

## **BVA written evidence to Business, Energy and Industrial Strategy Committee inquiry on the impact of coronavirus on businesses and workers**

### **Who we are**

1. The British Veterinary Association (BVA) is the national representative body for the veterinary profession in the United Kingdom. With over 18,000 members, our primary aim is to represent, support and champion the interests of the United Kingdom's veterinary profession. We, therefore, take a keen interest in all issues affecting the profession, including animal health and welfare, public health, regulatory affairs and employment matters.
2. We welcome the opportunity to respond to this inquiry into the impact of coronavirus on business and workers.

### **Introduction**

3. The financial package that the UK and devolved governments have made available to businesses and workers during this time is unprecedented and largely welcomed. However, in many ways, this package does not cover the unique circumstances of veterinary practices, and this is a significant concern.
4. Veterinary practices have a professional and ethical responsibility to operate to maintain the food supply chain, ensure the health and welfare of animals and protect public health. The obligation to continue to take steps to deliver 24/7 emergency first aid and pain relief is enshrined in the Royal College of Veterinary Surgeons (RCVS) Code of Professional Conduct.
5. In recognition of the vital role performed by veterinary surgeons in maintaining animal health, animal welfare, public health and the food chain, the government has exempted veterinary practices from the requirement to close during this time.<sup>1</sup>
6. Furthermore, vets working in farm animal practice who are working to ensure the maintenance of food production, and public health vets working in abattoirs to uphold food safety standards, are considered key workers. In other sectors of clinical practice, the duty of vets to provide 24-hour emergency first aid and pain relief to animals means those working in emergency care may also be considered key workers.
7. As with the rest of the UK's 8.6 million key workers, vets are likely to be more exposed to the health risks of coronavirus than others, by continuing to work outside of the home where there will be an increased potential for exposure to the virus even where social distancing measures are in place.

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<sup>1</sup> HM Government, Guidance Closing certain businesses and venues

8. The BVA<sup>2</sup> and RCVS<sup>3</sup> have issued guidance to support the profession. BVA guidance notes:

“During this period veterinary professionals can continue to work, in line with the UK government’s advice to business, but must only provide in-person services that are needed to maintain the food supply chain, or which are essential for animal health and welfare or public health, including to relieve pain and suffering.

These services must also be provided in a manner that supports social distancing, including avoiding all unnecessary in-person contact with clients, maintaining a safe physical distance, and ensuring that animals are only seen face-to-face where absolutely necessary.”

9. Consequently, veterinary practices are experiencing a profound loss of income, as their workload is massively scaled back. All non-essential cases that can be delayed at this time are being postponed. Much of this work will need to be carried out in the future for animal health and welfare reasons, we therefore need to maintain businesses and a workforce that can carry out this work once the lockdown measures are eased.
10. In the first week of April, the RCVS ran a survey to assess the immediate impact of Covid-19 on veterinary clinical practices.<sup>4</sup>. The survey was developed to gather key information about how the Covid-19 pandemic has affected veterinary practices in the UK, specifically from a business and economic perspective. The survey received responses from 532 veterinary businesses.
11. This survey data below illustrates the financial impact veterinary practices have endured. 2 in 3 veterinary practices have seen a decrease in turnover of over 50 per cent. Almost a quarter of all practices have seen turnover fall by over 75 per cent.

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<sup>2</sup> British Veterinary Association, Guidance for veterinary practices in providing essential veterinary care during the Covid-19 pandemic <https://www.bva.co.uk/media/3434/bva-guidance-for-veterinary-practices-on-covid-19-from-14-april-2020-final.pdf>

<sup>3</sup> Royal College of Veterinary Surgeons, Flowchart - guidance for clinical practices during COVID-19 <https://www.rcvs.org.uk/setting-standards/advice-and-guidance/coronavirus-covid-19/flowchart-guidance-for-clinical-practices-during-covid-19/>

<sup>4</sup> Royal College of Veterinary Surgeons, Results from RCVS survey #1 (carried out between 3-7 April 2020) on the economic impact of Covid-19 on veterinary clinical practices 17 April 2020 <https://www.rcvs.org.uk/news-and-views/publications/coronavirus-economic-impact-on-veterinary-practice/>

To what extent has your weekly practice turnover reduced since social distancing (lockdown) measures were put in place (i.e. 23 March 2020)?	
Not reduced at all	1%
Reduced by less than 25%	4%
Reduced by 26%-50%	29%
Reduced by 51%-75%	42%
Reduced by more than 75%	24%
	n=497

12. The impact on business has been felt across all sectors. Small animal practices across the UK are an integral part of our high streets and town centres. Ensuring our high streets and town centres rebound from this period of restrictions will require support for veterinary businesses.

