**Veterinary services for household pets in the UK**

**VetPartners' response to the CMA's working paper on business models, provision of veterinary advice and consumer choice of 6 February 2025**

**(submitted 21 March 2025)**

## 1. Introduction

1.1. VetPartners welcomes the opportunity to submit comments on the CMA's working paper on business models, provision of veterinary advice and consumer choice dated 6 February 2025 (the "**Business Models WP**"). Our comments below are not exhaustive. The fact that VetPartners does not expressly respond to a point in the Business Models WP does not necessarily imply that VetPartners agrees with it.

1.2. VetPartners provides responses to each of the CMA working papers of 6 February 2025. Due to the large degree of overlap between the CMA working papers, however, some of the points relevant to this working paper are dealt with in more detail in other working papers and will not be repeated in this response. Where appropriate, VetPartners has included cross-references to the other relevant working papers.

1.3. VetPartners will also refer in this response to the Vet Users Survey of January 2025 carried out by Accent on behalf of the CMA (the "**Consumer Survey**"). For more comprehensive comments regarding the Consumer Survey, please see VetPartners' response to the CMA's working paper "How people purchase veterinary services" of 6 February 2025 (the "**Demand WP**").

## 2. Summary of the CMA's emerging thinking, and why it fails to show any clear harm to consumers

2.1. The CMA recognised that:

- Significant changes over the past 10 years include "*new business models and structures; increases in the number of pets and pet-owners; changes to the number of vets; advances in the range and quality of diagnostics and treatments, and developing expectations about the care of animals.*".[1]
- "*the vast majority of [vets and nurses] show high levels of dedication to the animals under their care and the animals' owners*."[2]

2.2. The CMA's focus in the Business Models WP is, therefore, on understanding how vet businesses have responded to the changes in the sector, and "*the pressures [vets] may be under as employees in, or owners of, vet businesses*".[3]

[1] Business Models WP, summary, para 3.
[2] Business Models WP, summary, para 5.
[3] Business Models WP, summary, para 5.

2.3. From the discussions with the CMA at the main party hearing with VetPartners on 28 February 2025 (the "**Main Party Hearing**"), we understand that, in the context of business models, the CMA is primarily interested in understanding:

a) ***Quality*** – How quality can be defined, measured, and compared across the sector;

b) ***Cost and pricing*** – The cost pressures faced by vet businesses in the sector and whether price and cost increases at practices acquired by LVGs may be higher than at independent practices.[4]

2.4. We will return to these points throughout this response to show the following:

*a)* ***Quality****:*

- VetPartners and its practices aim to provide high quality services to pet owners and, to do so, VetPartners incurs significant costs and investment with a view to maintaining and improving the quality of services provided by practices (See further *Section 7(A)* below).

- There are two main ways through which vet practices compete on quality:

  (i) **Indirectly through vets and nurses** - Attracting and retaining vets and nurses is a key element of competition in the sector. Vets and nurses recognise and understand the features of quality in the sector. Therefore, VetPartners focuses on improving employment conditions, in order to attract and retain high quality vets and nurses, and to allow them to improve their skills through training and other development activities. In doing so, VetPartners practices are able to provide better services to pet owners and pets, informed by the quality standards and expectations of the vets and nurses (see further *Sections 7(A) and 7(B)* below).

  (ii) **Directly through the services provided to pet owners and pets** - This includes the quality of services that is more directly observed by pet owners. Examples are the appearance and state of the facilities, the 'customer service' provided by those working at reception, the availability of a broad range of treatments and improved OOH services, the ease with which clients can make appointments and the ability to get continuity of care by seeing the same vet or vet nurse (see further *Section 7(A)* below).

- Therefore, VetPartners and other veterinary practices have strong incentives to invest in (1) offering attractive employment conditions, including training and development opportunities for vets and nurses, and encouraging career progression, and (2) maintaining and improving the quality of the services provided through investments in equipment, operational management, training for those working in practices in non-clinical roles, availability of OOH services and facilities as well as providing clinical freedom to its practice teams.

[4] Business Models WP, summary, para 13.

b) ***Costs**:* VetPartners and its practices have faced significant cost increases in recent years that are not properly captured by the CMA's analysis so far. (See *Section 3(B)* below).

c) ***Price:*** Price increases at practices acquired by VetPartners are not 'higher' than at independent practices, as VetPartners does not impose any price increases on practices. Prices increases are typically driven by cost increases related to maintaining and/or increasing quality (a large portion of which is people cost), and to responding to macroeconomic trends such as inflation, government employment policies and business rates. (See *Sections 3(B) and 5* below).

## 3. The CMA's working paper does not account for the benefits that LVGs have brought to the sector, and the cost pressures faced by businesses in the sector as a result of the changes and challenges outlined by the CMA

### *A) The benefits that VetPartners and LVGs have brought to the sector*

3.1. The Business Models WP deals only relatively briefly with the recent challenges faced by the sector. It repeatedly references that 60% of the sector is owned by six LVGs. This sector is, therefore, not particularly concentrated, as was also confirmed in the CMA working paper on the analysis of local competition of 6 February 2025. The absence of any meaningful concentration is evidence of a competitive sector.

3.2. The CMA has not, however, attempted to consider or assess the significant benefits that VetPartners and other LVGs have brought to the sector, including in terms of increased competition in the sector and higher quality care (including the availability of more sophisticated care in appropriate cases). This is particularly relevant in the present and recent challenging times. Instead, the CMA focuses on anecdotal evidence and unsubstantiated statements from vets that may be based on historic and personal experiences, or which may be primarily driven by commercial factors. This is not only unfair but also harmful to LVGs and the large number of people working at LVGs in the sector.[5]

3.3. VetPartners (and LVGs more generally) have brought significant benefits to the sector that should be properly considered by the CMA, particularly as these provide important context and need recognition in order to ensure fair and balanced findings. Indeed, many of VetPartners' contributions to the sector provide a foundation for resolving any concerns that the CMA may ultimately find. For example:

a) All VetPartners practices are accredited by the RCVS Practice Standards Scheme ("**PSS**"). The aim is to ensure that practices provide a minimum standard of care to clients. VetPartners also submits that the PSS serves as a mark of quality as it contains many requirements that are directly linked to quality (although one of its current drawbacks is the fact that it is not well-known beyond those working in the sector). The PSS could ultimately be instrumental in helping clients to more easily identify and compare quality

