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# Top 10 mistakes when setting up a Consultant LLP

A helpful resource that  
highlights common pitfalls  
and how to avoid them

## What is a Consultant LLP?

A Consultant LLP (Limited Liability Partnership) is a business structure specifically tailored for healthcare professionals including doctors and other medical healthcare professionals. This arrangement allows multiple professionals to operate a medical practice together while benefiting from certain legal and financial protections. A key feature of a Consultant LLP is that it provides limited liability to its partners, meaning each partner's personal assets are shielded from the debts and liabilities of the practice. This protection is particularly important in the medical field, where the risk of legal challenges, such as malpractice claims, can be significant. Additionally, a Consultant LLP is regarded as a separate legal entity, allowing it to enter into contracts, own property, and be sued in its own name, thereby creating a clear distinction between the business's obligations and those of the individual practitioners involved.

## What are the benefits?

The main benefits of an LLP include limited liability, which protects members' personal assets from the LLP's debts and legal claims. It also offers potential tax advantages and additionally, the structure provides flexibility in management, allowing members to tailor the LLP's organisation to their needs. This makes an LLP an attractive option for healthcare professionals seeking both legal protection and operational flexibility. In addition, an LLP provides an ideal model to support NHS Trusts in reducing patient waiting lists.



# Top 10 mistakes to avoid when setting up a Consultant LLP and how to avoid them

## 1. Lack of clarity in roles and responsibilities

Without clearly defining each partner's duties, authority, and decision-making power, disagreements can arise. Ensure your partnership agreement thoroughly outlines everyone's responsibilities.

## 2. Skipping a detailed partnership agreement

Rushing through the partnership agreement is a significant error. It should comprehensively cover profit distribution, decision-making authority, exit plans, and ways to handle disputes.

## 3. Neglecting financial contribution terms

Not properly specifying how much capital each partner will contribute, along with how profits or losses will be divided, can create financial strain and conflict.

## 4. Ignoring liability and insurance needs

While an LLP limits personal liability, medical consultants should still secure insurance to protect against malpractice, negligence, or other legal risks. Clarify financial contributions and distributions from the start.

## 5. Failing to plan for future growth

Forming the LLP without a long-term strategy can hinder expansion. Prepare for the future by allowing for the addition of new partners or consultants and structuring the business to scale.

## **6. Lack of effective partner communication**

Inadequate communication can lead to misunderstandings and conflict. Set up regular meetings and clear communication channels to maintain transparency and avoid disputes.

## **7. Poor financial management and record-keeping**

Inconsistent financial management or sloppy record-keeping can result in compliance issues and disagreements. Hire professional help and conduct regular audits to keep your finances in order.

## **8. Offering unsustainable services**

Entering into contracts without thorough market research and a clear understanding of demand can compromise long-term success. Study the market carefully and set pricing structures that support sustainability.

## **9. Undefined decision-making procedures**

If your LLP lacks clear decision-making rules—such as when to use unanimous consent or majority vote—you could face deadlock on crucial issues. Formalise decision-making processes in the partnership agreement.

## **10. Overlooking the expertise needed for success**

For a successful LLP, expertise in areas like procurement, governance, indemnity, and tax matters is essential. Seek out experienced advisors to give your business the best chance for success.

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**Book an introduction call  
to find out more**

Learn how we can streamline your consultant partnership journey through legal and commissioning support, securing contracts, and optimising your operations. Discover how our unrivalled experience in the field of medical LLPs can enhance your business.



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