13. Of note, is the impact on equine practice, where nearly 2 in 3 practices have seen a reduction in turnover of over 75%. This is because only services that are essential for animal health and welfare or public health are going ahead at present. Decisions taken during this time to will also reduce work in the medium term, for example, reduced reproductive services this year will mean less work next year. The equine industry in the UK contributes £8 billion a year to the economy. With around 1m horses, the sector has a gross output of £4.3bn a year and is the second-largest rural employer after agriculture.<sup>5</sup> Without a viable equine veterinary sector to ensure horses are healthy and productive, this economic contribution will be at risk.

14. The figures for mixed practice in the table below will capture a significant proportion of farm animal work in the UK. We have also received the input from BVA farm animal divisions to add more qualitative information from those sectors. At this time, farm animal practice can continue to provide services which are vital for the continuation of food production. There has, however, been a reduction in other services, such as herd health planning, which will have an impact on animal health and welfare, and ultimately farm profitability, in the longer term. The profitability of farm animal practice is inextricably linked to the wider livestock industry, which is seeing huge disruption, particularly in sectors that have been affected by the shutdown of the foodservice industry as well as restaurants, cafes and coffee shops.

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<sup>5</sup> Equine Sector Council for Health and Welfare, Equine Sector 2017 General Election Manifesto for the Horse, [https://www.bef.co.uk/repository/EquineDevelopment/Mid\\_Term\\_Review\\_Manifesto\\_for\\_the\\_Horse\\_V7\\_Jan\\_2017.pdf](https://www.bef.co.uk/repository/EquineDevelopment/Mid_Term_Review_Manifesto_for_the_Horse_V7_Jan_2017.pdf)

Reduction in turnover broken down by practice type			
	Small animal	Mixed	Equine
Not reduced at all	1%	2%	0%
Reduced by less than 25%	3%	5%	2%
Reduced by 26%-50%	30%	47%	9%
Reduced by 51%-75%	48%	33%	24%
Reduced by more than 75%	19%	14%	65%
	n=346	n=66	n=55

### Grant support and rates relief

15. 100% Business rates relief has been announced for businesses in retail, hospitality, leisure, and nursery. UK [Government guidance](#) to local government in England<sup>6</sup> notes that veterinary practices are not included within this relief scheme. This is largely replicated in Scotland<sup>7</sup> and Wales<sup>8</sup>. Thankfully, in Northern Ireland all businesses including veterinary practices will pay zero rates for three months (April, May, June).<sup>9</sup>
16. The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors in England with a cash grant of up to £25,000 per property.<sup>10</sup> Similar schemes are operational in Scotland, Wales and Northern Ireland. This grant is currently unavailable to veterinary practices.
17. According to the Office for National Statistics,<sup>11</sup> in March 2020, the monthly retail sales volume fell by 5.1%. Within the retail sector, clothing store sales saw a fall when

<sup>6</sup> Ministry of Housing, Communities and Local Government, Business Rates Expanded Retail Discount 2020/21: Coronavirus Response – Local Authority Guidance [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/877758/Expanded\\_Retail\\_Discount\\_Guidance\\_02.04.20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/877758/Expanded_Retail_Discount_Guidance_02.04.20.pdf)

<sup>7</sup> Help for non-domestic rate payers in Scotland during coronavirus (COVID-19) <https://www.mygov.scot/non-domestic-rates-coronavirus/grants-to-help-businesses-during-coronavirus/>

<sup>8</sup> COVID-19 Support for Business <https://businesswales.gov.wales/coronavirus-advice/covid-19-support-business>

<sup>9</sup> Coronavirus (COVID-19): business and employers <https://www.nidirect.gov.uk/articles/coronavirus-covid-19-business-and-employers>

<sup>10</sup> Coronavirus (COVID-19): business support grant funding - guidance for businesses <https://www.gov.uk/government/publications/coronavirus-covid-19-business-support-grant-funding-guidance-for-businesses>

<sup>11</sup> Office for National Statistics, Retail sales, Great Britain: March 2020 <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/march2020>

compared with the previous month, at negative 34.8%. Food stores and non-store retailing saw growth in the monthly volume series in March 2020, with food stores seeing the strongest growth on record, at 10.4%. The modal drop in the veterinary clinical sector turnover was between 51%-75% according to the RCVS survey data.<sup>12</sup>

18. Medical services, including veterinary practices, have been excluded from both of the schemes. This is despite the significant drop in turnover in veterinary practices that far exceeds that experienced in much of the retail sector.
19. Amongst the vast challenges facing our profession at this time, such an exclusion places many of our members at a great disadvantage compared to other industries. We are concerned that this action may devastate the income of veterinary practices, placing thousands of households at risk of debt and the negative consequences of such a predicament, when other industries have been given Government relief. This may lead to the permanent closure of practices particularly in more remote parts of the country. This will have serious implications for animal welfare and the potential to cause animal suffering is very real.
20. We recognise that financial support is available to veterinary businesses, which can be used in some situations. For example, the government will provide Small Business Grant Scheme<sup>13</sup> funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR), rural rate relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs. However, the majority of veterinary practices will not be able to access this support as the rateable value of premises will exceed the threshold for SBRR.