[5] See for example the unsubstantiated allegation that clients may be forced to euthanise pets (Business Models WP, para 2.37).

differences. VetPartners will elaborate on this further in its response to the CMA's working paper on the regulatory framework of 6 February 2025.

b) VetPartners' central regulatory team works with VetPartners practices to ensure compliance with the various RCVS obligations, including the PSS. Examples are:

- Working with practices by holding internal assessments at two-yearly intervals to ensure compliance with the PSS (which is well over and above the frequency of PSS inspections that are currently held by the RCVS every four years).
- Providing training and guidance to practices and vets to ensure that they (i) provide clients with an appropriate range of treatment options in each case (which may include doing nothing), and (ii) are well-equipped to properly provide contextualised care.[6]

3.4. In this way, VetPartners assumes responsibility for the regulatory compliance of its vets (which is in addition to the responsibility of the practices and vets themselves). VetPartners is able to monitor and ensure greater compliance with the vets' and nurses' obligations around, for example, contextualised care and information requirements.

3.5. In the Business Models WP, the CMA suggests that the concern is around the vet businesses rather than individual vets.[7] However, in the Demand WP, the CMA finds that for example, VetPartners (and LVGs) have sufficient policies around the provision of pricing information to pet owners, but the problem is that these may not be followed by vets.[8] As in any other sector, there may be instances of non-compliance with guidance and policies in the veterinary sector. However, VetPartners believes this to be a relatively small number of cases that are not representative of the sector or the LVGs. VetPartners itself spends a significant amount of time and resources to ensure that vets are well trained and kept up to date as to the relevant requirements.

3.6. More generally, VetPartners (and, as far as VetPartners can see, other LVGs) have also brought wider benefits to the sector, including:

a) Education and training, as well as the facilitation of technological advancements and innovation to:

- improve the quality and range of services provided by VetPartners practices, and to better meet the growing customer demands;
- improve the employment conditions for vets and nurses. These improvements mean that VetPartners is able to provide vets and nurses with greater work satisfaction, and opportunities for growth, which ensures that VetPartners is able to attract and retain

[6] See for examples of documents already submitted to the CMA: Annexes MI-01556 to MI-01562 (i.e., VetPartners' clinical team documents about what they do and quality improvement), Annexes MI-01563 to MI-01564 (VetPartners graduate training materials), Annexes MR-RFI 2 039 (hints and tips for using the FreeStyle Libre in dogs), 040 (diagnosis and treatment of KCS) and 049 (top tips for cherry eye surgery).
[7] See for example, Business Models WP, para 3.59.
[8] Demand WP, para 5.136.

talent. This in turn ensures improved service levels for clients and their pets, and animal welfare.

b) Investments in innovation, such as the ability to provide more innovative care as appropriate (e.g. through MRI and CT scanning equipment).

c) Other investments in employment packages, such as increased benefits, and in practice facilities (providing pleasant and safe workspaces for employees and clients).

d) Providing an alternative workplace environment where a larger number of diverse people can work across the sector (e.g., some younger vets may not want the traditional lifestyle related to some independent vet practices).

e) Improved institutional quality and governance, to:

- improve operational management (allowing vets to focus on what they most enjoy doing, i.e. clinical care);
- ensure a more consistent approach to charging in the interest of transparency and stability;[9] and
- improving client experiences.

3.7. The benefits that LVGs have brought to the sector are made possible by the reinvestment of profits from well-functioning vet practices that are sustainable in the long term. The fact that profitability drives investment and growth should be clearly recognised by the CMA as part of the overall analysis.

3.8. It is, therefore, important to avoid any suggestion that improvements to profitability are detrimental to the sector or consumers. Naturally, this is in principle true for both independents and LVGs. However, VetPartners' business model allows for particularly efficient operational management and investment.

***B) Cost pressures faced by the sector that are not included in the CMA working papers***

3.9. The CMA's high-level comparison to a generic inflation measure is not helpful, as it is insufficient to account for the cost pressures faced by veterinary service providers:

a) The increase in remuneration at VetPartners practices (driven by the wider economic environment) was higher than that shown in ONS data; and

b) By focusing on vets and nurses only, the CMA omits a large proportion of VetPartners' employees who are affected by the increase in the national living wage ("**NLW**").

[9] This was recognised by the CMA in the Business Models WP, para 2.39.

3.10. VetPartners previously provided the CMA with the actual average annual salary increases at VetPartners practices.[10] For the four-year period between the start of 2020 and the end of 2023,[11] the average annual (FTE) salary for vet nurses at VetPartners increased by ✂, and the average annual (FTE) salary for vets at VetPartners increased by ✂. Further, as previously highlighted by VetPartners, a significant number of the practices' workforce (i.e., ✂.[12] In contrast, the ONS data cited by the CMA only shows a 18.3% increase in salary for full-time vet nurses, and a 29.2% increase in salary for full-time vets — both are lower than the actual salary increases at VetPartners over the same period.

***C) The end of the puppy boom: recent trends***

3.11. Although the CMA acknowledges the short-term challenges faced by the sector including Covid-19 and Brexit,[13] the CMA's analysis is nevertheless focused on a period of unusual short-term shocks. VetPartners is not aware of any attempt by the CMA to consider the longer-term trends in the sector.

