

1st April 2024


To whom it may concern

Re: Veterinary Services for Household Pets in the UK Consultation

As Scotland's only all animal emergency service, we are writing in support of the Competitions and Markets Authority (CMA) launching a Market Investigation Reference (MIR) into the veterinary services market for household pets. We recognise that initiating an MIR enables the CMA to investigate concerns that have been identified in full, and to intervene directly in markets if it finds that competition is not working well.

The number of pets in the UK has significantly grown in recent years with an estimated 29% of UK adults owning a dog (11 million pet dogs), 24% of UK adults owning a cat (11 million pet cats) and 2% of UK adults owning a rabbit (1.1 million pet rabbits) (PDSA Paw Report, 2023). From a Scottish perspective, we know that:

- 81% of Scottish owners are concerned that the cost of living crisis will have a negative effect on the welfare of pets in the UK. *NB: re PDSA stats - 'Pet owners' or 'Owners' means owners of dogs, cats and rabbits living in Scotland. 'Pets' means dogs, cats and rabbits. (PDSA Paw Report 2023).*
- 85% of Scottish owners say that the cost of owning a pet has increased (PDSA Paw Report 2023).
- 27% of Scottish owners say that owning a pet is more expensive than expected (PDSA Paw Report 2023).
- 59% of Scottish owners underestimated the minimum monthly cost of owning a pet (PDSA Paw Report 2023).
- 53% of Scottish pet owners have insured their pet and 47% have not (PDSA Paw Report 2023).
- 40% of Scottish owners who haven't insured their pet say it's because it's too expensive (PDSA Paw Report 2023).
- In total, 20% of Scottish pet owners say the cost of living has affected how they care for their pet. Including:
 - 10% have swapped to a cheaper brand of pet food
 - 6% are not buying gifts for their pets
 - 6% are heating their home less so that they can pay for their pet's food, vet bills etc.
 - 3% are not leaving TV / radio / lights on for pet when left home alone
 - 3% are avoiding kennel visits / arranging more cost effective temporary pet care
 - 3% have cancelled their pet insurance
 - 3% have cancelled or reduced visits to the pet groomer
 - 1% have had to get pet food from a food bank
 - 1% have considered giving human medicine to their pet to avoid the cost of vet bills
 - <1% are giving up their pet for rehoming (0.21%)
 - <1% are having their pet put to sleep (0.04%)(PDSA Paw Report 2023).

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- 56% of vet professionals in the UK say that more of their clients are not able to afford unexpected vet bills because of the cost of living crisis (***PDSA Paw Report 2023***).
 - 52% of vet professionals in the UK say more clients are delaying bringing their pets to vets when ill (***PDSA Paw Report 2023***).

We also know from the Animal Kindness Index annual report run in partnership with the RSPCA and USPCA that:

- In the UK more than half of Gen Z pet owners say they have taken action to cut down on costs when it comes to looking after their animals. Of those young people who have made changes to try and save money, 45% believe their animal suffered as a result (***Animal Kindness Index 2023***).
- Whether that is cutting down on food, changing food brand, avoiding vet visits or cancelling pet insurance, 53% of 18 to 24-year-old pet owners have taken action to reduce costs. This is compared with just 28% of pet owners aged 55 or older (***Animal Kindness Index 2023***).
- Nearly a third of Gen Z respondents in the UK are worried about being able to feed their pet, while 36% are concerned about their ability to care for the pet (***Animal Kindness Index 2023***).
- Regionally, Scotland appears to have been impacted the most, with 88% of Scottish pet owners stating that it has become more expensive to care for their animal compared with 75% of those living in London (***Animal Kindness Index 2023***).

There is an animal welfare crisis in Scotland as evidenced by a 10% rise in calls to our Animal Helpline and a 25% increase in animal arrivals to our centres in 2023. This is due to intended cruelty and neglect, such as the puppy trade and other forms of organised crime that trades in animals, as well as growing levels of unintended cruelty and neglect brought on by the cost of living crisis.

More people are calling the Scottish SPCA to give up their animals, such calls to us more than trebled during 2023. From 2022 to 2023, there was a 43% increase in people citing finances as a concern when discussing giving up an animal with our helpline team with being unable to afford veterinary care and provide preventative health care as one of the key reasons. Arrivals at our animal rescue and rehoming centres increased by 25% in 2023, with 6,944 animals taken in. A driving factor in the increase in admissions was people struggling to afford veterinary care. 4,404 animals in our care underwent veterinary treatments in 2023. The rising cost of veterinary care has had a significant impact on our charitable funds both through our provision of an in house veterinary service as well as seeking support from external veterinary practices around the country. Our expenditure within this area of our operations has significantly increased over the years and continues to increase as we strive to meet our vision to make Scotland the best place in the world for an animal to call home.

In response to the specific questions posed by CIA's consultation, we at the Scottish SPCA have used our first-hand experience of the sector as it currently stands in relation to our comments.

