



Five Overlooked Business Risks For GP Practices

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Graham Leyfield from Wesleyan Financial Services – the specialist financial mutual for GPs – outlines the areas where practices may be leaving themselves exposed to costly problems.

When it comes to complex issues like legal contracts and insurance policies, no one expects practice managers to have all the answers at their fingertips.

So, the most effective use of your time is to use the expert help available to you.

Ask the right people the right questions and you'll get the right advice for the right outcomes.

From solicitors to recruiters, financial advisers and insurers, seek out specialists, not generalists, who are experienced in your sector.

With that in mind, let's look at five issues that shouldn't be overlooked.

Partnership agreements

It's very rare to come across a practice without a partnership agreement, but it's important to keep it up to date.

A partnership agreement is a living document that must be regularly reviewed and updated.

For example, if you have a partner who is approaching retirement, they may want to reduce the number of sessions they work every week from eight to six or even four.

This will affect their partnership share and should be reflected in the partnership agreement, because that is what decides who's entitled to what.

If the relevant documents are not up to date, this opens the door to potential disputes which can be costly, time consuming and divisive.

Be aware that, if the practice owns its own premises, there may be a separate agreement covering that.

Absence and locum costs

When considering staff absences, make sure you consider all the risks within a practice.

Too many practices only pay serious consideration to the issue of locum cover for GPs, but general practice has changed hugely in the last decade. It used to be that a typical practice would employ half a dozen doctors, a practice manager and an admin team. Now, as well as doctors, practices may have nurse practitioners, paramedics, a management team, admin staff and more.

GP practices are getting bigger and there are more jobs that are essential for the running of the business.

So, be realistic about what it will actually cost to replace a person and set your level of locum insurance appropriately.

For example, if you must replace a full-time GP working eight sessions a week and you underestimate the expected locum cost by just £50 a session, the shortfall works out at over £20,000 a year.

That's a cost that either has to be borne by a partner, or taken out of the practice profits, depending on the practice agreement.

But often it's the other key roles that are most heavily underestimated – there's been a particular issue retaining reception staff because of difficult patients, for example.

You can't stop people getting ill, but you can make sure you don't compound that and place an additional financial impact on your business by not protecting yourself.

Succession planning

Long term stability is vital for any GP practice, and I'd advise practice managers to have a contingency plan that looks at least five years ahead. You should know the ages of your partners and staff, and when they can start accessing their NHS pension.

So, it's never too soon to start open and honest conversations between partners and practice managers to plan the future of your business.

Someone turning 50 now has the option to retire in five years' time because that's when they can access their pension, but they may want to work longer or reduce their hours.

It's an issue that also ties back to your practice agreement.

For example, not long ago I recall consulting with a seven-partner practice in a rural area, of whom five were aged over 55. To the practice manager's great shock, they all handed in their retirement notices on the same day.

This could have been prevented using a caveat in the partnership agreement that restricts the number of partners who can retire in a given period.

Commonly, this might say any partner must give six months' notice of their retirement and then no one else can give notice for a further six months.

So, make sure the partnership agreement protects the business and encourage everyone to be transparent about their retirement plans, so you can spot looming potential pinch points ahead of time and make the necessary arrangements.

Insurance

We know from experience how easy it is to underestimate the value of buildings and contents when it comes to taking out surgery insurance.

It may be tempting to err on the low side to help keep premiums down, but this could prove a false economy should the worst happen.

It's also easy to automatically renew your policy, especially when time is tight.

But consider the implications.

Practices hold refrigerated stocks of medicines and vaccines, for example, which can be vulnerable to spoiling.

If your stocks are worth £20,000, but you estimate the value at £5,000 in your policy and only insure 25% of your risk, in the event of a claim, you will only receive £1,250 from your insurer – a significant loss to any practice.

The same goes for locum cover, which pays for replacement doctors, specialist nurses and pharmacists in cases of long-term staff sickness.

The key message is not to simply waive through renewals.

Rather practice managers and partners should take the time to ensure they have the right level of cover. Then consult a specialist insurer.

Management Liability Protection (MLP)

Primary Care is ever expanding with responsibilities and decisions being made at practice, PCN and other levels.

With this comes greater responsibilities for the key decision makers and therefore increased exposure to personal and commercial risk for you and your business. It is important to safeguard the practice, its leadership and employees against various legal and financial risks.

GP partners and practice managers can be held personally liable for management decisions, such as HR disputes, regulatory breaches, or financial mismanagement. MLP covers legal costs and compensation in cases of negligence claims, wrongful termination, or discrimination lawsuits.

Management Liability Protection is a critical safeguard for GP surgeries, covering legal risks, financial losses, and reputational damage. In an increasingly regulated and litigation-prone healthcare sector, MLP helps practices operate with confidence and financial security. It is vital to understand what liabilities exist and to take steps to protect both individuals and businesses.

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To find out more please visit www.wesleyan.co.uk/mip-gp-business

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