

Simplyhealth Dental Partnerships





You've worked hard to build a well-run, successful practice.

Do you value its future?

Simplyhealth Dental Partnerships offer a collaboration like no other. We partner with dentists, creating lasting relationships built on complementary skills and experience and clear agreed outcomes.

A 50:50 equity partnership offers you the opportunity to develop your practice, with the backing of a secure and trusted business partner. A partner who is on your side. A partner who provides commercial and business development expertise, as well as a wealth of knowledge of the dental market and the broader healthcare environment.

It's a partnership that allows you to retain clinical independence and control over day-to-day management of your practice within mutually-agreed plans and a tried and tested clinical framework.

No micromanagement or putting commercial targets ahead of patient outcomes. Just a fair and equitable collaborative partnership that allows you to focus on great dental care. And most importantly, no disruption for patients and staff.

“The journey from first discussion to launch of the new partnership was smooth and pretty much stress free as Simplyhealth listened to our concerns and wishes and acted with the desire to move forward with our best interests at heart”

Dr Sundeep Lathar and
Dr Helen Barlow
- Cottage Dental, Ormskirk

Important

Before taking any steps towards becoming a partner, you should consult your accountant or tax advisor and solicitor for advice and appraisal of the suitability of the proposition to your short and long-term plans for your practice. We have enclosed a separate document which gives specific detail on tax, legal and financial implications. From our experience, it is important that this happens from the outset to save time later.

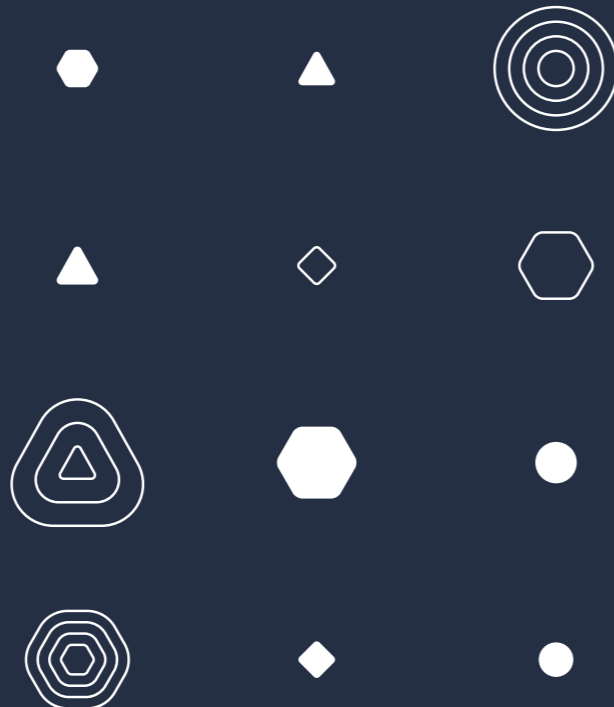


Trust Simplyhealth Dental Partnerships

At Simplyhealth Dental Partnerships we have been working with dentists and dental teams for more than 30 years, supporting and enabling them to provide the best oral health prevention and treatment to patients.

We are part of the Simplyhealth Group, with over 145 years' experience in the healthcare market. Simplyhealth was established by people in local communities who wanted access to better health services. This customer focused ethos continues to this day and we now help over three million people and 15,000 companies with their everyday health and care needs.

We established the partnership proposition to offer dentists an alternative, equitable method of securing the future of their business. Our partnerships adhere to the same values as those you know – teamwork, openness and fairness. We want every partner to develop and grow, and we will help, advise, support and encourage them at every step of the way.



Benefits of a partnership

A partnership is a true meeting of equals. Our intention is that both parties should reap significant benefits – more than just financial – from the collaboration.

Simplyhealth Dental Partnerships are primarily focused on two different profiles of principal dentists. Firstly those who are thinking of succession planning in the medium term to realise the value of their practice while retaining the legacy they have built. Equally, Simplyhealth Dental Partnerships help principals who want to develop their practice and would benefit from support to do so.

As a partner, you can expect the following benefits:

Realising equity in your practice

On completion of the transaction, you will receive payment for 50 per cent of the goodwill and assets of the practice, based on a multiple of the 'normalised profits' of the business. (See also 'What you should discuss with your professional advisors' on page 11)

You run the business

As principal dentist, you retain both clinical independence and control of the day-to-day operations and management of the practice within a mutually agreed plan.

