



# Room at the top

Economies of scale and a diversified range of services make the formation of a chambers an attractive option for groups of practitioners, writes **Martin Murray**

**A** medical aesthetic specialist's life used to be simple. A patient would come along for a consultation and, if applicable, some form of procedure would be carried out. However, patients have become more sophisticated in their approach to obtaining information. This, including changes to clinical governance, has led many surgeons to join forces and form chambers.

Whereas barristers' chambers are expense-sharing arrangements, chambers for surgeons can take a variety of forms, including expense-share arrangements.

**Partnership**—this type of arrangement is common among general practitioners. In this type of arrangement income and expenses are shared on an agreed basis.

**Limited company**—surgeons within a limited company are normally both directors and shareholders. Income from the company can be obtained by way of a salary as a director or dividends as a shareholder.

**Limited liability partnership**—this is like a hybrid between a partnership and a limited company. It provides the limit of liability of a company but the flexibility of a partnership. This type of arrangement did not exist before 2001 and has been taken up by many accountants and solicitors.

**Franchise**—this is where you are part of a larger set-up and undertake work on either an agreed basis and/or in some way contribute to costs. The central franchiser organises the flow of patients.

What is becoming increasingly common is that more practitioners are members of groups. Membership of one group is not to the exclusion of others. This provides flexibility, as a practitioner may consult in different parts of a town, city, or areas of the country, where there may be different groups.

On the plus side there are economies of scale and the ability to do things on a bigger platform. Costs of staff and advertising are shared. The workload can be spread and there is security if, say, you fall ill. More importantly, there is the

perception from outside parties that you are a much larger entity and one that they would like to do business with.

On the downside there is some sharing of either income or staff, and you will need to be more flexible with other colleagues in respect of making decisions.

Often overlooked are two important principles before deciding on whether to form a group. First, there must be some common goal or objective. This may simply be sharing costs or, on a much grander scale, providing a wide range of services. Second, the commitment of the members is important because, if there is a group and the perception of group members is that one of them is not pulling his or her weight, then either they leave or the group folds.

Generally, the combination of commitment and objectives can be decided by the structure of the group, whether it is a limited company or a limited liability partnership. Professional advice is needed.

## Costs

Forming the group can cost as little as £200 per member. However, there will be other costs and other professionals that need to be involved.

A solicitor may need to draw up an agreement for a partnership and separate agreements for equipment and/or property. An accountant will be needed to prepare accounts and ensure that all matters are complied with for tax purposes with the Inland Revenue. The services of a bank manager may be required to arrange funding for the project.

Nowadays, web designers and marketing consultants play an ever-increasing role in the practice of practitioners. One of the most important professionals, and often overlooked, is a trademark specialist.

The group will have invested substantial sums on advertising and building up an image, which if left unprotected could be copied by others. This is where the trademark specialists come in. Although not giving 100 per cent total protection

from copying and use of a group's name—as the owner of an unregistered name who had used it before the registrant could later come forward—the registration of a trade mark is still recommended, and it is a relatively inexpensive exercise.

## Economic power

One of the major attractions of the group/chambers arrangement is the power that it generates from an economic point of view, in other words “money talks”. The chambers arrangement allows the members to scale up activities and try out schemes. It can be used to attract affiliated specialisations to enable the group to offer more services and to adapt in the ever-changing business environment.

Often overlooked are certain GMC guidelines and indemnity issues. The first relates to GMC guidelines on financial matters and the need to inform the patient that you are in an arrangement with other practitioners who they may be cross-referred to. Advice needs to be obtained from the GMC.

Second, the indemnity insurers need to be informed of the group arrangement. Depending on the structure of the group, additional cover may be required or separate insurance obtained. This is particularly relevant if the group is a limited company. A limited company is, in the eyes of the law, a separate legal entity and, as such, has rights and obligations.

The past couple of years have seen a significant rise in patients seeking cosmetic services. This has coincided with an increased need to be associated with other practitioners in group/chamber arrangements. In some cases a surgeon may be a member of several groups. Professional advice is important at the outset of forming a group. Preferably, this should be someone who has experience of medical groups.

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