### Staff costs

21. According to the RCVS Survey of the Profession 2019,<sup>14</sup> 80% of vets who responded work wholly, mainly or partly in clinical veterinary practice.
  - 52% are employees,
  - 26% are principals/directors/partners,
  - 15% are independents (locums, independent veterinary service providers or independent consultants/peripatetic specialists),
  - 7% are in other roles.

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<sup>12</sup>Royal College of Veterinary Surgeons, Results from RCVS survey #1 (carried out between 3-7 April 2020) on the economic impact of Covid-19 on veterinary clinical practices 17 April 2020 <https://www.rcvs.org.uk/news-and-views/publications/coronavirus-economic-impact-on-veterinary-practice/>

<sup>13</sup> Coronavirus (COVID-19): business support grant funding - guidance for businesses <https://www.gov.uk/government/publications/coronavirus-covid-19-business-support-grant-funding-guidance-for-businesses>

<sup>14</sup> Royal College of Veterinary Surgeons, The 2019 Survey of the Veterinary Profession <https://www.rcvs.org.uk/news-and-views/publications/the-2019-survey-of-the-veterinary-profession/>

22. Therefore, support for employees, employers and the self-employed are all of great significance to the veterinary profession to support individuals and the businesses that provide essential services.
23. Working within veterinary practices alongside veterinary surgeons there is a team comprising a range of individuals with different training and skills that all contribute to the success of the practice. Support for veterinary businesses will protect the jobs of veterinary nurses, practice managers, support staff, laboratory technicians and a range of allied professionals.

#### Employees: Coronavirus Job Retention Scheme

24. We support furloughing as a means to reduce staff costs at this time of vastly reduced turnover for veterinary practices. Veterinary practices are making use of the scheme.
25. According the RCVS survey data, 62% of practices who responded had furloughed or intended to furlough veterinary surgeons, compared to 64% for veterinary nurses and 78% for other support staff. The modal response as to the percentage of staff furloughed was 26-50% for veterinary surgeons and veterinary nurses and more than 75% for 'Other support staff'.<sup>15</sup> When asked "if you have not furloughed any staff, why not?". The most frequent responses were:
  - Staff were still needed to cover the workload (33%)
  - Working in singlehanded or very small practices (26%)
  - Split shifts or reduced wages instead (15%)
  - Waiting to decide (10%)
  - Considering furlough a last resort (7%)
  - Not furloughing due to concerns about sickness or absence (6%)
26. Those that had furloughed staff were asked a free-text response question, 'if you have furloughed staff, what issues has furloughing created?'. The most frequent response (39%) was that the furlough had put significant stress on the teams continuing to work and that creating an acceptable rota was difficult. Veterinary practices have a particular requirement to provide 24/7 emergency care and this is usually shared throughout the whole team. At this time, many veterinary practices have met social distancing requirements by splitting staff into teams and rotating them in and out in order to avoid unnecessary contact. A minimum 3-week furlough period places a very significant burden on the reduced team that must still provide 24/7 emergency care. Therefore, for veterinary practices to meet the two essential requirements of effective social distancing and 24/7 emergency care, either their ability to make use of the Coronavirus Job

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<sup>15</sup> Royal College of Veterinary Surgeons, Results from RCVS survey #1 (carried out between 3-7 April 2020) on the economic impact of Covid-19 on veterinary clinical practices 17 April 2020 <https://www.rcvs.org.uk/news-and-views/publications/coronavirus-economic-impact-on-veterinary-practice/>

Retention Scheme is limited or remaining staff must accept inappropriate and unacceptable working hours.

27. Creating a workable rota becomes even more difficult if working staff need to self-isolate. Practices need to be able to bring back people from furlough without losing access to scheme. The RCVS survey data shows the impact of self-isolation and/or Covid-19 cases on veterinary practices, with approximately 30% of practices having been impacted by veterinary surgeons and veterinary nurses self-isolating or with Covid-19.
28. The clarification of minimum 3-week periods for furloughing staff has been welcome, but for veterinary practices to make greater use of the scheme, in line with the level of decreased turnover and requirement to provide 24/7 care, the veterinary profession needs more flexibility to manage their rotas and teams. Shorter minimum periods of furlough would be of particular benefit to the profession, veterinary businesses and the vital service they provide.

