

# VETERINARY PRACTICE SURVEY

Report 2023



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# FOREWORD

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**MARK BUTLER**

Managing Partner  
HLB Ireland

I am pleased to introduce HLB Ireland's sixth annual report on veterinary practices in Ireland.

This year's findings once again highlight the staffing crisis in the veterinary sector. Two-thirds of our survey respondents have had to increase salaries by more than 5% in the last 12 months in order to attract and/or retain employees and 60% want to hire additional people in the next 12 months.

Scarcity of candidates is making recruitment difficult. There is growing consensus about the need for more training places and strong support for the proposed second veterinary college. Our findings also suggest a need for greater emphasis on practical and business skills in undergraduate and graduate training programmes.

Out of hours cover continues to put pressure on already-stretched practices and contributes to owners putting in very long hours themselves to limit the need for their employees to be available for on call duty. In recent years, lack of work/life balance and burnout are key motivators for practice owners seeking to exit the profession.

Our latest research shows 30% of practice owners want to sell their business. For sole traders and small practice owners who intend to sell, corporates and larger practices present good opportunities. However, as always, we recommend that you get an independent valuation and advice on the timing and structure of any proposed sale before entering into negotiations. Professionals with experience of deals in the veterinary sector will be best placed to advise you.

Independent Practices should also join a buying group to enhance profitability while also having a wider network of similar type practices. This collaboration is on the rise as practices join forces to reduce costs and access additional resources. Scaling up and improving gross margins also makes it easier to compete with the corporates and larger practices.

Another way to access additional resources is to outsource time-consuming non core tasks such as bookkeeping, accounts and payroll. This can free up time and enable you and your team to focus on higher value activity. HLB Ireland has developed a range of outsource solutions for veterinary practices. For details, contact a member of our team.

Once again, I am grateful to everyone who participated in our research. Special thanks to Pete Wedderburn, Gordon Stewart, Gavin McCoubrey, Robert Groves and Ian Feighery for sharing their experiences and insights. I hope that you find this year's report interesting and worthwhile. As always, if you would like to discuss the findings in more detail, please get in touch.

# ABOUT THIS REPORT

This is HLB Ireland's sixth annual veterinary practice survey. Research for this report was conducted during December 2022 and January 2023.

## KEY FINDINGS



### SELLING YOUR PRACTICE

30% of practice owners who responded to this year's survey plan to sell their practice in the next 12 months.



### PROPOSED SECOND VETERINARY COLLEGE:

When asked for their views on the proposed second veterinary college, 82% of respondents who answered favour the proposal and most (67%) also believe that the current structure of educating vets in Ireland can be improved with many suggesting the need for a stronger focus on practical experience and business skills.



### HEAVY WORKLOADS:

73% of our survey respondents work more than 40 hours a week and almost a quarter work more than 60 hours a week. Practice owners are putting in the longest hours in an effort to retain staff by limiting the requirement for employees to be available for on call duty.



### JOB SATISFACTION:

Despite their heavy workloads, 88% of our survey respondents are broadly satisfied with their job and 65% would recommend veterinary medicine as a career.



### WORK/LIFE BALANCE:

Consistent with our findings in previous years, better work life balance is the top aspiration for both practice owners and employees. Overall, 64% of this year's respondents want to achieve a better work/life balance.



### RECRUITMENT:

59% of our survey respondents said that their practice plans to hire additional employees in the next 12 months.



### PAY AND CONDITIONS:

66% have had to increase salaries by more than 5% in the last 12 months. Non-pay benefits such as flexible working, mentoring and career development opportunities are also being used to attract and retain employees.



### COST OF LIVING CRISIS:

73% have increased their consultation fee in the last 12 months as higher wages and rising costs eat into the cash available for day to day running costs. Just under half (48%) of our respondents said that the cost of living crisis is causing some pet owners to cut back on veterinary care.



### TECHNOLOGY AND ONLINE SERVICES:

Less than a third of our survey respondents said their practice offers online services despite the fact that a well-designed website can relieve pressure on administrative staff by making it easy for clients to book appointments, check opening hours, order medication or food and find answers to frequently asked questions.

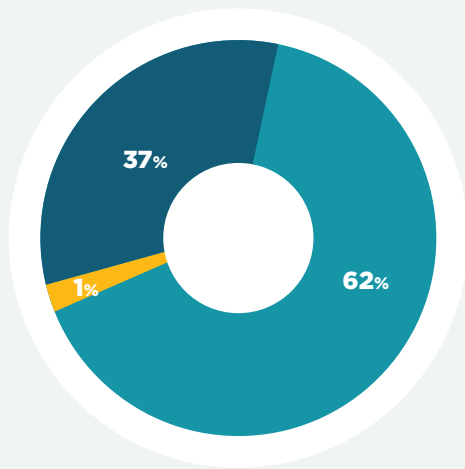


### CORPORATES

Sentiment towards corporates has steadily improved in the six years since our first veterinary sector survey. This is again reflected in our latest data where 71% of respondents said a corporate has bought a practice in their area but only 10% said this has had a negative impact.