3.12. ✂.[14]

3.13. ✂.[15]

## 4. It is wrong to assume that the absence of specific regulation aimed at groups means that VetPartners is placing commercial pressures on vets

4.1. VetPartners developed from a single veterinary practice. It expanded over time to include a collection of like-minded but unique independent practices. In the welcome pack that is shared with practices joining the VetPartners family, Jo Malone, VetPartners' founder, explains the group values as follows:[16]

> *"Early on, I gathered a small, trusted group of people from our central team and founding practices together, to establish what values are most important to us. These values provide the foundation that supports our vision, shapes our culture and guides the way we work. We're called VetPartners because we believe in working in true partnership, where we support each other. We have a personal approach and an open and inclusive environment, where everyone can thrive. Our values of respect, collaboration, support, dedication and approachability are what makes us, us! I also wanted to ensure that, whilst providing financial and functional support for practices, vets could remain as independent as*

[10] VetPartners' response to Question 12 of CMA's s.174 Notice (RFI 7) of 23 September 2024 (submitted on 22 October 2024).
[11] VetPartners does not have salary data prior to year 2020, and therefore the comparison has to be made based on the 'truncated' four-year period.
[12] For details in the past five years, see VetPartners' response to Question 20 of CMA's s.174 Notice (RFI 7) of 23 September 2024 (submitted on 22 October 2024).
[13] Business Models WP, para 1.2.
[14] ✂.
[15] ✂.
[16] Annex MI-02987 (Welcome pack for ✂).

*possible and have clinical autonomy to deliver the best care for their patients and their clients."*

4.2. VetPartners' business model is focused on practice autonomy, which includes:

a) Practice teams that retain their local character and identity, and continue to serve their clients in the same ways as when they were independent practices;

b) Guidance and support from trained veterinary professionals in virtually all key management roles that directly interact with the practices (e.g., ✂); and

c) Professionalism in the form of operational and clinical training and improvements to ensure (i) that practices are well managed (e.g., by combining fee and costs reviews, so that fee increases are more clearly linked to costs increases, in particular people cost increases), and (ii) that clients are provided with the best possible experience when visiting VetPartners-owned practices (e.g., through improvements to practice management systems, clinical training and development, and health and safety). We will return to these under *Section 6(A)* below.

4.3. As an LVG founded by vets, VetPartners' operational model is deliberately set up to:

a) Provide practices with the framework and support to ensure that they (i) at least meet the minimum standards set out in the PSS (with the appropriate levels determined by the objectives of the individual practices) and (ii) are able to effectively exercise their professional duties withing the framework provided by the RCVS; and

b) Create a management structure and culture that ensures that vets and nurses are free to exercise their professional duties, without pressures to do or not to do anything.

4.4. The reason is not only that any other approach would risk causing conflict with the regulatory obligations of vets, but also that VetPartners believes clinical freedom to be critical to ensuring a well-functioning and world-leading sector.

4.5. VetPartners also does not impose price increases or other changes on practices. This applies not only after a practice joins VetPartners, but also more generally. Rather, VetPartners' role is limited to providing a framework to help practice teams make the best and most informed decisions in relation to the management of the practices and the services provided to clients and their pets.

## 5. The CMA working paper does not include any evidence of unlawful conduct or consumer harm attributable to VetPartners or its practices

5.1. During the Main Party Hearing, the CMA Inquiry Group referred to statements in ✂.[17]

5.2. For context, VetPartners submitted thousands of documents to the CMA as part of the market investigation. This included ✂. In more detail:

[17] Annexes MI-02864, MI-02844, MI-02875, submitted in VetPartners' response to Question 36 of the CMA's s.174 RFI 1 of 23 May 2024 (submitted 18 June 2024)

a) VetPartners does not have a strategy that involves the imposition of price increases after practices have been acquired (and indeed, this is confirmed by the documentary evidence). ✂.

b) ✂.[18]

c) ✂.

5.3. Furthermore, the CMA highlighted practice documents which were neither created nor seen by VetPartners at the time (for the reason that VetPartners does not get involved in those types of documents at the practice-level):

a) ✂. It appears that the CMA has drawn an incorrect inference from this document. In this case, the practice sought to improve the quality of the service it provides to customers, by aiming for the lab testing to be carried out on-site, in order to be able to give clients immediate results rather than having to send the sample off externally and wait for results (at a similar price). The main reason why practices generally do less lab work in-house is that some vets can lack the confidence to use the equipment, and therefore, they need to be trained and encouraged to ensure that they are comfortable and can improve the customer service in this way. This is therefore an example of an attempt by a practice to improve the quality of the service provided to the immediate benefit of pet owners.

b) ✂. This is critical context to the statement raised by the CMA (which resulted in an incorrect inference), as it shows that the intention was to ensure that the practice could do more referral work (as opposed to turning the work away, due to the limited capacity). This document also says nothing about 'in-group' referrals and does not provide any evidence of self-preferencing.

5.4. VetPartners informed the CMA in the putbacks that (a) these are practice-level documents, not seen by VetPartners at the time, and (b) they cannot possibly be regarded as evidence that VetPartners tracks "*the extent of outside-group versus in-group referrals*". However, the CMA nevertheless retained these documents as part of the alleged 'evidence' on referrals, and moreover, included a statement that "*all LVGs track referrals*" when, clearly, VetPartners does not.

5.5. This is disappointing, and the CMA's selective reliance on these documents also highlights VetPartners' broader concerns that some of the statements and summaries in the working papers are unfair, and not reflective of the underlying evidence. In this regard, VetPartners notes the CMA's recent recognition in the context of judicial proceedings that the put-back "*process necessarily proceeds on the basis that any such summaries must be fair and reflect the underlying evidence*."[19]

5.6. For example, in relation to the documents referred to in paragraph 5.4 above and ostensibly relied upon by the CMA to draw adverse inferences (which, as outlined above, were incorrect anyway):

[18] See ✂ page 11.
[19] Competition Appeal Tribunal, Reasoned Order (remittal) in *Spreadex v CMA* of 4 March 2025, para 7.

a) ✂ contains evidence of (i) changes made to the practice facilities (front desk, repainting, installing a fence for health and safety reasons), in order to improve the quality of the practice facilities, (ii) measures taken by the practice to train and improve the quality of services provided by a new graduate vet, and (iii) action items related to recruitment challenges, and the wellbeing of the vets and nurses employed by the practices; and

b) ✂ clearly contradicts the CMA's emerging thinking that there is evidence of a "*direct – and strong – relationship between increased utilisation of staff and equipment and profitability*" which informs the CMA's view of commercial incentives for in-group referrals.[20] VetPartners informed the CMA in its response (and in the putback process) that the vet practices are limited in their capacity, and it is not correct that there is an incentive to increase volumes. Further, the document contains evidence of (i) plans to increase the number of vets, in order to allow "rotas to work" so that cases can be seen consistently at all sites (i.e., improving continuity of care as a feature of quality), (ii) career development plans, to help vets and nurses with career progression, and to improve the quality of service provided by these vets and nurses, and (iii) the practice-level monitoring of the quality of services provided by the practice ✂.