### Support for the self-employed

29. As can be seen from the RCVS survey data, a significant proportion of vets are self-employed either as locums or as practice owners (principals/directors/partners).<sup>16</sup> It was therefore welcome when the Chancellor of the Exchequer announced the coronavirus (COVID-19) Self-employment Income Support Scheme.<sup>17</sup> However, there are concerns that many vets will fall through the gaps in this support.
30. Many veterinary surgeons are directors or joint venture partners within their practices, and their take-home pay is derived from the practice income. As noted above, practices are experiencing a significant financial loss, leading to significantly reduced income for those vets. The package announced for the self-employed explicitly excludes those who derive income from dividends which will have an hugely detrimental impact on their personal finances. Furthermore, a failure to support these vets will affect the sustainability of their business, potentially disrupt essential veterinary services both during this period of restrictions and going forward. Consequently, it could endanger the jobs of employees in that practice.
31. The Self-employment Income Support Scheme is only open to those with trading profits of no more than £50,000. This seems inequitable compared with the employed scheme for which there is no income cap on eligibility. People earning over this cap still have bills to pay and have seen their incomes drop rapidly without sufficient time to prepare. It is simply not fair to assume that they can call upon their savings, when employed people can access a welcome safety net.

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<sup>16</sup> Royal College of Veterinary Surgeons, Results from RCVS survey #1 (carried out between 3-7 April 2020) on the economic impact of Covid-19 on veterinary clinical practices 17 April 2020 <https://www.rcvs.org.uk/news-and-views/publications/coronavirus-economic-impact-on-veterinary-practice/>

<sup>17</sup> Claim a grant through the coronavirus (COVID-19) Self-employment Income Support Scheme <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

32. According to BVA Voice of the Veterinary Profession Survey data,<sup>18</sup> there has been a significant increase in the proportion of vets doing locum work between 2016 and 2018 (from 8% to 12%). This did drop in 2019 to 9% of vets working in clinical practice claiming to be working as a locum. This data shows a significant churn in the number of veterinary locums each year. In particular, recent graduates cannot access the support scheme.
33. Consequently, there will be vets who are self-employed but will not have submitted the required Self-Assessment tax return for the tax year 2018 to 2019. Their ability to find work during this time will be severely limited by the constrained turnover in clinical practice. We would urge the government to review this criterion. It would be reasonable, given the circumstances, to consider the 19/20 tax year return for these individuals and others who had not previously submitted a return.

## Conclusions

34. Veterinary businesses are working to safeguard animal health, animal welfare, public health and maintenance of the food supply chain. At the same time, they are stepping up to support the NHS by lending ventilators, monitors and anaesthetic machines, as well as donating much needed PPE.
35. Veterinary practices must be able to provide their vital services during this period of restrictions and into the future. The loss of veterinary practices would have a significant long-term impact on animal health, animal welfare, public health and food production. The financial impact is already being felt, with 2 in 3 veterinary practices having seen a decrease in turnover of over 50 per cent and almost a quarter of all practices seeing turnover fall by over 75 per cent.
36. The economic effect of losing veterinary practices will not be limited to the veterinary profession. Veterinary practices underpin strategically important economic sectors. Official statistics put the value of UK livestock outputs at £14.8bn, not a penny of which could be realised without the input of the veterinary workforce.<sup>19</sup>
37. A package of support is needed that meets the unique circumstances of veterinary practices, particularly because, unlike businesses in other sectors who can mothball their businesses and furlough all their workers, veterinary practices must continue to take steps to deliver 24/7 emergency care. We would ask government to:
- Allow veterinary practices to access the 100% business rates relief currently available to businesses in retail, hospitality, leisure, and nursery sectors.
  - Extend the Retail and Hospitality Grant Scheme to support veterinary practices.

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<sup>18</sup> BVA Voice of the Veterinary Profession, Spring Survey 2019

<sup>19</sup> Defra, DAERA, Welsh Government, Scottish Government, Agriculture in the United Kingdom 2018, 2019 <https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2018>

- Offer more flexibility within the Coronavirus Job Retention Scheme to allow veterinary practices to provide 24/7 emergency care whilst managing their rotas and teams, e.g. shorter minimum periods of furlough.
- Allow self-employed vets who receive payment through dividends to access support through the Self-employment Income Support Scheme.
- Remove the £50,000 cap from the Self-employment Income Support Scheme.
- Support new locum vets who will not have submitted the required Self-Assessment tax return for the tax year 2018 to 2019. Please consider the 19/20 tax year return for these individuals and others who had not previously submitted a return.