Regular income

Once you are a partner you will receive:

- a percentage share of fees you invoice minus lab fees – this is not a salary and monthly income will depend on the level of fees you bill
- 50% of the residual profit to be split between the dental partners in accordance with their respective membership
- income from property rental where you own the freehold (this is explained in detail in 'Property' on page 11).

Business development advice and support

As your partner, we want you to realise your vision for developing the business in a planned, collaborative way. Our professional team will work with you to explore relevant ideas and opportunities for growth, providing strategic investment for and help in delivering these plans. Smaller investment decisions relating to the everyday running of the practice will remain in your hands.

Succession planning

If and when you wish to leave the partnership (for example, to retire) we take on responsibility for finding a suitable successor in the partnership, although we will listen to your opinion on choice of successor. You can be assured that the legacy and heritage of your practice will continue. (You will find more detail in 'Exiting the partnership' on page 12).



The proposition

A Simplyhealth Dental Partnership is a 50:50 equity partnership between Simplyhealth Partnerships Ltd and the practice principal/s.

Legal structure

This 50:50 equity partnership will be structured as a newly formed Limited Liability Partnership (LLP). The LLP will acquire your business in which Simplyhealth Partnerships and the principal dentist will each have a 50% ownership interest.

Once agreement in principle has been reached (before completion of the final contract) Simplyhealth Dental Partnerships and the principal dentist form a new LLP. This enables us to apply for CQC registration and open a bank account.

Under the Dentists Act it is a requirement that the principal must be a direct member of the LLP in his or her own right, rather than as a limited company. This has implications for principal dentists who have already incorporated their business (see below).

On completion of the joint venture, ownership of all plant, equipment and stock transfers to the new LLP. The new LLP will acquire the practice's trade and assets, including goodwill, for a sum based on our valuation of the practice in return for:

- 50 per cent of the purchase price in cash, plus
- 50 per cent equity in the new LLP, plus
- a cash amount equal to the agreed valuation of the practice's stock

Simplyhealth Partnerships Ltd owns the remaining 50 per cent equity in the LLP.

What is an LLP?

A Limited Liability Partnership (LLP) is a form of incorporated business structure, similar to a limited company. It is suited to the types of professions that normally operate in partnerships, such as dental practices, solicitors and accountants.

An LLP shares the same characteristics as a normal partnership in terms of tax liability, internal management and the distribution of profits, but it provides reduced financial liability to each partner.

Existing debts due to the business and liabilities (including but not limited to monies owed to suppliers, finance leases and loans) are not transferred to the LLP and must be settled separately and directly by the principal, or the principal's company where relevant.

The minimum duration of the partnership is three years. If you decide you want to withdraw from the partnership, you must give at least 15 months' notice and so the earliest opportunity you can submit notice is the 21st month of partnership. (For more information, see 'Exiting the partnership' on page 12).

Incorporated dental practices

Where a practice is already operating as a limited company, it is the company, not the principal that sells 100 per cent of the business's trade and assets in return for 50 per cent cash and a 50 per cent right to a share in the LLP. In other words, the practice's equity share is owned by the company, not the principal.

Given that the principal must be a direct member of the new LLP, there is an additional legal step to transfer to them the right to a share in the LLP. You should seek advice from your solicitor, accountant or tax advisor on how this can be achieved.

Valuation of your business

We use an Enterprise Valuation Model to determine the value of your practice. This is based on the financial information you provide. The final valuation will be based on our estimation of the profit your practice should generate.



Practice criteria

A 50:50 equity partnership is a serious undertaking. We want you to be sure it is the right move for you, your practice, your staff and your patients.

Simplyhealth Dental Partnerships has defined a set of application criteria for potential partners and ideally, applicants should be able to show compliance with all requirements. For some of the criteria, a commitment to working towards compliance may be acceptable.

The opportunity

This opportunity is available to Simplyhealth Professionals members based in England, Wales or Northern Ireland¹. Practices offering any combination of Denplan Plans, Private Fee-per-Item (PFPI) and NHS will be considered.