5.7. Using these documents (which were singled out by the CMA for their allegedly problematic wording) as examples clearly shows the focus of VetPartners' practices on providing quality services. We will elaborate on this further below.

## 6. High quality care does not mean expensive treatments or 'gold-plating', and VetPartners rejects the CMA's suggestion that a desire to provide the best clinical care or "high quality care" is something negative

### *A) The actual meaning of high-quality care*

6.1. Vets see their jobs as a vocation, and they are motivated primarily by a desire to provide the best clinical care for their patients, which is recognised by the CMA.[21] VetPartners strongly rejects any suggestion by the CMA that a desire to provide the "best clinical care" is somehow negative.[22]

6.2. VetPartners' practices tend to focus on high quality care, which means providing great customer service in combination with the appropriate level of care. High quality care generally tends to be expected by clients. The CMA also recognises that the level of care demanded by clients has increased significantly in recent years, and the ability to provide a broader range of treatments, in response to this demand, is a feature of quality. Therefore, if a vet practice is unable to provide a broader range of treatments, including more complex treatments when appropriate, there will be negative consequences for practices:

a) First, clients would consider switching to another practice. The Consumer Survey shows that 42% of pet owners that actively chose LVGs did so based on the range of services

[20] Business Models WP para 3.41.
[21] Business Models WP, para 2.83.
[22] Business Models WP, para 2.165(b).

provided by LVGs.[23] VetPartners is also aware of instances where clients use more than one vet practice to meet their demands.

b) Second, in that scenario vets would have fewer incentives to join or remain employed in the practice, as they would not have an opportunity to grow their competencies and may not be able to provide the appropriate care in all cases. Further, if a practice is struggling to retain vets, that would further negatively impact on the quality of service. The Consumer Survey shows that this is the main reason why pet owners that actively chose an independent practice made this choice.[24]

6.3. However, 'high-quality' does not necessarily mean higher prices or 'gold standard' treatment. Rather, it requires the provision of care that is appropriate to each patient and pet owner, based on the individual circumstances of each case. In some cases, the very best clinical care can and does include recommending no treatment at all. This is also made clear in the clinical guidance that is provided to VetPartners' practices confirming, for example, that:

> "*We believe that animal welfare is better served by actively considering the management options for each case, rather than assuming gold-standard care always equates to optimal care".*[25]

***B) No gold-plating or evidence of increases in treatment intensity across the sector***

6.4. The CMA defines "treatment intensity" as: "*offering more extensive treatment options rather than simpler ones which may have similar, or not significantly inferior, outcomes for the pet*".[26]

6.5. This definition is oddly negative and ignores that treatment intensity (on an ordinary interpretation) can be positive or neutral. It is not the same as 'gold-plating'. The CMA does, however, appear to recognise that treatment intensity itself is not a problem, but the problem is the incentives of the businesses.[27]

6.6. Regardless, even assuming that treatment intensity can be used as a proxy for 'gold-plating', the CMA has found no empirical evidence of an overall trend in treatment intensity.[28] This is also consistent with the evidence from VetPartners' own analysis conducted by its external economists, which shows no evidence of an increase in the average number of treatments per pet after acquisition, or an increase in the offering of potentially unnecessary follow-up treatments after acquisition. The analysis is contained in **Annex MI-03547**. The underlying data for this analysis is submitted as **Annex MI-03548**. In summary:

a) After previously independent practices were acquired by VetPartners, there is no increase in the average number of treatments received by pets. In fact, the average number of treatments per pet decreased after the acquisition. This suggests that, contrary to the

[23] Consumer Survey question 23.
[24] Consumer Survey question 22.
[25] MI-01562 Clinical Board Update (2023) p16.
[26] Business Models WP, summary, para 23.
[27] Business Models WP, paras 2.157 and 2.158.
[28] Business Models WP, para 2.158.

CMA's concern, treatment intensity in practices owned by VetPartners is in fact lower than in independent practices.

b) Similarly, there is no evidence for suggesting that VetPartners' acquisition of previously independent practices has led to any increase in the offering of potentially unnecessary follow-up treatments. This shows that VetPartners has not focused on providing potentially unnecessary treatment options in order to increase its revenue (at the cost of pet owners).

6.7. VetPartners believes that this shows that high quality treatment and services administered at early stages can prevent issues in the long term and decrease total spending over the lifetime of the pet.

6.8. In the absence of any empirical evidence of an increase in treatment intensity (let alone 'gold-plating'), it is not sufficient for the CMA to seek to rely on a 'risk-based approach' based purely on incentives. As discussed in *Section 6(C)* below, even on a risk-based approach, there is no evidence of consumer harm through gold-plating.

### *C) No financial or other indirect incentives*

6.9. The CMA acknowledges that there are no improper financial incentives that are causing vets to engage in 'gold-plating'.[29] Nevertheless, the CMA raises the possibility of a more indirect influence on vets as a result of a "*mix of KPIs*" that may influence decision making.[30]

6.10. The CMA recognises that it is generally good management to set and monitor KPIs. VetPartners agrees with this. It is important to emphasise that there is a big difference between KPIs and targets. Whereas the latter are set at a level that needs to be met, KPIs are more general measures that are used to track various health indicators. Further, some VetPartners practices will have been using KPIs in essentially the same way as when they were still independents. Examples of KPIs generally used by practices to identify trends ✂. Vets are, therefore, generally familiar with these KPIs. Indeed, many proprietary practice management systems have these sorts of KPIs built in for reporting purposes.

6.11. VetPartners' central management team receives information on only a small number of KPIs.[31] These are deliberately not communicated to the vets at practice-level. Instead, the BDDs have the option (and discretion) of referring to the KPIs in their discussions with the practice leadership teams. Crucially, none of the KPIs act as targets. In addition, BDDs are taught internally that no KPI level is 'good' or 'bad'. KPIs are simply treated as information that can be used over time to consider the health of practices and to identify trends in practices over time. For example, VetPartners tracks the number of dental treatments per 100 consultations. There is no explicit or implied target for this, as it varies for each practice. However, if there are significant changes over time, this could show that individual vets are missing clinical diagnoses or are over-treating. Therefore, the BDD would need to discuss the changes with the vets, to understand the factors that may be driving the observed trend.