- 1) **Do you consider that our analysis is correct with respect to the suspected features of concern in the supply of veterinary services and related services for household pets in the UK? You may wish to answer this in relation to specific points such as: – Whether consumers are given enough information to enable them to choose the best veterinary practice or the right treatment for their needs;**

It clearly remains challenging for pet owners to understand how to choose a Practice based on the little information about pricing offered on their websites or elsewhere. There is no consistent advertising of the basic costs incurred such as first or subsequent consultation fee; the cost of basic procedures such as blood tests, x-rays, in-patient care and surgical procedures. Additionally there is no guidance on how to tell if the service offered by one practice is of a higher or lower standard than another for example an owner knowing what the difference is between a Practice that has hospital status or is a member of the Practice Standards Scheme. It is also hard for an owner to know if a Practice is a member of a corporate group and if so what the business model is of that group – for example Vets 4 pets runs a very different, more independent model than, say IVC or CVS.

– **Whether concentrated local markets may be leading to weak competition in some areas.** There are definitely some areas where all Practices are owned by a corporate business and in some cases by the same one. This is definitely contrary to the interests of owners. This is particularly true in the Central belt of Scotland, although interestingly there are increasing numbers of new independent practices opening up in Edinburgh. As you head further north in Scotland access to a local veterinary practice becomes more limited and owners will look to use the one that is closest to them. Due to the rural nature of Scotland, this often leaves owners with no option to review competition within the area as competition may not actually exist and indeed where there is more than one practice within the area, the same veterinary group often owns these practices.

- **Whether large integrated groups may have incentives to act in ways which reduce choice and weaken competition.** There is no doubt that the corporates have allowed the raising of standards across the board but this has also caused the rising of costs. The rate of this rise in costs means it has made treatment unaffordable to those who are struggling financially.

- **Whether pet owners might be overpaying for medicines or prescriptions.** The cost of some basic medications is astronomical compared with what they actually cost and also compared with what owners can pay using online pharmacies. Transparency over the cost of a written prescription and/or regulation of that cost would be welcome. It is a concern that Practices claim that they cannot themselves purchase some products at the prices that are advertised on these online pharmacies. Our thoughts are that perhaps as corporates have negotiated such low prices from manufacturers that the prices have now become higher for everyone else. We strongly welcome investigation into this to enable a better understanding on how prices have been set.

– **Whether the regulatory framework remains fit for purpose.** There is definitely a need for an overhaul of the Veterinary Surgeons Act 1966 that allows regulation of Practices not just individual vets. A return to Practices compulsorily being owned by vets should be considered. Allowing non-vets to own practices has undoubtedly

caused some of the problems being experienced today. This includes the issues that the Scottish SPCA is currently tackling with regards to the establishment of animal fertility clinics. Canine fertility clinics in particular pose a number of risks to dogs and there is now growing evidence that other forms of animal artificial insemination is being offered through these clinics such as with equines. Dogs who are unable to reproduce without human intervention due to poor innate health and welfare are being selected to undergo artificial insemination or semen collection/preservation for breeding purposes, raising serious ethical questions. No licence is required to open an Artificial Insemination (AI) establishment and there are no formal qualifications needed to open up a fertility clinic which offers services such as ultrasounds and non-invasive fertility treatments. Therefore, these clinics are operating outside of existing regulation and are benefiting from a lack of dedicated regulatory oversight proving as an attractive and profitable business for individuals to establish in which some of these individuals have links to serious organised crime. Staff who operate these clinics are often not qualified or registered veterinary professionals, despite advertising acts of veterinary surgery and other invasive techniques or tests. The veterinary and animal rescue sectors are being impacted significantly by the emergence of this sector. The Scottish SPCA is the UK's only animal welfare charity that is authorised by Scottish Ministers to enforce the Animal Health and Welfare (Scotland) Act 2006 and is therefore a reporting agency to the Crown Office Procurator Fiscal Service (COPFS). As such, we currently have a number of cases being prepared for prosecution or are awaiting court dates in relation to fertility clinics, and we would be happy to engage with CMA on this matter further if deemed appropriate.

- 2) **Do you consider that our analysis is correct with respect to the reference test being met in relation to the supply of veterinary services and related services for household pets in the UK?**
Yes, we agree that the reference test is met.
- 3) **Do you agree with our proposal to exercise our discretion to make a reference in relation to the supply of veterinary services for household pets in the UK?** Yes
- 4) **Do you consider that the proposed scope of the reference, as set out in the draft Terms of Reference published alongside this document, would be sufficient to enable any adverse effect on competition (or any resulting or likely detrimental effects on customers) caused by the features referred to above to be effectively and comprehensively remedied?**

Unless Practices start offering their clients a range of options for treatments that are within the financial means of more clients, any changes will be fruitless. If medicines become cheaper, the businesses will raise fees elsewhere and there may be no net difference. We would encourage all vets to consider the context of the animal and owner within their clinical decisions and offering. For example, many of the common chronic conditions in dogs, can be treated in a range of different ways (please refer to Appendix 1 for just one example). The difference in cost can be two, three or even tenfold in some cases. The fear of litigation and punishment by RCVS if vets do not offer the very best treatment options needs to be addressed so that owners can be reassured and have that confidence that they are being provided with a range of care options and therefore can continue to afford to keep their animals.