The opportunity is particularly suited to multi-chair practices with a minimum of two fee-earning practitioners.

Profitability

The practice must have a proven record of profitability. On application, you must provide us with three years' full accounts.

Clinical governance

The practice must be Denplan Excel Accredited, or working towards accreditation. As part of the partnership agreement Simplyhealth Dental Partnerships has a joint responsibility with the principal for clinical governance in the practice. You must therefore be able to show compliance with the standards of clinical governance within Denplan Excel which are higher than those required by the GDC and the CQC. This is a tried and tested programme that has attracted positive feedback from the market.

Management standards

Your practice should be well-run, patient-focused and ideally with a dedicated practice manager. The practice doesn't need to be state-of-the-art, but it shouldn't need substantial investment or refurbishment either.

“Our ideal partner is committed, compassionate, patient-centred, dedicated and conscientious.”

(Raman Sankaran – Simplyhealth Chief Commercial Officer)

Operational set-up

If the practice is multi-partner, it should operate as a single business, rather than a collection of practitioners working independently and sharing expenses.

A practice that operates as a limited company but where an NHS contract remains outside the company and is owned and managed directly by the principal may also be accommodated.

¹For legal reasons, we are currently unable to offer Simplyhealth Partnerships in Scotland.

Supporting infrastructure

The practice must currently use a practice management system, or be prepared to move on to our preferred system at an appropriate point in the future.

All accounting information must be transparent between the parties. Our preference would be for practices to use a cloud-based accounting system, or to be willing to move on to one system within a reasonable timeframe.

Why you might consider Simplyhealth Dental Partnerships

The partnership is primarily suited to multi-chair, patient-centric dental practices with proven profits and fee income potential, and a solid track record of management and clinical governance.

As practice principal you may already be thinking of:

- Sharing the responsibility for business development with a trusted partner, to enable you to devote more time to clinical work
- Succession planning – for example, if you are considering the future of the practice when you retire
- Raising capital to realise your ambitions for the practice.

When it might not be right for you:

- You are within three years of retirement
- Where the practice is multi-partnered and does not operate as a single business (for example, if each partner operates independently but you all share expenses)
- You have a NHS PDS-only contract, although these will be considered on a case-by-case basis
- The practice has had clinical governance or business management issues, or it is no longer profitable
- The profitability does not afford the introduction of a non-fee generating partner
- Single-chair practice

Application checklist

- Simplyhealth Professionals member
- Based in England, Wales or Northern Ireland
- Multi-chair practice
- Minimum two fee earning practitioners
- Good record of profitability
- Denplan Excel accredited (or working towards accreditation)
- Good management practices
- Dedicated practice manager
- Operates as a single business

You can submit an initial application using the form enclosed.



Operations, staff and premises

When considering changes to the ownership of your business, your first concern is likely to be continuity for patients and staff. Rest assured, they will not be affected by the transition to partnership, as we have proved in previous transactions.

Operations

Unless you choose to make changes to the way you operate your business, patients and staff should not notice any significant differences. This is because you remain in control of the day-to-day running of the business maintaining control of:

- All clinical matters within the Denplan Excel framework
- Patient relationships
- Customer service
- Claims and complaints handling (you must notify us promptly of complaints and claims)
- Regulatory compliance
- Health and safety
- Managing suppliers
- Staff, associates and locums
- Maintaining stock levels
- Cash management – payroll, paying suppliers, collecting dental fees
- Budgetary control and responsibility within a mutually agreed plan
- Maintaining practice operating levels

Although you will be managing your practice as before, you will not be alone. Our dedicated team of advisors will support you with all aspects of practice management and performance. They will arrange regular management meetings, and will be available by phone if you need on-the-spot advice.



Staff

Contracts of employment and service agreements will be transferred to the new LLP under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Providing that all your staff have existing legal contracts of employment and that the salaries you pay comply with relevant legislation, such as the minimum wage, they should see no change in their terms and conditions of work.

“Having built up and maintained a thriving private practice over the last 30 years, I was keen to implement a five year plan that ensured a smooth take-over at my retirement.”

Dr Simon Fox
- Fox's Dental Care, St Austell

Property

If you own the freehold

The LLP will lease your property and pay you a monthly rental fee, adjusted annually in line with the percentage change in the Retail Prices Index (RPI) up to a maximum annual increase of 3 per cent.