[29] Business Models WP, para 2.117.
[30] Business Models WP, para 2.108.
[31] These are marked in the Business Models WP, and can also be seen in, for example, Annex MI-01680 - ✂.

6.12. The CMA's evidence also shows that some vets in management positions do not communicate practice-level targets or business goals to clinical teams, to avoid adding pressure on teams, and to allow them to focus on clinical work.[32] This is consistent with VetPartners' approach.

6.13. As highlighted at paragraph 6.1 above, the CMA also found that vets see their jobs as a vocation, and they are motivated primarily by their desire to provide the best clinical care for their patients, rather than by a motivation to meet any targets. It is for this reason that vets struggle to value and charge for their time. Therefore, it is not realistic to suggest that vets could be pressured into 'over-treating' or 'over-charging' pet owners through KPIs.

6.14. The CMA also suggested that a lack of KPIs around customer support or contextualised care may also contribute to a potential concern.[33] VetPartners disagrees with this suggestion. The main reason why there are no KPIs tracking these aspects is that it is very difficult, if not impossible, to consistently track or monitor whether appropriate options were provided in individual consultations. VetPartners monitors this more indirectly through other metrics, such as net promoter scores ("**NPS**"), Google reviews, serious complaints and certain clinical KPIs (e.g. the number of ✂, as explained above).

6.15. Finally, the CMA's suggestion that "*it may be the case*" that LVGs give greater weight to profitability than independents is factually incorrect.[34] The CMA failed to account for the obvious fact that owner vets in independent practices are more directly reliant on the profitability generated by their practices compared to those working in LVGs. ✂.

## 7. How to define "quality" and the measures that VetPartners has taken to improve quality

7.1. The CMA notes that, while FOPs often provide "*a range of information about their services, their clinical quality and other quality indicators such as staff, facilities and amenities, these are not based on any universal form of standardised and comparable metrics*".[35]

7.2. In other words, consistent with VetPartners' submissions, the CMA accepts that practices are already doing a lot to present quality-related information to their (current and potential) clients. The problem is only a lack of a standardised metric.

7.3. In the veterinary sector, quality is impossible to measure in any structural and comprehensive manner, particularly as:

a) The veterinary sector does not have an equivalent of the National Institute for Health and Care Excellence (NICE) that sets clinical standards and that would allow for a comparison of clinical outcomes between practices; and

b) Individual practices compete on a different combination of quality features in their local markets. Practices aim their marketing efforts at clients in these local markets in a manner that they believe works best, rather than by reference to any centrally determined set of features. For example, as explained at the Main Party Hearing, many VetPartners practices

[32] Business Models WP, para 2.119.
[33] Business Models WP, para 2.108.
[34] Business Models WP, para 2.89.
[35] Business Models WP, summary, para 12(b).

will offer clients a tour of the premises, so that the vet can take the clients through the facilities and explain the quality of care provided by that practice.

7.4. Academic studies in the sector have also been limited to assessing quality based on a combination of quality features perceived by pet owners and veterinary employees. For example:

a) A 2016 study in the veterinary sector sought to assesses expectation and perceptions, based on the SERVQUAL methodology that measures: (1) tangibles (physical facilities, equipment and appearance of personnel), (2) reliability (the ability to perform the promised service in a dependable and accurate fashion), (3) responsiveness (the willingness to help customers and provide prompt service), (4) assurance (the knowledge and courtesy of employees and their ability to inspire trust and confidence), and (5) empathy (the individualised attention the firm provides to its customers).[36]

b) A 2005 study in the sector sought to measure satisfaction levels, based on an analysis of respondent ratings on five 'measures': (1) general services, (2) staff communication, (3) vet communication, (4) death of pet and (5) vet technical abilities.[37]

7.5. There is, therefore, an element of unfairness, in placing the onus on VetPartners and other LVGs, to come up with a clear 'list' of quality indicators and metrics for assessing quality across all practices and local markets for the sole purpose of this investigation. This is particularly unreasonable as the Consumer Survey data shows that pet owners are satisfied with all aspects of the service offering, including quality of service (85%), outcomes (82%), the level of care provided (88%) and the advice and information received (80%).[38] In addition, as shown in the examples above, there is ample evidence of the steps taken by VetPartners and its practices to improve quality in all its manifestations.

7.6. Therefore, the evidence available to the CMA indicates that, across the board, vet practices provide high quality services, and that quality improvements explain cost increases. The fact that these quality features may be more difficult to compare would only be relevant if there was evidence of consumer harm because of a reduction in quality over time.

7.7. Subject to the caveats set out above, VetPartners will provide its view on how to 'define' the key elements of quality, and basis for comparing these.

### *A) Elements of quality in a vet practice*

7.8. VetPartners believes that the concept of "quality" in the veterinary sector can be split into three main areas:

(i) the practice facilities and equipment;

[36] See Gregório H, Santos P, Pires I, Prada J, Queiroga FL (2016) Comparison of veterinary health services expectations and perceptions between oncologic pet owners, non-oncologic pet owners and veterinary staff using the SERVQUAL methodology, Veterinary World, 9(11): 1275-1281. https://pubmed.ncbi.nlm.nih.gov/27956781/
[37] Woodcock, A. and Barleggs, D. (2005), Development and Psychometric Validation of the Veterinary Service Satisfaction Questionnaire (VSSQ). Journal of Veterinary Medicine Series A, 52: 26-38 (subscription required).
[38] Demand WP, footnote 416.

(ii) the services provided by the practice teams, including the complete customer experience for both 'standard' and more complex care; and

(iii) the clinical care.

7.9. Though there are some overlaps between these aspects, we will discuss each area separately below.

*(i) Practice facilities and equipment*

7.10. The PSS sets benchmarks for veterinary practices across the UK, covering clinical governance, hygiene, equipment, staff training, and customer care (including customer information).[39] Through regular and independent assessments, PSS accreditation ensures that participating practices consistently deliver safe, effective, and ethical veterinary services in accordance with RCVS guidelines.

