

Direct Commissioning Department – Medical

Practice Merger Guide

1 Introduction

1.1 A practice merger is when two or more practices join to form a single practice. There are many advantages to practices merging in terms of sustainability and working on a larger scale. However, prior to making a decision on whether a merger should take place, there are a number of points that should be considered by all parties. Poor planning and preparation for the merger can (and often does) lead to problems down the line. It is therefore worth taking the time at the beginning to thoroughly work through the arrangements of your practice merger.

1.2 This guide aims to help you to work through the numerous considerations/decisions that will need to be agreed between the affected practices prior to the merger process. This guidance is not exhaustive and we strongly recommend that practices seek financial, legal and HR advice when merging.

2 Commissioner Approval

2.0 Practices should formally notify NHS England (Cheshire and Merseyside) or the Clinical Commissioning Group (CCG) if delegated that they intend to merge for commissioner approval and input. We recommend that this is done at the earliest opportunity, but at a minimum of three months before the planned merge date. The Practice Merger Form (appendix A) can be used for this notification. The Practice Merger Form has been designed to help you to work through the basic elements you will need to consider when planning your merger, as well as providing the NHS England (Cheshire and Merseyside) / CCG with the information we need to review your application. For non-delegated CCGs, completed forms should be returned to england.cmmedical@nhs.net, queries can also be sent to this address.

2.1 Upon receiving your completed form, NHS England (Cheshire and Merseyside) will share the request for the merger with your local Clinical Commissioning Group, as Joint Commissioners of Primary Medical Services. The request will be formally reviewed at the next available Joint Primary Care Commissioning Committee by representatives of NHS England and the Clinical Commissioning Group.

2.2 Practices require approval from NHS England (Cheshire and Merseyside) in order to commence with formal a merger.

3 Prerequisites for Merging

Partnership Working

3.1 A partnership agreement should be in place before you progress with the merger. Considering partnership working from the start, will support you to think through how the partnership will work, define who will lead each aspect of the new organisation and how the business will be managed.

3.2 It is important to enable open, honest and safe conversations about your personal and organisational values. Working through each party's desires, vision and values will allow you to design an arrangement that will enable successful and sustainable partnership working. This may take some time, but fully understanding this at the start is fundamental to the effectiveness of the merger. Your LMC may be able to support with this. These conversations will also help you to agree the shared aims, vision and values of the new organisation.

Organisational Leadership

3.3 On a number of levels a practice merger will rely on a strong, consistent and collaborative leadership team. The leadership team should meet very regularly to effectively plan and manage activity. To enable the leadership team to expedite the change across the organisations, it is worth establishing the following early on:

- A structure for decision-making
- Shared aims, vision and values for the new organisation

Business Case

3.4 Once you have an idea of how the partnership working will function and what the shared aims, vision and values might look like in the new organisation, you will be in a position to produce a business case for merging the organisations. This should include: the justification for merging, the perceived benefits, issues, opportunities and risks, and a cost analysis so that the financial implication can be assessed. This should be followed by a business plan, outlining *how* the vision will be realised.

Due Diligence

3.5 All practices should undertake financial and legal due diligence exercises to review the new practice's viability, liabilities and obligations. We strongly recommend that you seek professional advice when undertaking due diligence.

3.6 Financial due diligence can be done by the practice accountants or by an independent third party accountancy firm. It is important that all parties are aware of the financial impact of merging the practices. Prospective partners should be open and transparent so that all parties know what they are entering into. For example, you will need to plan how deficits or overdrafts will be managed. Remember,

indemnities can be added to the partnership agreement if there are particularly onerous liabilities involved.

4 Establishing a New Organisation

4.1 This next section outlines considerations which will form the basis of your plan for coordinating the merger. We recommend that these elements are documented in a business plan/ project plan; outlining timescales, roles and responsibilities for those involved and the resources required enabling a successful merger. NHS England (Cheshire & Merseyside) can provide advice and guidance whilst you work through these elements of the merger.

Practice Code

4.2 A merger involves the practices consolidating to one practice code. Practices will need to decide which practice code (out of those of the merging practices) will be adopted by the new organisation.

Premises

4.3 The practice will need to agree how the existing premises will be used in the new organisation. For example, will the practice maintain more than one site and if so, which premises will be considered the main site? Will there be any changes required to existing sites to facilitate the new plans? What are leasing/ ownership arrangements for each of the site and what implications do these have on your plans? Consideration needs to be given to the different ownership and lease arrangements of current premises, for example if bringing services onto one site what will happen to the other site, is there any lease obligations including early termination payments required etc. If any sites are closing or services are being moved between sites, patients will need to be consulted.

4.4 It is worth considering a long term strategy for your premises as it may take some time for your vision of how your overall service will be delivered in the new organisation to be realised and your premises needs to be able to meet your needs for this. This need not delay the merger, but should form part of the planning.

Organisational Structure

4.5 The pooling of a workforce in a practice merger can create the benefits of additional/ new skills being added to the team, sharing of administrative support and can resolve some recruitment issues if planned well. Without careful planning, the result could be duplication, inconsistency and a negative impact on staff morale. We suggest careful planning of the organisational structure to create the foundations for a well-functioning team. Using your vision how the organisation delivers the services, is a good starting point for this exercise. You will need to bear in mind that your staff might have varying terms and conditions on their contracts and we strongly recommend you seek professional HR advice on this matter.