The lease will last 15 years, subject to periodic break rights for the LLP. The lease will be renewable at the end of the term, in accordance with the statutory right of renewal under the Landlord and Tenant Act 1954.

Tenant break clauses

A break clause is a provision in a lease which enables the tenant to end the lease early. It may arise on one or more specified dates or be exercisable during the term (often after a specified period of time has elapsed) on a “rolling” basis. Tenant break clauses usually specify that certain conditions must have been met, such as payment of all rents, before the lease can be broken.

If you rent your property

Where the property is owned by a third party landlord to whom you pay rent, the LLP will take on the lease. This may be by transferring the existing lease or entering into a new one, usually in each case subject to the agreement of the third party landlord. The details will be established during the legal phase of setting up the partnership.

Due diligence

As part of due diligence, we will commission a surveyor to undertake a survey of the premises. We want to assure that the property is in suitable condition and establish a current market rent.



Exiting the partnership

There may come a time in the future when you wish to exit the partnership. There could be various reasons for this:

- You are planning to retire
- Your personal circumstances have changed
- You are stopping work for health reasons

We will work together through all exit negotiations. At the same time, we ask that you meet certain conditions before withdrawing from the partnership.

Contract duration and notice period

We are looking for a minimum contract commitment of three years including the 15 months' notice of your intention to exit the partnership.

Exit payment

We will offer to acquire your 50 per cent stake in the practice from you. The price will be calculated using the same valuation multiple as on entering the partnership but by reference to the last three years' profit prior to your exit.

The exit valuation mechanism reflects that this is a joint venture business where we equally share in the risks, one of these being the valuation of the business at a future point in time. When you notify us that you want to exit the partnership and the original valuation does not reflect a current market valuation, we may make an alternative offer. We will always try to ensure an alternative offer is fair to both parties.

If our valuation offer is not acceptable to you, you will have the opportunity to buy back 100 per cent of the business. This will allow you to sell it on in its entirety to a third party, if that solution works out better for you.

Succession planning

Responsibility for finding a successor partner falls to us, when we acquire your 50% stake we immediately complete a transaction to the incoming partner. We will always ask your opinion and listen to your ideas if you have a particular person in mind.

Application process

Step 1	Dentist receives brochure and seeks professional advice.
Step 2	Dentist submits initial application form* with three years' full accounts.
Step 3	Initial practice visit with one of our Simplyhealth Dental Partnerships consultants.
Step 4	Complete in-depth practice information form and submit supporting documents.
Step 5	Simplyhealth Dental Partnerships review information provided and conduct practice valuation.
Step 6	Offer made.
Step 7	Offer accepted In order to move to step 8 we will require: details of solicitors, signed interim LLP agreement (in order to set up the LLP), a DBS check (to accompany the CQC application) and confirmation that you understand the legal and tax implications.
Step 8	Formation of the LLP.
Step 9	Financial, legal, clinical and property due diligence can begin. CQC registration process starts. Bank account application submitted. Transitional process can begin. Draft contracts provided.
Step 10	CQC registration accepted in principle. Bank account opened. Contract negotiations completed and final contracts complete and ready to sign.
Step 11	Finalise completion date. 5-day notification to the CQC.
Step 12	Completion. Activate all transitional items.
Step 13	Day 1 in partnership.

*You will find this form in this pack. Please be aware that if you are not yet Denplan Excel accredited, you will need to start the process of accreditation before applying to become a partner. Please speak to your Dental Business Consultants for a Denplan Excel application.



Roles and responsibilities

Teamwork, discussion, openness and clarity are crucial to making the partnership a success. As with any partnership, each party has roles and responsibilities. Here, we have highlighted the key roles and responsibilities each party will undertake, both jointly and individually.