7.11. All VetPartners practices are part of the PSS and, when a new practice joins VetPartners, VetPartners incurs various costs to ensure that the facilities are compliant with the PSS. This is usually done within 12 months from the date of acquisition.

7.12. To assess VetPartners' commitment to quality and the difference with many independent practices, VetPartners' external economists conducted an analysis of the number of sites currently subject to the PSS (covering both VetPartners practices and independents). The analysis can be found at Annex MI-03547. The underlying data for this analysis is submitted as **Annex MI-03549**. The analysis shows that VetPartners has a higher percentage of sites in each of the PSS accreditation levels, when compared to independents. For example:

a) 97% of VetPartners sites have already achieved at least the 'Core Standards' PSS accreditation, with a further 2.7% in the process of doing so.[40] This compares to only 44% of independent sites.

b) 50% of VetPartners sites hold the 'Small Animal General Practice' status, compared to only 24% of independent sites.

c) 7.5% of VetPartners sites hold the 'Small Animal Veterinary Hospital' status, compared to only 2.4% of independent sites.

7.13. Depending on the needs of the practice, VetPartners will invest additional amounts into improvements to the buildings and equipment.

7.14. VetPartners has previously provided the CMA with:

[39] To achieve the PSS 'Core Standards' accreditation, practices must complete a dedicated 'Client Experience' module. This module covers effective communication with clients, including delivering written information on services and costs, managing complaints, handling patient referrals, and discussing cremation options.
[40] ✂.

a) A list of all capex spends below £150k approved from 1 January 2021 until 29 May 2024.[41] During the relevant period, VetPartners invested more than £✂ in more than ✂ of improvement at VetPartners' small animal practices, all of which were directly or indirectly linked to improving or maintaining the quality of the buildings, equipment and services of the VetPartners practices. These included for example:[42]

- ✂ invested in improvements to ensure compliance with health and safety standards, such as fire safety improvements.
- ✂ invested in the installation and/or maintenance, repair of X-ray machines and related equipment;
- ✂ invested in the installation and/or maintenance, repair of infusion pumps, required to monitor and ensure the appropriate dosage for drips;
- ✂ invested in the installation and/or maintenance, repair of ultrasound equipment.

b) Board approval documents for diagnostic and clinical equipment that required board approval.[43] These investments included improvements to the buildings, and equipment at VetPartners practices. For example, site expansions and relocations will often enable larger waiting rooms (so cats and dogs can be separated), separate cat wards, bereavement rooms, all of which enhance the client experience whilst being less common in traditional vet buildings.

c) The improvements to the buildings and equipment must be viewed in conjunction with the improvements to the quality of services, and clinical treatment quality (discussed further below).

*(ii) Quality of services*

7.15. The quality of services provided by vet practices is made up of a number of factors. For example, this may include:

**Client facing features**

a) Consistency of services, including pet owners being able to see the same vet whenever they visit the practice;

b) The ease of getting appointments, and other related features, such as appointment reminders, which improve the client experience and also benefit the pets, through ensuring that pets receive all required vaccines within the recommended frequencies;

c) Having separate waiting areas for dogs and cats;

[41] See Annex MI-3030, submitted in VetPartners' response to the CMA MI RFI 1 of 24 May 2024 (submitted on 18 June 2024).
[42] The underlying data for this analysis is submitted as **Annex MI-03550**. The following keywords were used to identify the relevant investments for each bullet ✂.
[43] See Annexes MI-03021 – MI-03078 (58 documents in total), submitted in VetPartners' response to the CMA MI RFI 1 of 24 May 2024 (submitted on 18 June 2024).

d) Friendly and helpful receptionists who are well informed and able to effectively communicate with pet owners (including, providing information on the practice, relaying advice from vets and nurses, providing comfort and support to pet owners);

**Pet care features**

e) The support and aftercare provided by vets and nurses, such as ensuring that animals are fed during recovery, or monitoring and regulating temperature when a pet is under anaesthetic;

f) The ability of the vets and nurses to care for the animals, and to make the pet owner feel like the vet is giving the right care for the pet, while managing the needs and expectations of the client;

g) A trained professional to monitor anaesthetics, including monitoring a pet as it recovers;

h) Ensuring facilities and equipment are enhanced to keep pets safe and as happy as possible when in the practices (for example, many practices use plug-in cat pheromones in the cat ward in order to relax their in-patient cats);

i) Improved OOH care, including for example through full time monitoring, the ability to provide a broader range of treatments and services and vets and nurses dedicated to providing care at weekend and during night times;

**Convenience**

j) Diagnostic testing on-site, so that pet owners can get more immediate results (as opposed to waiting a few days to get results back from an external lab);

k) The ability to offer a wide range of services on-site;

l) The ability to buy medicines, in the required quantities, on-site, without having to go elsewhere, or wait for deliveries from online retailers. In some cases, this also includes the ability to get an injectable medicine on-site, which is single-use and may have other benefits, instead of having to administer medicines on a more regular basis (which can be very difficult for some pets and owners); and

m) Multi-site practices having sites closer to pet owners (e.g., with rotating vets and nurses), in areas where the demand may not be sufficient to sustain a self-standing practice.

7.16. During the Main Party Hearing, VetPartners provided the CMA with an example of a case when, after an acquisition by VetPartners, ✂. VetPartners now ensures that all practices have heat pads or 'Bair huggers' on-site that regulate the temperature of animals under anaesthetic, and that temperature regulation is enhanced. This aids the recovery of the patients. This can also be seen on the list of capex spend.[44]

7.17. Service quality is not an abstract concept. Indeed, it is directly reflected in the results of the Consumer Survey. Even some of the pet care features that may not be directly observed by the

[44] Annex MI-03030.

pet owner at the time when the care is provided, can still be observed by the pet owner later, in particular when seeing the state of the animal on collection. The Consumer Survey provides a measure of these features. This is also consistent with the previous studies shown in para 7.4 above.