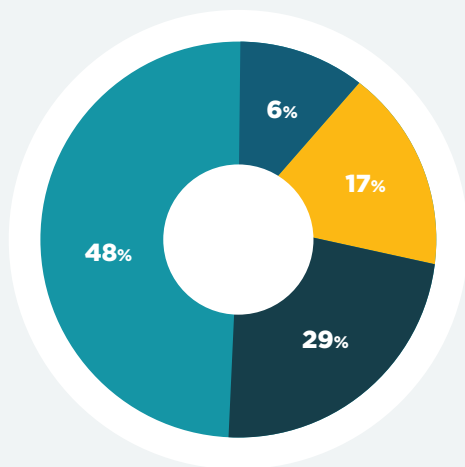
# SURVEY RESPONDENTS

## GENDER



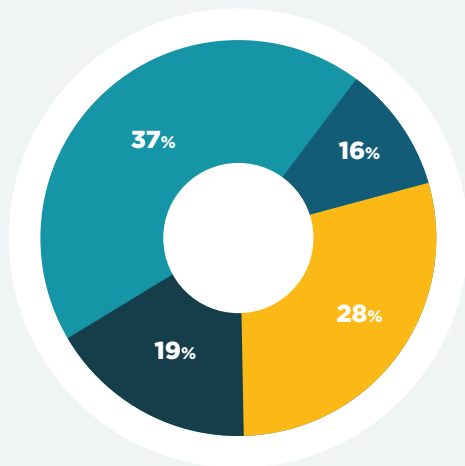
Male	62
Female	37
Prefer not to say	1

## AGE



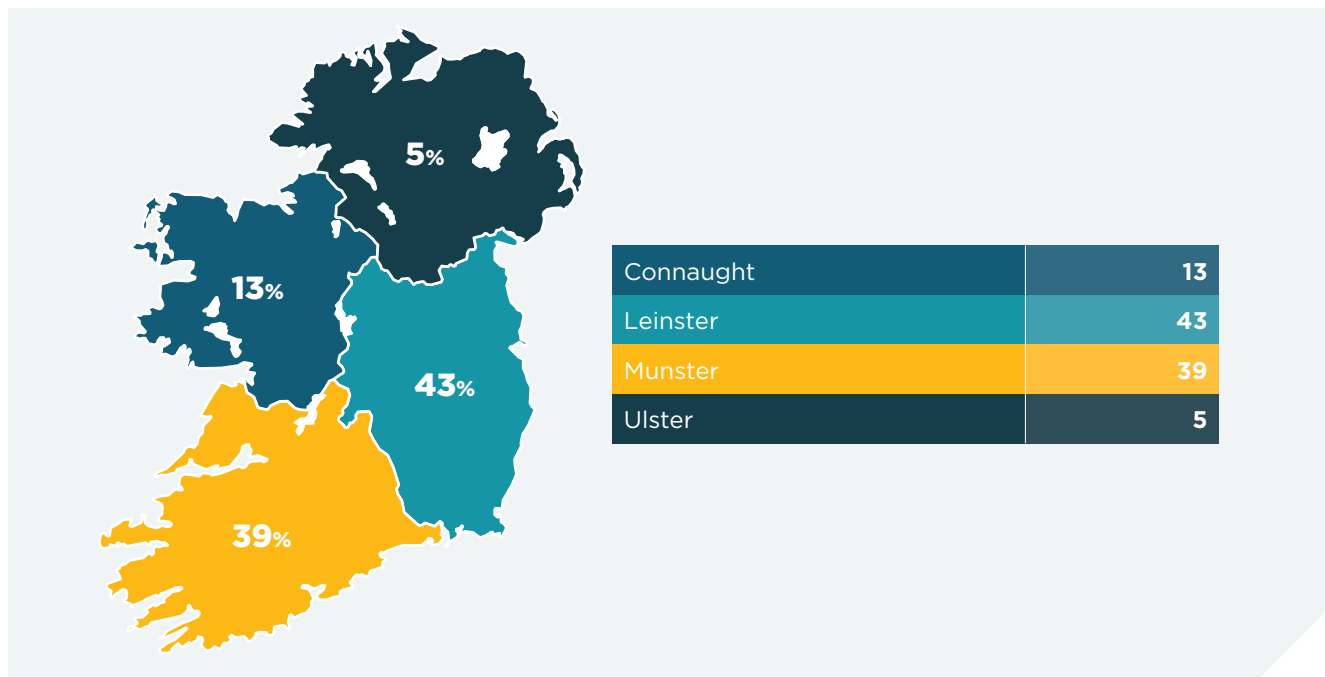
20-30	6
31-40	17
41-50	29
51+	48

## ROLE

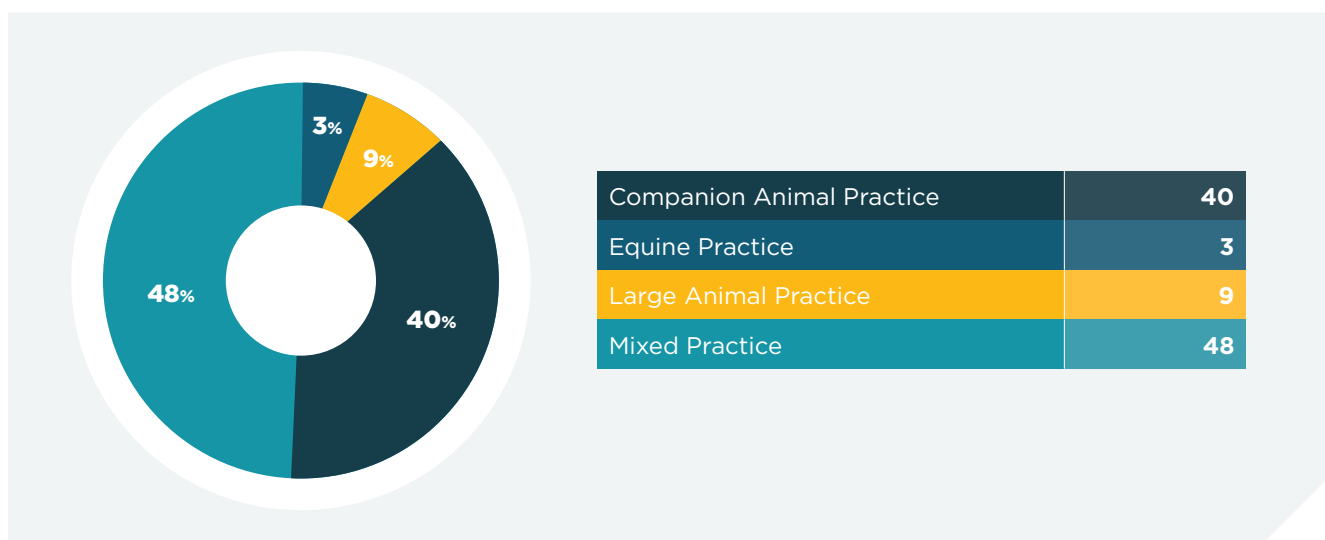


Employee	37
Partner	16
Shareholder	28
Sole Trader	19

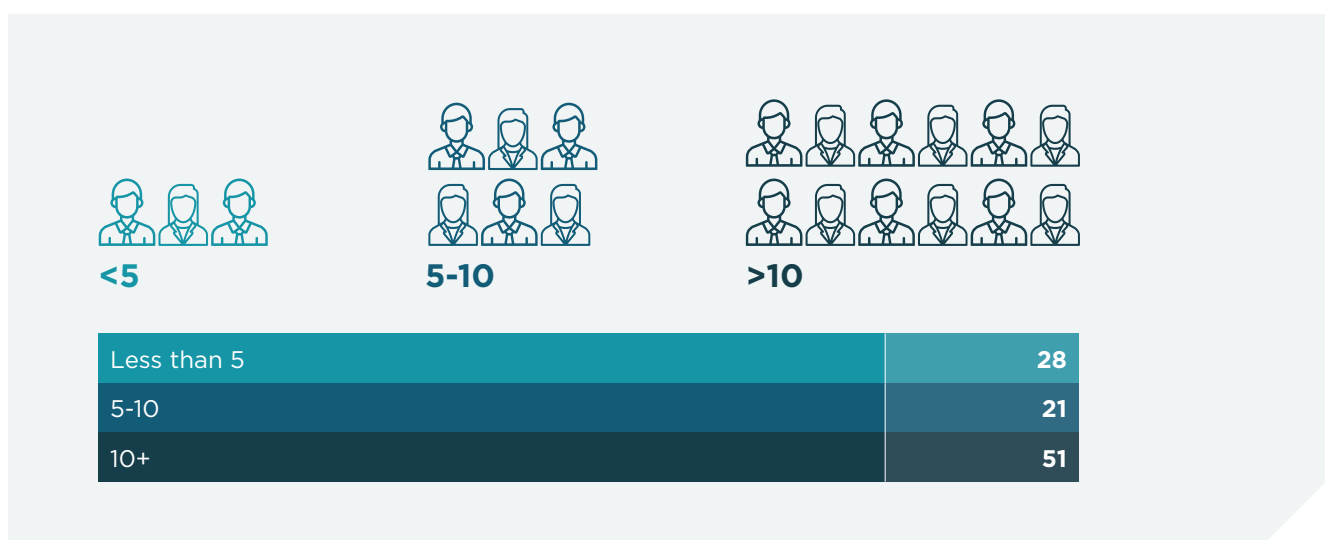
## REGION



## PRACTICE TYPE



## PRACTICE SIZE



# LIFE AS A VET IN IRELAND

In keeping with our previous findings over the six years that HLB Ireland has been running this survey, staff shortages, long hours and heavy workloads are common, particularly in smaller practices.

## HOURS WORKED

Almost a quarter of the vets who participated in our latest research work more than 60 hours a week and almost three quarters work more than 40 hours. Practice owners are putting in the longest hours with some saying that they are managing to retain their employees by never refusing requests for a day off and limiting the requirement for employees to be available for on call duty.

Approximately how many hours do you work per week?	All respondents %
Less than 20	1
21-30	7
31-40	19
41-50	21
51-60	28
60+	24

## ASPIRATIONS

Consistent with our findings in previous surveys, better work life balance is the top priority for both practice owners and their employees

Which of the following career aspirations is most important to you?	All respondents %
Funding comfortable retirement	16
Growing your practice (if applicable)	12
Owning your own practice (if applicable)	2
Work/life balance	64
Other	6

## EARNINGS

Our latest research shows that the highest earners are mostly practice owners and around half work more than 50 hours per week. Those earning less than €35k are mostly female employees in Companion Animal and Mixed practices working 31-40 hours per week.

Please select your earnings bracket from the below options. Earnings are listed as pre-tax figures.	All respondents %
Less than €35k	8
€35k-€49k	11
€50k-€74k	23
€75k-€99k	17
€100k+	35
Prefer not to answer	6



## JOB SATISFACTION

Despite heavy workloads, job satisfaction levels are high. Most (88%) are more than 50% satisfied with their job.