Payment Arrangements

4.6 Each practices' account will need to be closed, with a new account in place for the first day of the new business. The new account will take time to set up and need to be in place sometime before the merger date. The old accounts will most likely need to remain open sometime after the merger takes place to allow the final payments to be made/ received.

4.7 Practices will also need to decide whether an existing account will be used for the new organisation or if a new one will be set up. If an existing account is used, the account details will need to be updated to reflect the new arrangements. Similarly, as part of planning how the new organisation structure, you will need to consider how will capital accounts operated in the new structure.

Policies and Procedures

4.8 All merging parties will have their own set of policies and procedures which will need to be aligned. This is a great opportunity to take the best practices from each of the sites, but takes confidence, humility and honesty to do this. To avoid biased views, this exercise could be delegated to a group to review all policies and procedures and form a set of recommendations for the new organisation. A separate group could then be responsible for approve and agree the new policies and procedures.

IM&T

4.9 If the practices involved in the merger have different IM&T systems in use, a decision will need to be made as to what IM&T infrastructure will be preferred by the new organisation, along with a plan for implementation. Any existing IM&T contracts in place, and their terms and conditions, will need to be taken into account when planning this.

4.10 The practice will benefit from having one clinical system, with the ability to view patient records across the sites. You will also need to address information governance requirements for the sharing of patient data. This will take some time and again, needs to be thoroughly planned to avoid issues in the set-up phase and later along the line.

5.0 Stakeholder Engagement

Staff

5.1 A practice merger is a considerable change for staff and therefore can cause understandable anxiety. Individuals will respond to the change in different ways; some will see it positively, others may resist or even opt to leave. Therefore, how you manage the change for your staff will have a significant impact on the success of your merger. We recommend that you plan how, when and what you will communicate with your staff. Bring them with you, involve them as much as is

appropriate, listen to concerns raised and help them to see the benefits of the merger.

5.2 Depending on the scale of the change, there may be some human resources (HR) requirements that will need to be considered, including any TUPE implications. You will need to bear in mind that your staff might have varying terms and conditions on their contracts. We strongly recommend you seek professional HR advice on this matter.

Patients

5.3 Messages to patients need to be carefully planned: when, what and how. The scale of the change will determine how much patient communication is required. However, whatever the scale, it is important to gain/maintain patient support and trust in your service.

5.4 When formulating the messages that you will communicate to patients about the merger, consider what will patients see that is different and what the benefits are to them. Provide the opportunity for patients to express their views and use this feedback in designing the delivery of services in the new organisation. Use your Patient Participation Group to test the messages and to support the exercise.

5.5 In the future you will also need to consider how your respective Patient Participation Groups will be merged.

6 Next Steps

6.1 Once approval is granted, there are a number of legal agreements that you may wish to have in place to facilitate the merger, including:

- Heads of Terms
- Partnership Agreement
- Merger Agreement
- Non-disclosure Agreement
- Transfer of any property deeds

It is the provider/partners responsibility to consider what will be required.

6.2 Once approval is granted and a date for merger is agreed, the practices should apply to the Care Quality Commission (CQC) to amend the registration to the new organisational structure. We recommend that you contact CQC prior to the merger to confirm requirements, to ensure that the new registration is processed as effectively as possible.

6.3 Primary Care Support England, the organisation who manages the Exeter system on behalf of NHS England, will also need to be informed of the merger with details of the practice code to remain and partnership arrangements (see link below for the Primary Care Support England page on Practice Mergers).

<http://pcse.england.nhs.uk/practice-mergers-and-closures/>

7 Further Support

If you would like any further assistance, please contact NHS England (Cheshire and Merseyside), your CCG or your LMC.

NHS England (Cheshire and Merseyside): england.cmmedical@nhs.net

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Appendix A: NHSE Practice Merger Application Form

(Please add additional pages if you have insufficient room to complete fully)

Practice Stamp:

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Please provide details of the contractual agreements you are proposing to merge:

Practice Name	Practice Code	No. of Partners	Contract Type	Registered Population

Which of these agreements you would prefer to continue with (NHS CB final decision in this respect would be required)?

Practice Name	Practice Code	Contract Type

Please outline the reasons for the proposed merger:

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Please indicate which site(s) you intend to operate from:

Site	Address	Opening Hours	Main Site or Branch?

Please list any planned changes to the existing premises:

Site	Planned Change

Please list any planned changes to the opening hours:

Site	Planned Change

Of which CCG do you propose to be a member?

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Please provide as much detail as possible as to how the current registered patient from the existing practices will access a single service, including consistent provision across:

- home visits
- booking appointments
- additional and enhanced services
- opening hours
- extended hours
- out of hours
- single IT and phone system
- premises facilities

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Details of the proposed merged practice boundary (inner and outer):

Provide full details of the benefits you feel your registered patients will receive as a result of this proposed merger:

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Please provide details of any consultation already undertaken with patients and details of any feedback received:

Please provide details of how you propose to consult with your patients about this proposal, communicate actual change to patients and ensure patient choice throughout:

To be signed by all parties to both contracts being proposed for merger:

Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date
Name	Signature	Date

Please continue on a separate sheet if necessary

Note: this application does not impose any obligation on the NHS CB to agree to this request. Upon approval you will also need to notify CQC.

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