*(iii) Quality of clinical care*

7.18. As shown above, VetPartners invests heavily in vets and practices, in order to improve the quality of treatments and clinical care more generally. This aspect of quality consists of (a) suitably qualified and trained vets and nurses, and (b) the availability of suitable equipment. The combination of these two elements allows vets and nurses to (i) offer and provide a wide range of treatment options (including the option of doing nothing) and (ii) deliver competent and high-quality care in the execution of all treatments.

7.19. As VetPartners explained at the Main Party Hearing, it is often the decision not to provide any treatment at all that is the most difficult. It is only through training and experience, as well as a trusting relationship between the vet and pet owner, that these decisions can be more effectively taken.

7.20. It is important to stress again that the ability to provide more complex care is an element of quality. VetPartners has provided the CMA with some analysis in response to the CMA's analysis of insurance claims data, showing that LVGs are more likely to have the ability to provide a broader range of more complex (and consequently in many cases higher cost) treatments than independent practices.[45]

7.21. Given the potentially substantial number of treatments available for each case, it is often difficult to clearly track clinical outcomes in individual cases, particularly when also accounting for 'contextualised care'. Therefore, this is an element of treatment quality that can mainly be measured by qualitative (and in some cases anecdotal) evidence, such as customer satisfaction, complaints levels, and more indirectly spend on training and development. It follows that the significant and continuous investment by VetPartners in the training and development of its vets and nurses leads to better clinical outcomes. VetPartners has previously provided the CMA with an overview of the training and development costs incurred by VetPartners.[46]

7.22. In addition, VetPartners' clinical board has tracked internally improvements in clinical outcomes as part of the quality improvement ("**QI**") work the VetPartners clinical board is doing across VetPartners practices. Please see attached:

a) **Annex MI-03551** for the VetPartners Optimising Surgical Outcomes Report on post-operation complications in neutering cases ("**Surgical Outcomes Report**"). The Surgical Outcomes Report shows that:

[45] Annex MI-03538 - Oxera technical annex to VetPartners' supplementary response (submitted on 22.01.25).
[46] See para 11.5 of VetPartners' response to the CMA s.174 Notice RFI 7 of 23 September 2024 (submitted on 22 October 2024).

- VetPartners practices (including newly acquired practices) provide high quality care. For all the cases considered, more than 93% of patients had no or only minor problems in 2024, a slight improvement from 2021, across a broader number of practices;
- More VetPartners practices have started using post-op coding within their day-to-day care. The proportion of procedures coded in 2024 has increased by 29%, which is part of the drive to measure and improve clinical outcomes in VetPartners practices.
- The discussion of clinical outcomes is an important part of QI, and something that VetPartners encourages in all of its practices.

b) **Annex MI-03552** for the VetPartners Antibiotics Stewardship Report 2024 ("**Antibiotics Report**"), which measures the absolute quantity of antibiotics regularly prescribed and used. This is a key QI measure. The objective of the work is to safely enable a reduction in antibiotic use without harming patient outcomes. The report shows that VetPartners practices successfully reduced antibiotic purchasing by 44% since 2021. This is a significant improvement that benefits public human health, just as much as animal welfare. The CMA may also be aware that vets in Spain have recently demonstrated against legislation implemented that, vets believe, restricts their clinical freedom and ability to provide effective care to animals.[47] On the of the key concerns is the attempt to regulate and reduce the use of antibiotics. This shows the importance of this QI work, and the significant improvements made by VetPartners.

7.23. The Surgical Outcomes Report also highlights the importance of QI at VetPartners, and the elements that go into ensuring this. The report states:

> *"The optimisation of surgical outcomes is a primary focus for our teams, and we know that key changes happen at a practice level. It is the practice meetings, informal chats about new ideas, ongoing learning, and implementation of new techniques or medications that make the REAL difference to our patients. This is a team effort on a huge scale."*

***B) Why VetPartners continually invests in quality improvements***

7.24. As explained above, VetPartners feels strongly that it has made significant and positive contributions towards improving the quality of services provided by vet practices across all areas. Again, as shown by the Consumer Survey, pet owners recognise this quality in their local practices, as the data shows that customers are satisfied with all aspects of service, including quality of service (85%), outcomes (82%), and the level of care provided (88%). Consumer surveys are generally considered a reliable measure of most features of quality.

7.25. There are several reasons as to why VetPartners continues to invest to improve and maintain quality. These include:

a) Certain investments are needed in order for the practices to meet the PSS requirements as a minimum.

[47] Please see **Annex MI-03553** for an English translation of a media release published on 5 March 2025

b) VetPartners wants to ensure that its practices remain attractive over time, by building up a strong name and reputation in their respective local markets. This is critically important, given the importance of word of mouth, NPS and Google reviews in the sector. The Consumer Survey also highlights the importance of word of mouth: 44% of pet owners said that they chose their practice based on recommendations, and a further 19% chose based on online reviews.[48]

c) Clients demand a broad range of services, including in some cases more complex treatments. If VetPartners practices were not able to offer these services, clients would go elsewhere.

d) Crucially, it is necessary to attract and retain talented people working in the practices (discussed in further detail below).

7.26. VetPartners invests heavily in the training of its vets and vet nurses to enable the delivery of high-quality service and care to its patients and the protection of animal welfare. For example, VetPartners offers and provides:[49]

a) a range of continued professional development ("**CPD**") events, both clinical and non-clinical, to the employees;

b) annual allowance and leave days for all team members to attend CPD trainings;

c) resources and guidance which have been researched and regularly updated by the VetPartners Clinical Board to enable evidence-based practice;

d) a range of personal development and clinical training through online learning platform. Helmsley Fraser, and VetPartners' own learning management system;

e) annual new graduate training programme; and

f) mentoring opportunities through clinical mentors in practices and the overall VetPartners network.