How satisfied are you with your job?	All respondents %
0-29	6
30-49	6
50-69	18
70+	70

## WOULD YOU RECOMMEND THE PROFESSION?

Given these high job satisfaction levels, it is unsurprising that most respondents still recommend a career in the profession.

Would you recommend the profession as a career choice?	% (Excluding those who did not answer)
Yes	65
No	19
Unsure	16

## EDUCATING VETS

Most of our survey respondents believe that the current structure of educating vets in Ireland can be improved with many suggesting the need for a stronger focus on practical experience and business skills at both undergraduate and graduate levels.

Could the current structure of educating vets in Ireland be improved? If so, please indicate how.	All respondents %
Another vet college/more training places	31
Greater engagement with practices	5
Greater focus on business skills	11
Greater focus on people/communication skills	8
Greater focus on practical skills	34
Interview-based student intake	6
Other	5

# WHAT'S HAPPENING IN COMPANION ANIMAL PRACTICES IN IRELAND?



## PETE WEDDERBURN

BVM&S CertVR MRCVS  
Bray Vet

Life in companion animal veterinary practice is invariably busy and there are always new and ongoing issues that need to be tackled.

One of the most significant challenges in the past three years has been the impact of COVID. While the dramatic early changes to work practices, such as consultations in car parks, have long since eased, other changes introduced during the pandemic are continuing in many clinics because they make business sense. These include longer consultation periods, masking of vet staff and clients, and the use of technology where appropriate (e.g. for remote checking of post-operative wounds).

Longer consultations create a more satisfying and fulfilling professional interaction and can potentially generate additional clinic business while remote consultations can be more cost effective than checking healthy pets in person. Mask wearing has continued as there is still concern about the risk of staff being off sick, either with COVID or with other respiratory infections.