5) Do you have any views on our current thinking on the types of remedies that an MIR could consider? Are there other measures we should consider?

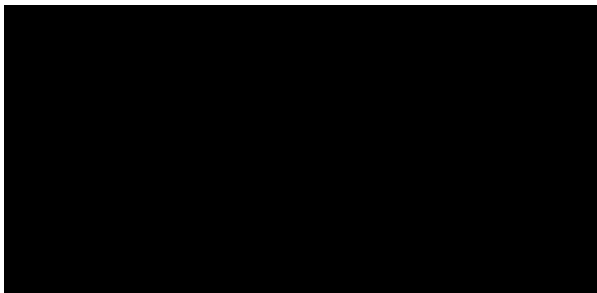
One consideration is that you could only allow vets to own practices. Fixing prescription fees at an affordable level should be another consideration. Finally, challenging the Veterinary Medicines Directorate (VMD) to allow the prescription of human generic drugs where there is no proven detriment to the welfare of animals or humans could be another option to explore.

6) Do you have any views on areas where we should undertake further analysis or gather further evidence as part of an MIR in relation to the supply of veterinary services for household pets in the UK?

As stated in previous answers the 'deals' that corporates have with drug manufacturer's needs assessed. The inordinate costs to euthanase a pet is a concern and further analysis should be conducted in relation to this.

We hope that the information that we have provided proves useful and we would be more than happy to continue engaging with the CMA as is deemed necessary so please do continue to reach out to us when applicable.

Yours sincerely





Appendix 1:

<u>Atopic skin disease in dogs</u>	Pragmatic/ shelter care	Basic Private vet care	Top level Private vet care	Referral level vet care
Clinical diagnosis/work up	Rule out parasites – skin scrape with or without sedation; Rule out ringworm – dermatophyte plate; Rule out Malassezia – tape strips; diet trial if indicated	Consultation; Rule out parasites – skin scrape with or without sedation; Rule out ringworm – dermatophyte plate; Rule out Malassezia – tape strips; diet trial if indicated/desired, otherwise start on prednisolone with addition/substitution of cyclosporine or Oclacitinib if indicated	Consultation; Rule out parasites – skin scrape with or without sedation; Rule out ringworm – dermatophyte plate; Rule out Malassezia – tape strips; Allergy testing – blood samples; +/- diet trial over 6 to 12 weeks; Likely to start on oclacitinib or straight to Cytopoint injections perhaps with a short course of steroid;	Immunotherapy – skin allergy testing followed by tailor-made immunotherapy using injections of allergens, alongside Cytopoint. Will probably refer back to Private practice once treatment course established
Cost of work up 15kg dog	Anywhere from £50 to £150 dep. On diet trial etc.	Anywhere from £150 to £400 or more dep. On diet trial	£500 to £800	£200-300 for initial work up
Treatment	Chlorhexidine shampoo – eliminate Malassezia and/or treat pyoderma; Prednisolone on tapering dose over several weeks depending on response; possibly antibiotic treatment to control pyoderma; regular flea treatment; possible euthanasia if not responding well after 6 to 8 weeks or if Demodex	Chlorhexidine/enilconazole shampoo – eliminate Malassezia; Probable antibiotic course to treat pyoderma; Likely start on tapering dose of prednisolone and/or consider replacement with Oclacitinib; possible supplementation with cyclosporine; Possible suggestion of using EFA supplements and/or antihistamine tablets; regular antiparasitic treatment with appropriate isoxazoline compound if Demodex diagnosed	Chlorhexidine/enilconazole shampoo – eliminate Malassezia; Probable antibiotic course to treat pyoderma; Likely start on Oclacitinib; possible supplementation with cyclosporine; and/or then start monthly Cytopoint injections; Probable suggestion of using EFA supplements and possibly antihistamine tablets; regular antiparasitic treatment with appropriate isoxazoline compound if Demodex diagnosed	Regular and tapering injections of autologous vaccine created to stimulate immunity to specific allergens identified in skin allergy testing – likely combination of food/environmental panel and very likely to suggest ruling out/controlling food allergy using prescription low allergy food – will ultimately vary depending on outcome of food allergy testing



	diagnosed in an adult dog			
Cost of Treatment 15kg dog	Prednisolone approx. £5 per month. Shampoos and anti-parasitic treatment etc an additional £10 to £20 when required.	Prednisolone approx. £20 per month. Shampoos and anti-parasitic treatment etc an additional £30 to 40 when required.	£200 per month Cytopoint injection or £85 per month for Apoquel plus various amounts for EFA treatment, shampoos etc. and also potentially allergy diet	£100 to £200 per month for immunotherapy. Effective in up to 75% of dogs