Together we will:

- Discuss and plan strategic business developments, openly and frankly, always bearing in mind profitability, patient care and safety
- Set and agree an annual budget, to include expected capital expenditure – this serves as a management tool and will prevent over-spend or potential disagreements arising during the year
- Work collaboratively to implement Simplyhealth Dental Partnerships Financial Operating processes Framework
- Market and advertise the business using a variety of channels as appropriate
- Ensure staff policies and procedures are adhered to
- Resolve entrenched or long-standing complaints, grievances and payment issues
- Agree how to make the most of the practice's legacy and opportunities for combining this with the Simplyhealth brand name and presence
- Look at ways of improving the efficiency of the practice without impacting patient outcomes

Simplyhealth Dental Partnerships will:

- Produce management accounts
- Produce and file LLP year end accounts
- Produce and file LLP partnership tax return
- File annual return with Companies' House
- Assist with the transition to pension auto-enrolment, if required
- Implement Simplyhealth Dental Partnerships Financial Operating Framework within the first two years of the partnership.
- Manage ad hoc tasks, such as assisting with appraisals, literature design and website improvements.
- Use expertise to gather patient insights in order to develop additional services and solutions to help grow the practice
- Support commercial and investment decisions.
- Share best practice, economies of scale and synergy opportunities

“Working with the Partnerships Team team has been easy and their concept of not unduly interfering with the running of a successful practice and business is comforting. At work nothing much changed, it was “business as usual.”

Dr Colin Doody
- The Dental Practice, Dronfield

You (or relevant members of your practice team) will:

- Manage everyday finances, including payroll, auto-enrolment pension payments, payment of supplier invoices, billing and collection of fees, banking and petty cash
- Engage and manage suppliers. Changes to suppliers may require discussion with the partnership team
- Ensure very high standards of clinical practice, clinical governance and practice management are consistently maintained
- Resolve complaints and claims. Where these are serious or long-standing, they should be notified to the partnership team
- Maintain profitability of the practice

Working in partnership should be an enjoyable and productive experience, in which you feel in control and are able to drive your business with a large degree of autonomy.

To that end, we will never impose:

- Commercial targets that could impact outcomes for patients
- The loss of the practice's heritage and legacy

Building the practice's 'brand' and trust in your services takes many years and we want to build on that together. We want to work with you to understand how we can enhance that further by using the Simplyhealth brand, reputation and breadth of experience for the benefit of the practice in a complementary approach.



Legal and financial implications of a Simplyhealth Dental Partnership

We have written a separate document which can be provided to your professional advisors. They will be best qualified to advise you, based on your individual circumstances.

The information that follows is general and should not be acted on without professional guidance.



FAQs

Why is partnering with Simplyhealth different from selling my business to a corporate?

Simplyhealth Partnerships Ltd have created a very different partnership model from those offered by the larger corporates. With our experience within the dental industry, we understand the needs of dental practices and the operational challenges they face. We also understand that the heritage of their business is crucial to its future. A 50:50 equity partnership with Simplyhealth Partnerships Ltd is a fair, equal, collaborative joint venture – a very far different proposition from the traditional corporate buy-out model.

Why should I choose Simplyhealth Dental Partnerships?

Our driving force is a desire to support dentists who are considering their future. Selling a practice is a very big step and as principal dentist you will want to ensure you choose the right path. Simplyhealth Dental Partnerships already has strong relationships in place in the dental profession. We can add strong business expertise and guidance to your professional skills.

Will my patients be affected?

No. Your patients will notice no difference. We suggest notifying patients of the partnership by displaying a notice in the practice.

What will my income targets be?

We will mutually agree plans for the practice and never impose financial targets that could compromise patient outcomes.

Will Simplyhealth Dental Partnerships invest in my practice?

We are not looking for practices that require significant investment. Any investment required or agreed will be decided on jointly as part of the partnership, and according to plans and budgets set at the beginning of each financial year.

What happens to my NHS contract?

We'll consider any mix of Denplan, PFPI and NHS (including orthodontic) practices. NHS contracts should be GDS if they're material to the practice. PDS contracts will be considered on a case-by-case basis. A novation of the NHS contract to the LLP may be needed in the initial stages of partnership discussions.

How will disputes be resolved?

As with all partnerships of equals, disputes can arise from time to time. We are confident that we can work together to resolve them. There are also processes written into the partnership contract to ensure a resolution can be reached that is fair to all parties.

Do my practice accounts need to show a minimum profit and performance to be eligible for consideration?

Yes. We will review your accounts and profitability at the stage when you send in your initial application.