## PET OWNERS

While the surge in new pet owners linked to people having more time at home during the pandemic has plateaued, clinics are now busy with the spillover effects. Pet owners complain of behavioural issues with dogs that were poorly socialised as pups and/or had limited socialisation thereafter. Additionally, many new owners, having returned to work, are finding that they cannot fit their new pets into their lives as they had hoped. This is contributing to high levels of surrenders to dog rescue groups, who find themselves overwhelmed, and greater demand for euthanasia of dogs with issues such as aggression because there is often no reasonable alternative. These cases are emotionally challenging for vets and nurses.

## SPECIALIST CARE

Existing clients are increasingly interested in high end investigations and treatments even—or perhaps especially—for elderly pets. This may reflect greater emotional attachment to animals because of the increased time spent together during the pandemic. Vet clinics are investing in top end diagnostic imaging (such as CT or MRI scans) and there is growing demand for advanced work ups and treatments, sometimes even in cases that have a poor prognosis such as fitting a pacemaker in an elderly dog less than a month before the end of life. Advanced dental work, including dental radiography, with estimates of €800—€1,000, is becoming commonplace.

## INSURANCE

Pet insurance, currently estimated to cover around 15% of the Irish pet population, is growing in popularity due to greater awareness of the benefit of being able to afford high end investigative procedures and treatments. The acquisition of Petinsure.ie by the long established Swedish pet insurance company Agria is likely to bring significant changes to the products on offer.

## ONLINE SERVICES & SOCIAL MEDIA

Clinics providing online services are seeing more online orders for food and repeat medications. Clients are also booking appointments online and using communication tools such as PetsApp.

Clinics are expected to provide higher standards of service than ever and clients are often vocal about their experiences online. It can be challenging for busy clinics to monitor and respond to online and social media praise and criticism.

## STAFF

The ongoing shortage of vets and nurses continues to create challenges whenever staff move on (or take leave). An inflation-driven surge in wage demands in autumn 2022 forced many clinics to implement modest consultation fee increases.

Younger vets are choosing quality of life over full time working with greater awareness that working too hard can cause serious longer term health issues. This is contributing to requests for three or four day weeks, shorter working days, and avoiding on call rotas. Plans for a new vet school in Ireland have been in the news in recent weeks, with hopes that this will improve the availability of veterinary graduates.

Younger vets are also less interested in buying into veterinary partnerships than in securing a senior role with good pay and conditions in an established clinic. This is contributing to the trend of corporate veterinary groups (such as IVC, Linnaeus and Vet Partners) buying independent veterinary clinics across Ireland.



# PEOPLE MANAGEMENT

Long hours and staff shortages continue to make it difficult for both practice owners and their employees to achieve a reasonable work/life balance so it's not surprising that increasing headcount and retaining employees is a priority for many practices.

## SKILLS SHORTAGE

Two-thirds of this year's survey respondents had to increase salaries by more than five percent in the last 12 months and 59% intend to hire additional employees this year.

On average, has your practice had to increase staff salary costs over the past twelve months?	% (Excluding those who did not answer)
0-5%	34
5-10%	47
10%	18
20%	1

## RECRUITMENT

Across all regions, practices are finding it difficult to find staff. As well as offering competitive pay and conditions, employers are increasingly offering additional benefits such as flexible working arrangements, improved rotas, mentoring and career development opportunities. Just over half (53%) of our survey respondents said their practice has introduced initiatives like this to enhance their ability to attract employees. Wellness supports, an extra day's annual leave on employees' birthdays and/or an additional days leave per year for every year they stay in the job (capped at an additional five extra days annual leave after five years) were other non-pay benefits mentioned.



**"I've sourced accommodation provided a vehicle and been very flexible in time off,"**  
commented one practice owner.

Practices are also looking to hire candidates from outside Ireland where they cannot source suitably qualified staff in Ireland.

Measures implemented by practices to attract/retain staff	% (Of those who answered 'yes' to previous question)
Enhanced benefits	42
Improved rota	35
Mentoring	8
Other	15

## EMPLOYEE ASPIRATIONS

Most practice owners (69%) consider salary increases to be their employees' top aspiration and 57% of practice owners think their staff want to work fewer hours. This compares to 50% of employees who said a salary increase was their top aspiration and 34% of employees who want to work fewer hours. Understanding employee aspirations is helpful when it comes to designing remuneration and non-pay benefit packages. Overall, achieving a better work/life balance is a top priority at every level of the profession.

## ENTRY LEVEL ROLES

Just over half of our survey respondents mentioned the need for better pay and conditions to address staff shortages in the profession. Respondents also mentioned the need for greater student intake and better student selection processes. Elsewhere in our survey, in a specific question on the proposed second veterinary college, 82% of those who answered favour the proposal.

What actions does the profession need to take to cope with staff shortages?	% (Excluding those who did not answer)
Improve pay, conditions, work/life balance	52
Increase student intake/improve student selection process	31
Encourage collaboration, mergers	7
Other	10

## OUT OF HOURS COVER

Smaller practice owners highlight the difficulty of attracting young people to work in situations where they are required to be available for extensive out of hours cover.

"24 hour cover is a huge burden on remote rural vets and getting worse," commented one survey respondent. "Having to do an unreasonable amount of OOH makes work life balance practically non existing," said another. Where it is feasible to do so, collaborating with other practices can help to alleviate the OOH burden on both practice owners and their teams.

# THE RECRUITMENT MARKET

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**GORDON STEWART**

Vetjobs.ie

It won't come as news to anyone who is hiring that the veterinary recruitment market in Ireland continues to be challenging.

Increased demand for veterinary services, coupled with a shortage of new graduates and the well-documented changing demographics within the profession, means that we don't anticipate the market will improve in the near or medium term.

VetJobs.ie saw an increased number of overseas applicants during 2022, due in part to the easing of Covid-restrictions, but also due to Brexit. European candidates, who would previously have travelled to the UK, are now looking to Ireland instead. This has eased the pressure on the Irish market slightly but it remains a job-seekers' market with more vacancies than candidates.

