and achieving the merger?
- Who will be responsible for documenting and managing/overseeing those plans?
- How will progress, obstacles, risks and issues be monitored, documented, communicated and addressed?
- What resources will you need to achieve this?
- Are you willing and/or able to use external sources of support and expertise?

The Legal and Financial Framework

- Does the merger require input from a supplier of legal advice and/or accountancy services?
- How will this be obtained?
- How will any associate costs be met?
- Who will be responsible for facilitating payment?
- Do any of the merger participants hold any financial liabilities e.g. premises equities, lease liabilities and potential dilapidation costs?
- How will these be addressed?
- What are the implications for bringing core service and other contracts together?

- Are any merger participant Partners planning to retire before/during the merger process and, if so, how will this need to be addressed?
- What information or action is required by your commissioners? (*see Appendix 2. NHS England Process Requirements for Practice Mergers*)
- What are the timescales for information provision to and action by your commissioners?

The Technical Framework

- What are the technical infrastructure elements of your proposed merger e.g. merged IT systems and software? Merged telephony?
- Who will need to be involved in this?
- Is there a shared patient data element to your proposed merger?
- If so, what are the Information Governance issues and requirements for sharing patient data?

Communications

- Who are your stakeholders?
- Do you have internal and external stakeholders?
- With whom do you need to communicate?
- Why do you need to communicate?
- When do you need to communicate?
- How do you need to communicate?
- What do you need to communicate?
- Do you need a Communications Plan?
- Who will be responsible for communications?
- Do you want to rebrand?
- How will you achieve this and what will be the resource/investment implications?

Measuring Success

- How will completion of establishing the merger be determined?
- How will you ensure the fully-formed merger is measurable against its original idea and business case?
- How will the merger be managed and administered?
- How will the effectiveness and success of the merger be measured as it commences its brief or purpose?
- Do you need subject matter expertise within the delivery of the merger's objectives e.g. bid-writing expertise for merger's focusing on tendering for enhanced services, or business development expertise for incrementally expanding entities?
- Do you need to make provision for adding to the merger's membership in the future?

How Can NHS England Help?

In addition to this guide, NHS England South West is developing a range of support mechanisms and approaches to assist General practices in considering mergers:

Facilitation

Provision of guided facilitation to enable individual, or groups of, General Practices to:

- Consider potential partnerships for mergers, and how to engage
- Consider the business case for merging
- Agree and focus on key discussion items, to identify areas of contention and achieve consensus
- Consider next steps – how to initiate a merger and consider all the required tasks and actions highlighted within this guide.

Information Packs

Provision of the following information resources for General Practice:

- General Practice Sustainability 'Health Check' Tool
- A Guide to Collaboration
- A Guide to Mergers
- A Guide to Networks and Federations
- A Guide to Provider Organisations
- A Guide to Setting Up and Managing a Project
- Examples of Innovation in General Practice

Advice and Guidance

Provision of advice and guidance for:

- Developing a Business Case
- Setting up and managing merger projects
- Project documents and templates
- Problem solving
- Enabling access to existing and on-going merger initiatives
- Sense-checking on progress and development

Who to Contact?

NHS England's GP Sustainability and Transformation initiative is part of the NHS England South (South West) Primary Care Team's work programme. Heads of Primary Care are **Marina Muirhead** (BNSSSG) and **Julia Cory** (DCIOS).

Marina Muirhead can be contacted on **0113 8253 605** or **07525 495691** or by email at marinamuirhead@nhs.net

Julia Cory can be contacted on **0113 8248 967** or **07900 715328** or by email at julia.cory@nhs.net

Appendices

Appendix 1 – Options for Formation of Merged Entities

New Partnership Entity

The traditional model for merging of General Practices has seen two or three Practices forming a single Practice with a single core commissioning contract and single patient list. Where participant Practices hold the same contract-type (GMS or PMS), these contracts would be terminated and a new GMS or PMS contract would be issued for the new single Practice entity. If participant Practices hold a combination of GMS and PMS contracts, they would need to engage with their core service commissioner to agree how the single entity contract would be created. A fundamental caveat for this process is the reaching of agreement among participant Practices during the exploration and consideration of merger phase.

