

**VetPartners’ response to the CMA’s consultation on a proposed MIR  
Veterinary services for household pets in the UK  
(Submission date: 8 April 2024)**

**1. Introduction**

- 1.1 VetPartners welcomes the opportunity to engage further with the CMA in relation to the market for veterinary services for household pets in in the UK, including in response to the CMA’s consultation of 12 March 2024 (the “Consultation”) on a proposed market investigation reference (“MIR”).
- 1.2 VetPartners believes that several sector-wide improvements benefiting consumers could be made without requiring a lengthy and costly market investigation. Indeed, it is likely that a substantively similar result could be achieved by the CMA accepting remedies from the main industry players.
- 1.3 As mentioned by the CMA in the Consultation, several large veterinary groups approached the CMA to engage in remedies discussions in order to avoid the drawbacks of a lengthy investigation to the taxpayer and sector players (see also section 2 below as to some of the downsides of such an investigation). VetPartners is disappointed that the CMA did not engage meaningfully in a dialogue regarding the remedies proposals, and continues to believe that there would be distinct public policy and taxpayer benefits in finding solutions and avoiding an 18-month investigation.
- 1.4 However, if the CMA were nevertheless to proceed with its intention to make a MIR, VetPartners requests that the CMA have regard to the various suggestions made in this response, particularly when the CMA is preparing the hypotheses and inquiry scope for an issues statement.

**2. Detrimental effect of a MIR on staff and consumers**

- 2.1 It is respectfully submitted that the CMA ought to be mindful of three (unintended) consequences of an MIR in this specific case:
  - First, VetPartners believes that the greatest challenge currently facing VetPartners as well as the sector as a whole is the recruitment and retention of vets, veterinary nurses and other qualified staff.<sup>1</sup> Negative publicity that unreasonably tars the entire profession with the same brush is likely to seriously exacerbate these staffing problems. In this context it is also worth mentioning that VetPartners’ CEO has been the victim of invasions of privacy by certain press following the publication of the Consultation.

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<sup>1</sup> See for example VetPartners’ response to the CMA’s RFI 1 of 13 September 2023, submitted on 11 October 2023, question 1.

- Second, the RCVS Code of Conduct states that the “veterinary/client relationship is founded on trust”.<sup>2</sup> However, unfair generalisations about the conduct of vets are likely to erode the necessary trust in vets. Every industry has its “bad apples” and these should be dealt with firmly. However, in VetPartners’ experience, the vast majority of vets and veterinary nurses are dedicated to animal welfare and high-quality service provision. Nevertheless, since the CMA’s start of the market review in September 2023, many members of staff have experienced the repercussions of an erosion in consumer trust (e.g. clients wrongly assuming that vets make certain recommendations in order to be able to charge more) and even increased aggression from clients.
- Third, poor mental health is a known issue in the veterinary sector.<sup>3</sup> There is a concern that the negative media coverage, adverse reactions from clients and increased stigmatisation of corporate groups on the back of CMA publications will add to the mental health challenges faced by many individuals working in the sector.

2.2 Therefore, VetPartners asks the CMA to take a nuanced, balanced and careful approach when reporting its findings in the course of the investigation, and to be mindful of the consequences of the language it chooses in, for example, press releases and reports.

2.3 Furthermore, a market investigation will inevitably place a significant burden on market players, particularly as cooperation with an investigation tends to be time-consuming and distracting for the management teams involved. This is particularly true for companies with a relatively small senior management team, such as VetPartners. VetPartners would be happy to contribute its views and experience to the investigation. However, VetPartners also asks that, before requesting information, the CMA first considers what information it has already available and what information is strictly necessary for the conduct of a targeted investigation (rather than, for example, seeking information that is merely “nice to have”).

### 3. Expectations regarding veterinary fees

3.1 The CMA received feedback to say that pet owners consider veterinary care in the UK to be “expensive”.<sup>4</sup> This is rather unsurprising for a number of reasons, including the fact that in the UK human healthcare is normally “free” at the point of use through the NHS and therefore clients do not have any reference point for cost. To the extent that this feedback is an (express or implied) driver behind the CMA’s intention to conduct a market investigation, VetPartners requests that the CMA bear potential consumer biases and blind spots in mind.