We also saw continued upward pressure on salaries in 2022, particularly in urban areas. We expect that this trend will continue during 2023, albeit at a lower rate.

Successful employers on VetJobs.ie continue to focus on their employer brands, as well as building out well-rounded compensation packages. The presence of UK corporates in the market has meant that independent Irish practices are increasingly having to reconsider both their employer brands, and what they can offer to prospective staff.



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# PRACTICE FINANCE & STRUCTURE

With rising costs and higher wages eating into profits, it is more important than ever to pay attention to financial management. Any delay issuing bills and/or failing to chase overdue payments could leave you short of cash and unable to meet day-to-day running costs. If time constraints or lack of business skills are creating a backlog in this area, our team can provide assistance.

## CONSULTATION FEES

Your consultation fees should reflect the value of the services you provide. Similar to last year, 11% of those who answered our question on this topic charge less than €35 for an initial consultation, however almost three-quarters of our survey respondents have put up their prices in the last 12 months.

What fee do you currently charge for an initial consultation? Please indicate by selecting an appropriate fee bracket.	% (Excluding those who did not answer)
<€35	11
€36-45	51
€46-55	26
>€55	12

## COST OF LIVING

Anecdotal reports suggest that the cost of living crisis is causing some pet owners to cut back on veterinary care. Just under half (48%) of our respondents said they have seen signs of this. Payment plans and pet insurance can help.

Within your practice, have you seen an increase in pet owners struggling to pay their veterinary bills or delaying treatments?	% (Excluding those who did not answer)
Yes	48
No	37
Don't know. unsure	15

## PRACTICE STRUCTURE

Since our first survey of the veterinary sector six years ago, we have noticed a growing trend towards consolidation. More than half (51%) of respondents in our latest research work in practices with 10 or more staff, up from 38% last year.

Scaling up is contributing to a steady increase in the number of incorporated practices. Sixty percent of those who answered this year's survey question on practice structure are in incorporated practices (up from 52% last year, and significantly up from just 23% in our 2018 survey). Of those whose practice is not incorporated, 50% would consider incorporation.

Depending on your practice, there can be tax advantages to adopting a company structure. Incorporation would enable you to avail of the lower Corporate Tax rate and potentially allow you to take advantage of valuable Capital Tax reliefs when selling or exiting your business.

Operating from a company also provides limited liability which protects personal assets if the practice runs into financial difficulty.



## REASONS TO INCORPORATE

1. You want to use excess profits or raise finance to develop/grow your business
2. You want to incentivise staff or introduce new partners
3. You want to buy a property for your practice
4. You want to fund a partner's exit from the practice
5. You want to maximise pension contributions to provide for your retirement

## CORPORATES

Sentiment towards corporates has steadily improved in the six years since our first veterinary sector survey. This is again reflected in our latest data which shows that 40% think the presence of a corporate in their area has had a positive impact. Only 10% said the impact is negative. 50% said there is no impact.

Corporates continue to present opportunities for practice owners who want to sell their business. However, before entering into negotiations it is important to obtain an independent valuation of your business and advice on the timing and structure of the proposed sale. Professionals with experience of transactions in the veterinary sector will be best placed to help you avoid costly mistakes.

Has a corporate bought a practice in your area?	% (Excluding those who did not answer)
Yes	71
No	19
Unsure	10

## IMPACT OF CORPORATES

If you've answered yes to the previous question, please indicate how this has impacted on your business/practice.	% (Of those who answered 'yes' to Q14)
Positive impact	40
Negative impact	10
No impact	50

# SELLING TO A CORPORATE



## GAVIN MCCOUBREY

Managing Director - Ireland  
VetPartners

Gavin McCoubrey and his business partner Diarmuid Currid sold their veterinary practice to VetPartners in 2019. The deal secured the future of their practice while enabling them to continue to provide the highest levels of patient care. Today, Gavin is VetPartners' managing director in Ireland.

### WHY DID YOU AND DIARMUID DECIDE TO SELL YOUR PRACTICE TO VET PARTNERS?

By the time we joined VetPartners in 2019, Diarmuid Currid (UCD '96) and myself had successfully founded and grown a chain of veterinary clinics. Originally, we had no intention of joining a corporate. In fact, we had arranged meetings with other practices who, like us, wanted to remain independent. However, our view changed when we met York vet Jo Malone. We quickly realised that Jo's vision for veterinary practices and the values that she and VetPartners stood for mirrored our own and that she was someone we could partner with. Although we had received competing bids from all the major corporates, Vetpartners were our preferred choice.

### WHAT'S THE BACKGROUND OF VETPARTNERS?

Jo founded VetPartners in 2015 with the aim of establishing a new group that would reflect the core values that she believes should be at the heart of every practice—being respectful, working in collaboration, supporting each other and being dedicated and approachable. At the time, Jo was still a working vet at her home practice, The Minster Veterinary Practice in York. Initially, she set about identifying other practice owners who shared her values and quickly built up a strong base of small animal practices across the north of England and Scotland. Before long, equine, mixed and farm practices, were joining up as VetPartners expanded further afield, establishing practices in Italy, France, Germany, the Netherlands, Switzerland, Portugal, Spain and now Ireland.

### YOU MENTIONED SHARED VALUES—HOW ARE THOSE VALUES REFLECTED IN THE VETPARTNERS CULTURE?

Jo has fostered a culture of warmth and belonging at VetPartners. She has a passion for caring for pets and their owners but she is also committed to developing the people who work in our organisation. Our motto— 'We Are Family'— reflects the value we place on close working relationships and how we regard our practice staff.

## DID YOU HAVE TO OVERCOME ANY CHALLENGES IN TERMS OF CULTURE WHEN YOU JOINED VETPARTNERS? HOW DIFFICULT OR EASY WAS IT FOR YOU AND YOUR EMPLOYEES TO ADAPT TO BEING PART OF A CORPORATE?