An exception to the above is for where any participant Practices hold APMS contracts. Unlike GMS and PMS, APMS contracts are not issued 'in perpetuity', and are therefore subject to renewal/re-tendering at contractually agreed intervals. APMS contracts cannot therefore be converted to GMS/PMS, as this would represent a change from 'time-limited' to 'in perpetuity', which in turn would contravene core commissioning procurement guidelines. However, if all participant Practices hold APMS contracts, the termination of single APMS contracts and issue of new, single APMS contract is possible. However, participant Practices would need to carefully consider each pre-merger APMS contract time-status – if one contract had a significantly longer time to run than another, participant Practices would need to measure the risk of having the realignment to a single contract challenged within the competitive market environment.

New 'Super-Partnership' Entity

A partnership agreement between the partners of the practices may be sufficient for a merger to take place, but this may eventually be in addition to another structure, e.g. a company limited by guarantee or a company limited by shares, thus limiting individual partner liability.

The oft-used term 'super-partnership' is increasingly used to describe mergers of multiple practices – three or more – to form a significantly larger operational entity with a substantially increased patient list size and income, sometimes deploying different or specialist services from different sites or locations. In order to facilitate the management of multiple contract types, the 'super-partnership' entity would need to form a parent company, e.g. a Limited Liability Partnership, which would take responsibility for multiple contract management, usually providing core, and sometimes specialist services, from a range of sites.

Potential Advantages

- Merging parties do not have to have equal viability
- Applicable to two or more practices
- Can offer significant benefits through economies of scale
- Enables rationalisation of quality frameworks and policies
- Can establish joint ventures with other GP or NHS organisations

Potential Disadvantages

- May require extensive 'soft change management' to facilitate a new, standardised set of operational and managerial processes and protocols within a newly merged group of personnel
- Poor planning and preparation can lead to future splits following disintegration of relationships
- Joining a larger GP organisation can lead to an initial decline in income due to profit sharing arrangements
- Involves a considerable amount of effort and motivation to establish large organisations
- Individual GPs may have less influence in decision making within a very large partnership
- Risk of losing local connections and continuity with patients if staff become remote or too centralised
- There is financial risk to practices if not also incorporating a limited company (in a standard partnership model the individual partners are, unless contrary written agreement dictates otherwise, all equally and personally liable for the liabilities and losses of the partnership they are involved in)
- Practices would need to assess and determine the most appropriate legal entity, subject to their individual contract-types, and seek further advice/guidance from their core commissioner prior to agreement on the kind of merger they wish to achieve.

Appendix 2 – NHS England Process Requirements for Practice Mergers

New Partnership Entities

All merger applications require approval by NHS England.

- If required, prior to embarking on the merger process, contact NHS England South (South West)'s Primary Care Team to raise any questions/identify your contact person. All enquiries should be directed to **Caroline Stead**, Contracts Manager (Medical) at caroline.stead@nhs.net or on **01138 248961**. NHS England will be able to explain how your local CCG will be able to support your potential merger application. Verbal information will be provided on process and timescales, including required information.
- It may be useful to engage with NHS England South (South West)'s Assistant Head of Finance in order to examine the financial requirements and implications for merging. You can contact **Clive Coleman** at clive.coleman@nhs.net or on **01752 679250**
- Once you have decided to embark on a merger process, obtain NHS England South (South West) Merger FAQs Pack (covering policy, time line, patient choice, financial principles and merger application form).
- Submit your Merger Application Form
- NHS England Primary Care Team will acknowledge receipt and commence information gathering process e.g. Environmental Impact Assessment; collation of any additional/follow up questions they might have for you – this will take approximately four weeks
- NHS England Primary Care Team submit any questions to you for response
- Provide answers and responses to supplementary questions within two weeks
- Upon receipt, NHS England Primary Care Team undertakes review and makes recommendation in line with policy, info received & EIA – this will include formal engagement with your CCG, seeking assurance that CCG governance arrangements are met, and that any issues are identified. This will take approximately one week.
- NHS England Primary Care Team makes recommendations to the Direct Commissioning Contracting Group (DCCG) and, if necessary, any suggested amendments are made ready for presentation at the NHS England Directors' Group – this will take approximately one week.
- NHS England Primary Care Team submits recommendations to NHS England Directors' Group for decision making. Finance details are added at this stage and DCCG feedback included as appropriate – this will take approximately four weeks.
- If the merger recommendations are approved, you will be notified and provided with criteria for progression, a communications agreement, and timeline documentation for you to sign and return copy. Your local CCG will also be notified of the decision.
- If the merger recommendations are not approved, you will either be notified of any 'sticking point' elements, which you will be requested to address, or you will be provided with reason for rejection. Your local CCG will also be notified of the outcome.
- Upon receipt of signed documentation from you, NHS England Primary Care team will commence the Mergers Project process, agree the date of merger with you, and