Why do I have to be Denplan Excel accredited?

During the partnership, Simplyhealth Partnerships Ltd has a joint responsibility for clinical governance. Denplan Excel Accreditation ensures standards are maintained without too much interference in your day-to-day work. If you would like to know more before submitting your application please contact your Dental Business Consultant or Practice Support Advisor.

What happens if I need a new chair, drill or any other expensive equipment?

We will consider together if you require new equipment in order to provide better patient care, improve patient safety, replace equipment which is outdated or improve the performance of the practice.

What will the LLP be called?

The name of the LLP will be decided together. However if the name contains 'dental', 'dentist' or similar, a non-objection letter from the GDC will be needed. As the LLP will be registered with Companies House, no duplication of names or very close similarities can occur with other companies already registered. As with any company, the trading name can be different and is usually the same as the current practice name. We will also explore how we can use the Simplyhealth brand for the benefit of the practice.

What happens if I want to increase patient fees?

If you wish to increase fees, whether private or Denplan payment plans, we will explore this together to ensure profitability and that a good level of service to your patients is maintained. Your Dental Business Consultant will still conduct the annual fee rate review and we will be able to attend to assist with decisions.

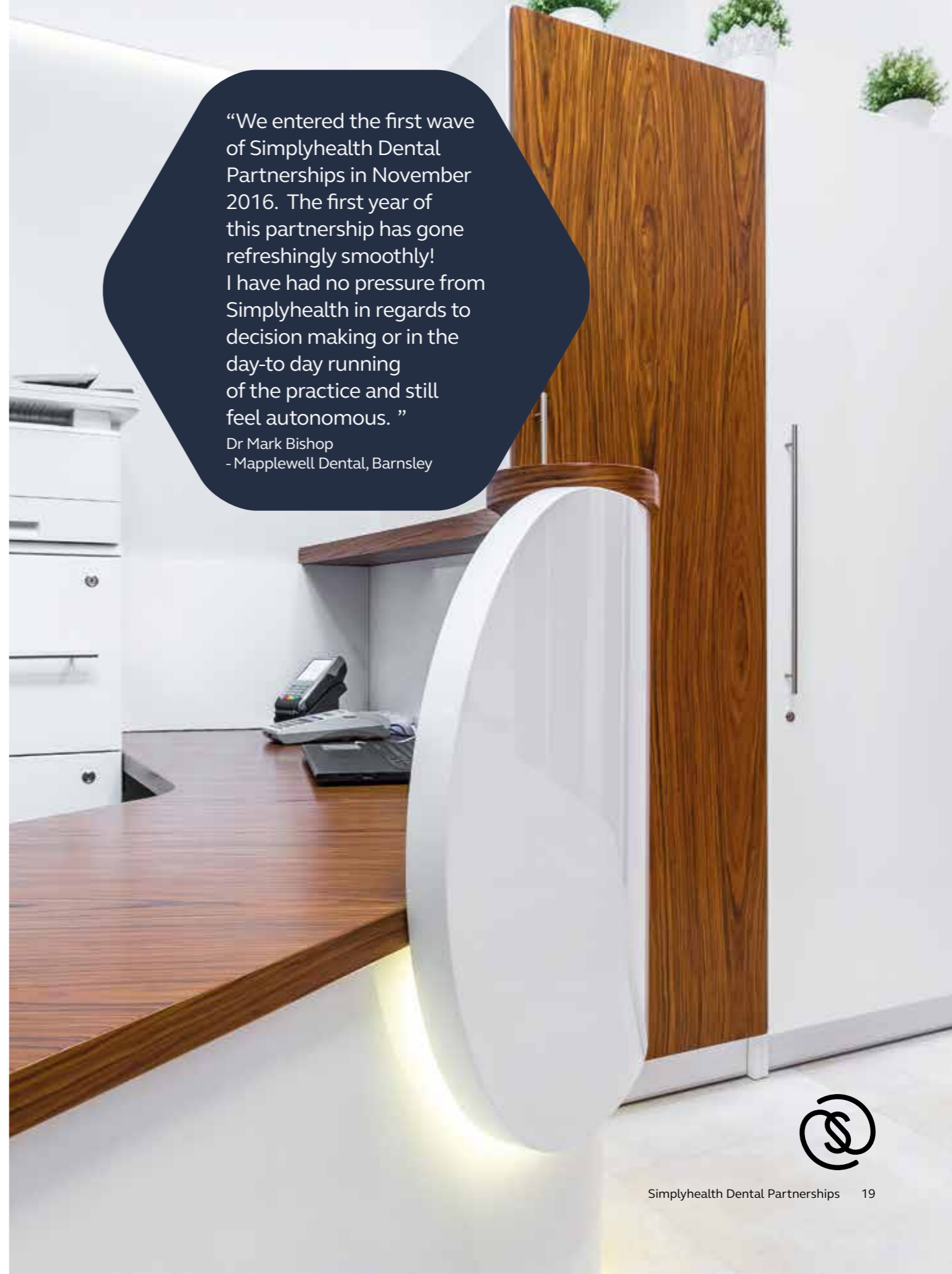
Will the LLP receive preferential Denplan payment plan or Denplan Excel rates?

