

Top tips when buying or selling a dental practice



Although all deals are different and have their own quirks, once a general deal is agreed, there are a number of matters between initial agreement and completion that need close attention.

This guide includes some tips to help you highlight some of the important topics to minimise hold-ups and stick to the deal timeframe you have planned for.

1) CQC Registrations

For a while the Care Quality Commission (CQC) registrations, which are to be in place before a deal completes, have been bemoaned as a major factor that slow down dental transactions.

Both Buyer and Seller need to provide all required information and take actions that only they can, for example obtaining their own DBS certificate. Ideally one party within the deal (sometimes an agent) will run the submission of all necessary applications, lead replies to CQC enquiries and ensure everyone is working collaboratively to move this part of the deal forward.

TIP: CQC applications, if done correctly, can take around three months. This is shorter than the overall average dental deal timeframe. If tackled proactively from the beginning, the CQC applications should not be any more than a neat sideshow to the main transaction.

2) Heads of Terms

Many deals now have these in place, in particular deals that have sales agents. Solicitors may get involved in the



finer details and these terms can span many pages. Other times, parties moved forward with very basic terms agreed before instructing their representatives.

There is no right or wrong position. Detailed items can be useful to save time later and be very clear on what people expect on issues, such as the Seller's role post-completion, restrictive covenants, or even particular contracts that are to be ended on completion. On the other hand, basic agreements see parties move on quickly which can build early momentum.

TIP: Whichever approach is taken; the key is to come to an agreement quickly. Buyer and Seller should be as readily available as possible to give instructions on their position. If there is a deposit to be paid, getting this sorted as soon as possible and the heads of terms signed and lodged with the agent can save weeks at the outset.

3) Due Diligence

An important aspect in any acquisition is the enquiries raised on behalf of the Buyer or their lender and the replies and documents the Seller provides to satisfy such enquiries.

Sellers need to be prepared that the speed of this part of the deal is very much dependent on them at the beginning. The Buyer can help later by ensuring they (and their representatives) are being pragmatic in follow up enquiries.

It is important that a Seller takes the time to complete the initial due diligence enquiries as thoroughly as possible. Ideally the Seller's solicitor will assist with ensuring the first round of due diligence replies are at a suitable level when returned. The more complete each set of replies are, the fewer follow up questions there should be.

TIP: If the Buyer has a lender to also satisfy, which is the position in the majority of cases; that lender's enquiries are just as important as the Buyer's own enquiries. All parties should check that any lender enquiries have been declared and are being worked on.

4) Property

Overall, a topic for the solicitors to investigate. Solicitors will advise what 'title' the Seller has and what is possible for the Buyer to take over or agree to create.

However, as there are different ways the Buyer may occupy the property and how the Buyer can be assigned or granted such rights, the property plan (including required documents as a result of such plan) need to be made clear and agreed by all parties and their representatives early.

As the property is often the core of the security required by the Buyer's lender, who will have their own requirements, for example a minimum term of lease to secure the lending against; the sooner the main property document is in agreed form and put to the lender or the lender's solicitor the better.

TIP: Do not forget the necessary property consents. There may be a freeholder, a landlord or a lender on an existing or a superior title who needs to formally agree to the property plan, or even agree to the security to be registered over the eventual property interest.

5) Funding

The vast majority of the deals have a bank or alternative lender funding for the Buyer. This means you can expect at least one other interested party in the deal. An additional party, who may have just as much input on



key points of the deal terms as the Buyer and Seller.

The Buyer's solicitor will either also represent the lender or liaise with the lender's solicitors throughout the deal. As noted in earlier sections, the lender may have their own enquiries or requirements to also be satisfied. Such satisfaction may be in the form of documentary evidence or even changes to the terms in the main deal documents.

TIP: All parties should keep in mind whether the lender's solicitors are fully instructed and aware of the planned deal timeframes, especially if the lender is represented by separate solicitors than those used by the Buyer.

6) NHS Contract

Whatever structure the deal takes, there is often an NHS contract that is a key part of the practice being sold.

An NHS Contract may be in a Seller's individual name or partnership names or held by a company of the Seller. It should be established that the Seller matches the named contractor on the NHS Contract, with documentary evidence of this.

A notice, or series of notices, to the NHS will need to be accounted for in the parties' plan. Expert solicitors should be able to advise on the necessary path, requests, NHS notices and notice periods involved (as much as 28 days for partnership notices).

TIP: It has been known that the NHS insist on confirmation that the CQC is ready to be registered before they consider the relevant NHS notice period to commence. To avoid any issues, the CQC should be in order if the CQC points in the paragraph on this above have been actioned.

7) Setting a completion date

Later in the deal, the completion date questions naturally arise. Buyer and Seller will likely just want the earliest possible date. There will also be conversations over what the Buyer's lender, the CQC and the NHS are expecting.

Completion dates are often suggested and agreed without much further detail. Agreeing a completion date without context gives short term positivity to the Buyer and Seller. A completion date with a clear list of what is left will give the deal the genuine impetus to focus everyone to complete the outstanding matters and give the deal a clear path to the all-important completion.

TIP: Genuinely understanding what is still left to be done is essential. An all parties call, or at least an email, setting out everything left can focus the minds. From the simple registration of final notices and processes to the meatier deal terms to be agreed, should all be set out so that the realism of the suggested completion date can be properly considered.

We strongly believe that our understanding of the sector allows us to foresee future problems for our clients on acquisitions and disposals and our experience allows us to deal with those proactively to bring the transactions to a conclusion.

How we can help

If you want to discuss anything in more detail or need help buying, growing or selling your business speak to our specialist [healthcare team](#)



[James Clewlow](#)

Partner and Head of Horsham



[Holly Goacher](#)

Partner