issue you a formal acceptance letter, including terms of merger – NHS England Primary Care Team will meet with you to go through the Project Plan for the merger.

- Once received, you will need to undertake patient engagement activity (written letters and consultation events)
- For Practices in South Gloucestershire, Bristol, North Somerset and Somerset, you will need to inform your local Commissioning Support Unit (CSU), and seek advice on their role/support they can offer around bringing together your technological infrastructures
- For Practices in Devon, Cornwall and the Isles of Scilly, you will need to contact your local CCG IT Leads as follows:
 - NHS Kernow CCG - **Paul Jacka** on **01726 627800**
 - NEW Devon CCG - **Chris Dorrington** c/o DELT shared services on **01752 308888**
 - South Devon and Torbay CCG - **Gary Kennington** on **01803 652500**
- You will need to inform your Clinical Systems supplier/s – during initial merger discussions between participating Practices, if relevant you will need to have decided how to address where there is more than one Clinical System in operation. *If you are going to merge clinical systems, you will need to be able to provide assurance that this will occur within one week of the partnership merger.*
- You will need to inform NHS Choices of the scheduled merger
- You will need to inform the Prescriptions Pricing Authority of the scheduled merger
- You will need to inform the CQC of the scheduled merger
- Subject to requirement, and discussion with your CSU, you will need to scope any IT requirements for the merger, and make request to your local CSU
- You will need to consider and agree how existing contracts will be brought together for the merger, and inform NHS Primary Care team of this
- You will need to advise NHS England Primary Care team of any proposed name for the merged entity
- NHS England Primary Care Team will provide you with an updated financial schedule, contractual boundary change, and contract variation/existing contract termination notifications
- You will need to provide formal agreement of these to NHS England Primary Care Team
- Once all in place, and agreed, the merged entity can come into being on the agreed date.

Regardless of whether you are considering single entity merger, or the establishment of a new entity to manage multiple contracts, it is strongly recommended that you engage with NHS England's Primary Care Team to ensure that you are clear about process and requirements.

Merger Application Form



Proposal for a practice merger

Applications to merge practices must be submitted at least 4 months before the intended effective date

Practice Name	Number of partners	Contract Type	Registered Population
Reasons for Proposed Merger			
Benefits of Proposed Merger for Patients			
Benefits of the Proposed Merger for the Practices			

Please attach a map showing the proposed practice boundary.

What type of contract will the practice hold (PMS or GMS)		
Practice Premises and opening hours		
Premises	Address	Opening Hours
Are any changes to the existing premises planned? – If so please give details		
Are any changes planned to opening hours; if so please give details for each site affected.		

Please give details of any changes to the Telephone Systems
Please confirm which Clinical System will be used
Please confirm the agreed timescales for making any necessary IT changes
Details of Consultation already undertaken with patients (It is expected that a degree of consultation has taken place prior to a merger application being submitted.)
Details of any patient feedback received
Details of future plans for patient consultation should the merger be approved
Details of Consultation with the CCG