7.27. This is also illustrated by the high training spend incurred by VetPartners each year: in the past five years, VetPartners has invested ✂ in training its employees.[50]

7.28. VetPartners previously explained to the CMA that vets and nurses play a key role in setting the quality of care provided by practices:

a) The Consumer Survey also found that, "seeing the same vet" is the main reason the pet owners in the survey chose an independent practice.[51] This is, therefore, another aspect of quality. Consequently, VetPartners invests heavily in (i) attracting and retaining vets and

[48] Consumer Survey Q13
[49] See VetPartners' response to Questions 11 and 16 of CMA's s.174 Notice (RFI 13) of 13 December 2024 (submitted on 24 January 2025).
[50] Ibid, response to Question 14.
[51] Figure 27.

nurses, and in (ii) practice management systems that ensure that the practice management and bookings systems makes it easier for pet owners to see the same vet when they visit.

b) Crucially, even if clients are not always able to recognise all aspects of quality, vets and nurses are certainly able to do so. They want to work in practices where they can provide appropriate and high-quality care. Therefore, in order to attract and retain vets and nurses, VetPartners needs to ensure that the practices are up to the required standards and have the facilities and equipment necessary to provide appropriate and high-quality care as required.

7.29. Vets and nurses are not generally driven by money. The salaries of vets and nurses are comparatively lower than those of other professionals, in particular in human healthcare. VetPartners has made significant investments to improve the financial compensation of its practices' vets and nurses (and other employees), including aiming ✂.[52] VetPartners also focuses on creating a culture where vets and nurses want to work, including through:

a) Introducing flexible working;

b) Providing clinical, leadership and soft skills trainings by the Business Support Manager and the Learning and Development teams, and funding for additional learning and development activities (such as CPD allowances) so that vets can be encouraged to improve their competencies, and pursue their interests, to ensure long term job satisfaction;

c) Offering other benefits including enhanced sickness, family leave, life insurance cover, volunteer days, the Cycle to Work scheme, the ability to sell up to two weeks' holiday above the statutory minimum and to buy an extra two weeks of holiday, the opportunity to purchase medical insurance form their net salary taking advantage of VetPartners' policy terms, a health and wellbeing benefits product called "Health Shield";[53]

d) Facilitating contact and information sharing between vets and nurses, so that more junior vets can benefits from learning from more senior vets, or specialists in other practices.

## 8. In the absence of any evidence of improper incentives and self-preferencing on referral services, the CMA's focus on whether pet owners are given sufficient information is misplaced and should be deprioritised to ensure an expeditious investigation

8.1. The CMA acknowledges that there is "limited empirical evidence" of self-preferencing on referrals (or OOH) and on any consumer detriment specific to self-preferencing.[54] The CMA, therefore, focuses on the incentive and ability of vertically integrated business to self-preference, and goes further to say that the assessment is not limited to self-preferencing but is broader to include the question whether pet owners are given sufficient information.[55] The lack of sufficient information alone, cannot give rise to an AEC, without also finding consumer harm that is specific to self-preferencing.

[52] ✂

[53] See VetPartners' response to Question 11 of CMA's s.174 Notice (RFI 7) of 23 September 2024 (submitted on 22 October 2024).

[54] Business Models WP, para 3.16.

[55] Business Models WP, summary, para 32.

8.2. The CMA further suggests that the profitability analysis may somehow provide further evidence of self-preferencing.[56] VetPartners disagrees, as even high profitability in and of itself does not provide evidence of self-preferencing.

8.3. The CMA Board's advisory steer to the Inquiry Group of 23 May 2024 was clear that the Inquiry Group should ensure an expeditious investigation, and that "*if there are areas of the inquiry where early on evidence suggests that no adverse effect on competition exists, or that appropriate remedies are unlikely to be available, we would urge the Group to deprioritise such areas*".

8.4. The CMA has gathered extensive evidence over the first year of the market investigation, and has not identified any evidence of detrimental self-preferencing that could amount to an AEC. Accordingly, VetPartners submits that there is no basis for the CMA to continue focusing on self-preferencing.

8.5. For completeness, however, VetPartners will briefly discuss the risk of self-preferencing, and whether clients are given sufficient choice.

### *A) Self-preferencing*

8.6. As mentioned above, there is no evidence of self-preferencing, or that pet owners are actually offered insufficient choice in referral services. The CMA's theory or harm hinges on "incentives" and "ability" to self-preference.

8.7. Considering the CMA's evidence so far:

a) The professional integrity of vets, and the RCVS Code would counterbalance the ability or incentive to refer within-group.[57] The CMA's suggestion that there is a *"lack of evidence of vet businesses taking into account these competitive and regulatory factors*"[58] is entirely without merit, as:

- VetPartners has a central regulatory team that advises VetPartners and its practices on compliance with the RCVS regulations and Code (as further detailed above);
- There is no evidence of regulatory infringements by VetPartners or its vets.

b) Vets have the clinical freedom to refer to the most appropriate location,[59] and their primary consideration is what is best for the pet and owner, using their clinical judgment. Vets also account for the pet owner's preference and ability to afford the treatment, as well as availability and waiting times.[60]

[56] Business Models WP, summary, para 30.
[57] Business Models WP, para 3.44.
[58] Business Models WP, para 3.45.
[59] Business Models WP, para 3.54.
[60] Business Models WP, para 3.92.

c) Vets see their jobs as a vocation, and they are motivated primarily by their desire to provide the best clinical care for their patients.[61]

d) There are no financial incentives that may influence vets to refer cases in-group.

8.8. It is also not correct that "*all LVGs track the extent of outside-group versus in-group referrals, and often have targets*…". As explained above, VetPartners does not track such referrals and does not have such targets (even in the form of KPIs see *Section 5* and *Section 6(C)* above). In fact, the evidence for VetPartners' dedicated referral centres is that the large majority of all cases seen by them (✂% and ✂%) come from outside of the VetPartners group.

8.9. Finally, VetPartners provided the CMA with a copy of the welcome pack that is routinely provided to the people working at a practice after it has been acquired by VetPartners. This confirms VetPartners' evidence that alongside the central provision of financial and functional support, vets should have clinical autonomy to deliver the best care for their patients and their clients, as is clear from the CEO's statement in the welcome pack:[62]

> "*I also wanted to ensure that, whilst providing financial and functional support for practices, vets could remain as independent as possible and have clinical autonomy to deliver the best care for their patients and their clients*."

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[61] Business Models WP, para 2.83.
[62] Annex MI-02987 (Welcome pack for ✂) p.3.