Diarmuid and myself were very proud of what we had built and hugely protective of our staff so culture was something that we were worried about but Jo acknowledged that no two practices are the same and reassured us that she wanted to embrace our independent spirit. We had positioned ourselves at the heart of our community and VetPartners recognised the strengths of our veterinary staff and helped us to preserve our legacy and brand.

Like our own practice, from an organisational perspective, VetPartners are committed to supporting the personal and professional development of staff members so that made it much easier to bring our staff together. We were confident that joining the VetPartners family would guarantee a secure home for our practices and our people. Six years later we have been proved correct.

## HAVE YOU SEEN ANY OTHER BENEFITS FROM THE DEAL EITHER FOR THE PRACTICE OR FOR YOURSELF AND DIARMUID?

By providing us with access to their infrastructure, VetPartners strengthened our administrative processes while still allowing us autonomy and enabling us to continue to provide the highest level of patient care.

Diarmuid has continued to grow the practice, obtaining an MBA and now studying for a Surgery Certificate. Following on from my own MBA at Queens I am privileged to lead VetPartners' expansion in Ireland.

## YOU MENTION EXPANSION. WHAT ARE YOUR PLANS FOR IRELAND?

Our presence in Ireland is growing but we are only interested in practices that are a good fit for the VetPartners family—practices with similar values who buy into our culture and share our independent spirit. We have adopted an all-Ireland approach which supports collaboration across the island from a clinical perspective and enables sharing best practice as well as organising CPD events and facilitating personal and professional development.

## WHAT'S YOUR VIEW OF THE OUTLOOK FOR FUTURE DEALS? WILL STAFF SHORTAGES CONTINUE TO BE A FACTOR DRIVING MERGERS AND ACQUISITIONS IN THE SECTOR?

I envisage further consolidation but multiples may ultimately start to decline as borrowing becomes more expensive alongside increased people costs and overheads. In terms of staff shortages, recruitment issues are not unique to us here in Ireland. We need to grow the talent pool through initiatives across the European mainland such as sponsorship and CPD provision within Veterinary schools. I would also like to look at opportunities to encourage Irish vets and nurses to return—particularly those who have experienced at first hand the VetPartners culture in the UK.

## FINALLY, WHAT WOULD YOU SAY TO PRACTICE OWNERS WHO MIGHT BE WEIGHING UP THE PROS AND CONS OF JOINING A CORPORATE?

Irish people are naturally suspicious of corporate groups but for Diarmuid and myself, the experience has been very positive. The key is to find a partner who shares your values and ambition. As the largest employer of large animal vets in Europe— and having Rosssdales, the largest equine veterinary practice in Europe amongst our most respected equine practices—I believe VetPartners' experience, knowledge, values, people and culture make us a perfect fit for Ireland. Importantly, we continue to be led by vets and we believe the best practices are vet-led too.

# THE UK EXPERIENCE



## ROBERT GROVES

Associate Director  
Hazelwoods

Increased demand for services, the impact of Covid-19, staffing shortages, and Competitions and Markets Authority (CMA) investigations into veterinary practice acquisitions, have all brought challenges for the UK's veterinary sector in recent times. Corporates have been present in the UK veterinary sector for a number of years now, which may provide some insight as to how the market may evolve in Ireland. Despite the current challenges in the sector, many UK practices continue to report strong profitability, says Robert Groves an experienced adviser on veterinary practice transactions in the UK.

## TRADING

Some 3.2 million UK households acquired a pet during the Covid-19 pandemic, according to the Pet Food Manufacturers' Association. This surge in pet ownership has contributed to increased demand for pet care services and is one of the biggest drivers of turnover growth in veterinary practices in recent times.

An analysis of Hazelwoods client data shows average turnover for Small Animal veterinary practices rose by 13.3% in 2022. The data further suggests that limited capacity and growing demand for services (with some practices closing their books to new clients) has led to price restructuring. Prices charged (particularly in relation to consultation fees) rose by 7%–10% last year.

## STAFF

Rising pressure on staff resources and wages are also reflected in the data. Adjusted staff costs (i.e. including imputed owner salaries) were 45% as a percentage of turnover for 2022. By comparison, circa 5 years ago, the range was 38–45%.

## PROFITABILITY

Overall, the profitability of UK veterinary practices has remained strong. The data shows that EBITDA (earnings before interest, taxation, depreciation and amortisation) as a percentage of turnover for Small Animal practices (excluding outliers) currently stands at 17%.

Interestingly, an analysis of historic data shows that the strongest financially performing practices (in terms of EBITDA relative to turnover) are now performing even more strongly than before. This reflects what we hear in conversations with practice owners—those who have invested in their practices and teams are seeing a return on their investment and their underlying profit is being sustained or strengthened. The lesson here is that investment pays off provided consultation fees keep pace with cost inflation.

## EXIT ROUTES

There are two main exit routes from practice— sale to a Corporate or sale to an independent buyer. In most cases, independent buyers tend to be existing members of staff.

Corporate buyers, who typically have access to external funding from sources such as private equity, the Stock Market or a larger global parent, can afford to pay higher values than independent buyers. This has resulted in significant consolidation in the veterinary sector in recent years. According to a recent CMA report, whereas independent veterinary practices accounted for 89% of the UK industry in 2013, this had fallen to less than half (45%) by 2021. The figure may now be circa 40%.

In recent times, the CMA has been taking a keen interest in the UK veterinary market and has launched number of investigations into Corporate acquisitions. Depending on the outcome, this could limit the number of potential acquirers for practices in the future. On the other hand, it may create greater opportunity for independent buyers and may encourage new Corporate entrants into the UK veterinary market.

## CONCLUSION

In summary, the veterinary market in the UK is in an interesting and exciting place. While there are undoubtedly pressures, including the rising cost of living, there are also opportunities both for start ups and for established practices who want to continue to strive for clinical excellence, caring for clients and looking after their staff.

History suggests that animal owners continue to spend on their animals during periods of economic turbulence and the veterinary market is considered by some to be relatively recession proof.