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<sup>2</sup> RCVS Code of Professional Conduct for Veterinary Surgeons, paragraph 14.1.

<sup>3</sup> See for example <https://www.rcvs.org.uk/news-and-views/news/veterinary-professionals-invited-to-become-mental-health-first/>.

<sup>4</sup> For example, the Kubi Kalloo report prepared for the CMA in February 2024 (pages 3 and 18).

## 4. Investments made to the benefit of consumers

- 4.1 Helpfully, the CMA recognises in the Consultation that the emergence of large veterinary groups has resulted in improved investment in diagnostics, sophisticated treatment options and professional skills development.<sup>5</sup> However, the CMA also appears to put these investments at the heart of a potential theory of harm around promoting more sophisticated treatment and diagnostic options to clients.<sup>6</sup> In this regard, VetPartners would urge the CMA to be mindful of the risk of chilling new investments, and undermining the significant and positive progress in industry working conditions and animal welfare that have resulted from such investments.

## 5. Regulatory framework and staff shortages

- 5.1 The Veterinary Surgeons Act 1966 states that, in principle, only registered veterinary surgeons may carry out acts of veterinary surgery, subject to exceptions.
- 5.2 VetPartners would generally be in favour of greater flexibility in allowing registered veterinary nurses to conduct more treatments and procedures than are currently permitted. Provided that nurses act at the direction of a vet, there is no reason why they would not be able to perform additional tasks. It would give nurses increased job satisfaction and reduce the workload on vets. This would enhance efficiency, increase vet and nurse retention in the profession and ultimately benefit clients in terms of lower costs.
- 5.3 VetPartners encourages the CMA to include this aspect in the scope of its planned investigation.

## 6. Points to consider from the outset in any local concentration analysis

- 6.1 The Consultation notes that the CMA plans to do further work to assess whether high measures of local concentration result in adverse consequences. In this regard, VetPartners would encourage the CMA to look at concentration in a broad real-life context. For example, the demographics or market characteristics in some local areas (including some of the postcode districts identified by the CMA as having a single first opinion practice (“FOP”) with no competitor)<sup>7</sup> may be such that they do not typically sustain a large number of or even more than one vet practice. Furthermore, there are distinct consumer and staff benefits that derive from a group having more than one site in an area. Some of these benefits may not be easily quantifiable in an economic sense, but should nevertheless be taken into account from the outset as part of any analysis (including when formulating the hypotheses for an issues statement).
- 6.2 There are also significant differences between vet groups that would need to be taken into account as part of any local competition assessment. Such differences do not only relate to the size of the groups, but also their *modus operandi* (e.g. there is a wide

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<sup>5</sup> Consultation, paragraph 1.37.

<sup>6</sup> Consultation, paragraph 2.30.

<sup>7</sup> Consultation, paragraph 2.16(b).

spectrum, with some providing strong central leadership and direction, and others operating more loosely like franchise organisations).

- 6.3 Furthermore, there are additional considerations that VetPartners respectfully requests the CMA from the outset to factor into any design of local concentration assessments.
- (i) In the Consultation, the CMA used a 30% market share threshold to identify approximately 330 postcode districts where there could be competition issues due to local concentration.<sup>8</sup> VetPartners understands that this threshold is informed by previous CMA assessments of mergers in the veterinary sector.<sup>9</sup> However, in the context of a merger, the assessment is *ex ante*, whereas a market investigation is primarily an *ex post* assessment. As such, a different market share threshold (or even a different measure altogether) would be more appropriate to assess local concentration in the context of a market investigation.
  - (ii) As the CMA rightly indicated in the Consultation, postcode areas/districts may not accurately capture competitive conditions for all FOPs (e.g. if a FOP is close to the boundary of a postcode area/district), so it is important to account for customer location and willingness to travel in any further assessment.<sup>10</sup> VetPartners would be happy to engage with the CMA to discuss better ways to assess local competition.

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<sup>8</sup> Consultation, paragraph 2.16(a).

<sup>9</sup> For example, *VetPartners Limited / Goddard Holdco Limited*.

<sup>10</sup> Consultation, paragraph 2.17.