The LLP will not receive preferential rates or treatment over non-partnership Simplyhealth Professionals members. The LLP will continue to be visited by Dental Business Consultants and Denplan Excel Advisors. Access to services such as professional advice and marketing will remain the same. However, the LLP will have the support from the Simplyhealth Partnerships team.



Notes

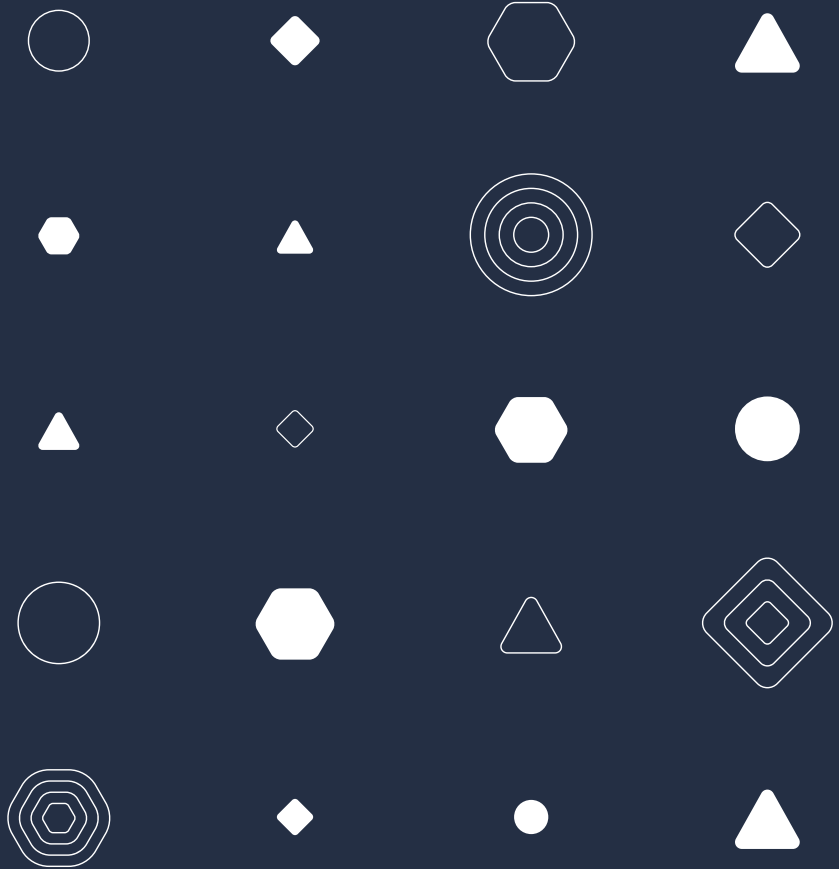
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“We entered the first wave of Simplyhealth Dental Partnerships in November 2016. The first year of this partnership has gone refreshingly smoothly! I have had no pressure from Simplyhealth in regards to decision making or in the day-to-day running of the practice and still feel autonomous. ”

Dr Mark Bishop
- Mapplewell Dental, Barnsley





Simplyhealth Partnerships Ltd is registered in England and Wales, registered no. 09514902, registered office Hambleton House, Waterloo Court, Andover, Hampshire. SP10 1LQ.