Practice owners looking for an exit route can still find opportunities with Corporates however the recent spate of CMA investigations may stimulate increased interest in selling to independents.

*Robert Groves is an Associate Director of Hazlewoods where his role involves buying and selling veterinary practices in the UK. Hazlewoods is an independent member of HLB The Global Accounting and Advisory Network.*





# SUSTAINABILITY

Across the country, veterinary practices are starting to implement a variety of measures to enhance sustainability and reduce their carbon footprint. Our research shows the majority of this year's survey respondents are keenly aware of their own environmental impact as well as that of their clients, particularly in sectors like farming and food. Practices are actively working to reduce waste by recycling and eliminating plastics. Some have also switched to alternative energy sources to reduce their reliance on fossil fuels and some are promoting biodiversity in their surroundings through initiatives like planting trees. However, almost half of our survey respondents (46%) have either not at all or not yet taken action in this area.

## SUSTAINABILITY

Have you considered or implemented any change to support sustainability and climate action in your practice?	%
Energy saving	<b>23</b>
Energy / sustainability audit	<b>4</b>
Recycling	<b>17</b>
Using/considering using electric vehicles	<b>5</b>
Other	<b>5</b>
No	<b>42</b>
Not yet	<b>4</b>

# SUCCESSION & EXIT STRATEGIES

Leaving your business in good hands when the time comes to exit or retire requires a lot of careful thought and forward planning. The options are usually either to pass your practice on to a successor, to merge or to sell up. In each of these scenarios, it's important to obtain professional advice so that you can structure the transition correctly.

## PLANNING FOR SUCCESSION

Some practices may have one or more potential successors on their existing team who can, over time, be mentored in preparation for a future leadership role. However, for most practices, finding a successor to buy into the business takes time and is not easy. Only 19% of this year's survey respondents have identified potential future partners to buy into their business. HLB Ireland's research consistently shows that relatively few employees aspire to ownership which means that merging or selling may be the only viable exit route for many practice owners.

## BUYING GROUP

An advantage of merging is that joining forces with another practice can make it easier to attract and retain staff, which in turn improves your succession planning options. Merging also enables you to share costs and enhances your ability to invest in your business.

Have you identified potential future partners to buy into your practice?	% (Excluding those who did not answer this question)
Yes	19
No	53
Not applicable	28

## OUTSOURCING

Another way to access additional resources without employing more staff is to outsource time-consuming administrative activities such as bookkeeping and accounts and payroll. This can be a cost-effective way to access skills you may not have available in-house. It also frees up time and enables you to focus on higher value activity. HLB Ireland has developed a range of outsource solutions for veterinary practices. For details, contact Mark Butler.

## SELLING YOUR PRACTICE

Just under a third (30%) of practice owners are considering selling up in the next 12 months.. The potential purchasers for independent veterinary practices include corporates and growth-focused indigenous businesses. However, the appetite for acquisitions may be weaker in the coming months as obtaining finance is difficult in the current economic environment, particularly for companies seeking funding from traditional sources. Successful transactions are likely to require that purchasers have sufficient resources on their own balance sheet to fund the acquisition.

Are you considering selling your Veterinary practice or share thereof in the next year?	% (Practice Owners)
Yes	30
No	49
Not sure	21



## WHAT IS YOUR PRACTICE WORTH?

This is often the first question practice owners ask. While practice values have increased significantly in recent years, the answer depends on factors such as goodwill, location, staffing, practice property and facilities and your financial track record.

The important thing to realise is that if you start preparing early enough, there are often opportunities to enhance practice value in advance of the intended sale. The key is to plan ahead and obtain professional advice at the outset.

Do you know the current value of your practice?	% (Excluding those who did not answer)
Yes	37
No	47
Not applicable	16

### 5 TIPS FOR SELLERS

1. Check your Corporation Tax returns and ensure that the close company surcharge has been dealt with correctly. We often find that this has been ignored.
2. When incorporating, ensure that the correct corporate transaction document is in place. We often find that this is not the case. Always seek advice from an experienced tax consultant when changing your business structure.
3. Identify and resolve any property-related issues (title, planning, etc) before entering into negotiations with potential buyers.
4. If you are carrying on more than one trade, ensure that the practice being sold can be easily identified in your financial accounts and that expenses are properly identified as being required to run the practice.
5. Ensure that your payroll processes are operating correctly and comply with Revenue guidance.

# PENSION FUNDING OPPORTUNITIES



**IAN FEIGHERY**

Summit Financial Planning

Recent changes to the rules regarding Personal Retirement Savings Accounts make PRSAs more attractive for business owners and employers, says Ian Feighery.

Up to now, there were certain age and salary restrictions on PRSA contributions. However, changes introduced in the recent Finance Act mean that the only limit on employer PRSA contributions is now the €2m standard fund threshold. This will make PRSAs more attractive for business owners and means that you can now make an employer PRSA contribution of up to €2m in one go if your company is able to do so—a much more generous option than is currently available through company pension schemes.

Additionally, your company can claim full Corporation Tax relief (12.5%) in the year that the employer PRSA contribution is made. Up to now, a contribution made to a company pension scheme might have to spread the tax relief over a 5-year period, depending on the size of the contribution.

The new PRSA rules also provide funding opportunities for spousal pensions where a company owner's spouse has bona fide employment in the company and is in receipt of PAYE income. The company can set up an employer PRSA and contribute up to the €2m standard fund threshold (in exactly the same way as for a business owner).

Likewise, a company can set up employer PRSAs for key employees (and make large pension contributions) to reward them for their service and loyalty.

## DRAWING YOUR PENSION

A potential drawback of PRSAs is that when they mature, you can only take a maximum lump sum of 25% of the fund value. The remaining 75% must be used to purchase either an annuity (income for life) or an Approved Retirement Fund (ARF).

While company pension structures also allow you to purchase an annuity or ARF, they provide an additional option where you can choose to take a maximum lump sum of up to 1.5 times final earnings (20 years' service is required for this). If you select this option, you then have to purchase an annuity with the remaining fund (ARFs are not available).

The company pension structure may be more advantageous than a PRSA to someone who has many years' service with the company, a relatively high salary and a relatively low pension fund. They might be able to take their full pension value out as a tax-free lump sum (up to €200K) rather than only being able to get 25% of the fund value through a PRSA.

*Please be aware that this article is written as a brief overview of the recent changes to PRSA pension funding limits that came into effect in January 2023. As such, we would advise speaking with a qualified financial adviser to obtain further information.*

*This article was written by Ian Feighery of Summit Financial Planning, which is a full financial planning firm that operates out of Dublin 2.*

*Summit Life & Pensions Ltd T/A Summit Financial Planning is regulated by the Central Bank of Ireland.*



# TECHNOLOGY

Advances in technology will increasingly impact the veterinary sector, streamlining operational processes and enhancing clinical services. Already, in sectors like agriculture, wearables and mobile apps enable farmers to monitor animal health. New technologies and devices that collect and share data will speed diagnosis and enhance patient outcomes.

## ONLINE SERVICES

At operational level, relatively few practices offer online services despite the fact that a well-designed website can relieve pressure on administrative staff by making it easy for clients to book appointments, check opening hours, order medication or food, make a live payment and find answers to frequently asked questions (faq).

Does your practice offer any online services to clients?	% (Excluding those who did not answer)
Yes	30
No	70

## TELEMEDICINE

Only one-third of our survey respondents see telemedicine as a growing part of their daily workload. While some believe technology cannot replace the human touch, others are using services like WhatsApp for triage. "It saves wasted visits, but can be tiresome out of hours for non urgent cases," one survey respondent commented.

How do you feel about telemedicine as part of clinical veterinary practice?	% (Excluding those who did not answer)
I don't see this playing any significant role	50
I see this as a threat, with other businesses trying to take my business via telemedicine	9
I see this as a growing part of my own clinic's daily workload, just like any other stream of appointments	33
Other	8

## CYBER SECURITY

With reports of data breaches and cyber crime heightening awareness of online risks, it is not surprising that 87% of our survey respondents consider they are 'somewhat' or 'very' vulnerable to a cyber breach. A cyber security audit can help identify threats and recommend any necessary measures to defend against them.

Do you feel the technology systems within your practice could be vulnerable to a cyber breach?	% (Excluding those who did not answer)
Not at all	13
Somewhat vulnerable	78
Very vulnerable	9



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# OUTLOOK

Despite rising costs, staffing difficulties and heavy workloads, veterinary professionals are reasonably optimistic about the future.

For larger practices who have grown through mergers or acquisitions in the last few years, now may be the time to focus on consolidating these gains. Difficulties obtaining finance in the current environment are likely to result in fewer deals this year however where purchasers have sufficient resources on their balance sheet to fund deals themselves, there will be opportunities to acquire smaller practices who, because of insufficient staff or resources, are struggling to meet client needs.

## OPPORTUNITIES

Our survey respondents identified a range of areas where they believe new opportunities are emerging. These include growing demand for companion animal services and improvements in clinical services, preventative medicine and herd health. Practices are also interested in opportunities to merge, sell and compete with corporates.

What do you consider to be the biggest opportunities ahead for the Veterinary sector in Ireland?	%
Additional training places leading to more vets/nurses	9
Growing demand for services	15
Improving clinical services, preventative medicine, herd health	17
Opportunities to merge/sell/compete with corporates	8
Growth of small animal practice/pet culture	33
Specialisation	2
Sustainability	8
Technology	6
Training	2



# FORWARD PLANNING

As in previous years, despite their long working hours, work-life balance challenges, and growing demand for services, vets, unlike many other professionals, express a high level of job satisfaction linked to passion for their clinical work and dedication to the care of animals.

Looking to the coming year, in an environment where operational costs are rising, careful management and good forward planning will be more important than ever. There is a strong case to be made for practices to collaborate and share resources.

Practices planning to recruit staff in the coming months need to ensure that pay and conditions are competitive and that where feasible, packages include non-pay benefits such as flexible working, mentoring, training and career development opportunities. Bear in mind that outsourcing can be a cost-effective alternative to hiring additional administrative staff for tasks like bookkeeping, accounts and payroll.

Practice owners should review their business structure to ensure that it is still appropriate, bearing in mind that incorporation can potentially enhance your ability to access funding for business development and growth and improve your ability to compete with Corporates. Incorporation also enables you to avail of the lower Corporation Tax rate and to potentially access valuable Capital Tax reliefs when selling or exiting your business.

Given the age profile of the profession (90% of this year's survey respondents are over 40) and the reluctance of younger vets to become practice owners, merging or selling may be the only viable option for practice owners who want to retire or are forced to exit by unforeseen developments such as accidents, ill health or family problems. While the appetite for acquisitions may be weaker in the coming months due to difficulty accessing finance, there will still be opportunities for sellers where buyers can fund transactions from their own resources. Now is the time to find out what your practice is worth and seek advice on any changes that may be needed to enhance value ahead of a potential merger or sale.

## NEXT STEPS

1. Review your business structure. Look for opportunities to collaborate. Options may include partnership, incorporation, merging or selling your practice.
2. Streamline administrative process. Consider outsourcing time-consuming tasks such as payroll.
3. Find out what your practice is worth. A current valuation is essential if you intend to enter into partnership or sell your practice.
4. Make time to understand your employees' aspirations. Salary may not be their main motivator.
5. Review your consultation fees. Are you charging enough for your services?
6. Are you struggling to get paid? Seek advice on how to improve credit controls and implement effective financial procedures that will enhance your practice value.
7. Review any planned capital investment and explore the funding options and tax implications before making any decisions.
8. Make/update your succession plan.
9. Check that you have adequate insurance in place to protect both yourself and your dependents should you fall ill or be otherwise unable to work.

Please contact a member of our team if you would like more information on any of the topics covered in this report.



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