Competition and Markets Authority investigation into veterinary services for household pets: response to draft Funding Order and Undertakings

1. The British Veterinary Association (BVA) is the national representative body for the veterinary profession in the United Kingdom. Our mission is to represent, support and champion the whole UK veterinary profession. We are a professional body, and our members are individual veterinary surgeons. We take a keen interest in all issues affecting the profession, including animal health and welfare, public health, regulatory issues, and employment matters.

2. We welcome the opportunity to respond to the draft Funding Order, which places a requirement on qualifying veterinary businesses to pay a levy to fund the additional costs incurred by the RCVS to undertake monitoring of compliance with the remedies and certain other activities. We also welcome the opportunity to comment on the draft Undertakings which commit the RCVS to providing the CMA with costs estimates and administering the system for collecting the levy.

3. Our response has been compiled jointly with four of our specialist divisions and affiliate organisations, for which the investigation has the most relevance:

   - The British Small Animal Veterinary Association (BSAVA) which has a membership of 11,000 individuals mainly comprised of veterinary surgeons working in small animal practices treating household pets but also includes registered veterinary nurses (RVNs) and student veterinary surgeons and nurses. Its mission is to enable the community of small animal veterinary professionals to develop their knowledge and skills through leading-edge education, scientific research, and collaboration. It works closely with BVA to represent and support the profession in specific areas of relevance to small animal practitioners.

   - The Society of Practising Veterinary Surgeons (SPVS) whose mission is to provide a supportive membership community offering representation and industry-leading guidance for leaders in veterinary practice.

   - The Veterinary Management Group (VMG), who are the UK's leading representative body for veterinary professionals working in leadership and management roles.

   - The British Veterinary Nursing Association (BVNA) is the independent membership organisation providing services to and representing the veterinary nursing community with 6,500 members. We have a strategic alliance, and their mission is to empower veterinary nurses to develop as individuals and increase their impact on the profession and animal welfare.

4. We greatly appreciated the many opportunities to engage with the CMA throughout the investigation, and more recently we welcomed the opportunity to comment informally on the draft Funding Order and Undertakings ahead of this formal consultation. It is clear that much of our informal feedback has been acted on and many of our proposed changes have been incorporated into the draft documents, which we welcome. We do, however, have some outstanding overarching points and some further suggestions and comments on the specific documents, set out below.

Scope and calculation of the levy

5. A considerable number of the remedies set out in the Final Decision Report place requirements on referral practices, which we support. In our response to the Provisional Decision Report, we argued that the remedies relating to itemised bills and to complaints procedures should also apply to referral practices. Referral centre is not a defined place. Many FOPs offer 'referrals' and many referral centres provide FOP services. Estimates, itemised bills, complaint processes, OOHs provision and cremation services are all equally relevant to referral centres. As the levy is intended to cover the RCVS costs incurred in setting up mechanisms for delivering the new activities associated with the remedies, and monitoring compliance, it seems to be a significant oversight that referral practices, as veterinary businesses required to comply, will not be required to contribute to the associated RCVS cost of set-up and monitoring. We consider that the apparent exclusion of referral practices from the scope of the levy creates a grey area which will lead to confusion for some veterinary businesses and a significant loophole which may be exploited. It also results in FOPs paying a significantly higher annual fees that they otherwise would were the total costs shared out amongst all qualifying veterinary businesses. It would be advisable to refer to 'veterinary business' throughout to avoid any uncertainty or confusion as ‘veterinary business’ is very clearly defined in the Order.

6. We note the CMA’s estimate that the levy payable for each veterinary business for the Initial Relevant Period will be around £400, based on 4,417 small animal FOPs and around 200 OOH Centres. Although we broadly support this simple approach to calculating the levy, notwithstanding our point about referral practices above, we would suggest that the CMA gives further consideration as to whether this is entirely appropriate for sole traders, Limited-Service Providers and some remote/rural practices. For some veterinary businesses, being required to pay the same levy as, for example, a large FOP in central London, is likely to feel inherently unfair, even though the amount may not appear to be prohibitive. Although we fully recognise that a means tested approach or a system with a range of variables would be disproportionate and would likely increase the cost of collecting the levy, we consider that some recognition of the impact on a limited number of very small businesses operating under specific circumstance would be welcomed by the profession.

Definitions

7. In our response to the informal consultation on the draft Funding Order and Undertakings, we recommended that the definition of ‘Household pet’ should be tightened to be clear whether FOPs which provide primary care for rabbits, guinea pigs, rodents, caged birds, reptiles, fish, and/or other pets which might categorised as non-traditional pets or ‘exotic’ are considered to fall within the scope of the definition of ‘Qualifying Veterinary Business’. In our subsequent informal feedback on the draft Substantive Order and Undertakings we highlighted that there may also be some minor grey areas relating to individual clients where animals traditionally considered as farm animal species (eg poultry) may be kept as pets, or where animals traditionally kept as pets are considered working or farmed animals who do not reside in a dwelling (eg working collie dogs). We suggested that, for the benefit of those practices offering mixed species services, it should be clear under what circumstances the CMA remedies will apply.

8. Whilst we welcome the changes that have been made to the definition of ‘Household pet’ we feel that there is still some further refinement needed for absolute clarity, and to address the points above. We strongly recommend that 'small mammal, bird, reptile or fish, or other 'exotic' pet animal' is preferable to specifying hamster/gerbil etc and prevents any possibility of misunderstanding what the intent of focusing on provision of veterinary services to household 'pet' means

Draft Funding Order

9. We broadly support the content and clarity of the draft Funding Order. In our response to the informal consultation on the draft Funding Order, we requested further explanation regarding ‘RCVS reasonable administration costs’ and how ‘reasonable’ would be defined and monitored. As the draft Undertakings now incorporate further detail regarding external scrutiny of the RCVS estimate for both the initial and subsequent review periods, we are satisfied that this original concern has been adequately addressed.

Draft Undertakings

10. We welcome the additional detail and clarity incorporated into the draft Undertakings in response to our informal feedback. We particularly welcome the inclusion on page 9 that RCVS will be required to consult with representative bodies as well as qualifying businesses on the detail of their funding estimate for subsequent review periods, as well as actively publicise the consultation and consider the responses.
11. Having previously suggested that there needs to be a mechanism for checking that processes paid for by the levy are genuinely necessary and are also efficient, we warmly welcome the additional requirement for RCVS to include, alongside audit of costs incurred, the auditor's opinion as to whether any of those costs were not reasonably necessary and reasonably efficiently incurred.
12. In our response to the informal consultation on the draft Undertaking, we suggested that, in the event of the Undertaking being released, there should be a time-limit to safeguard against indefinite holding of monies owed. We note that the current draft Undertaking does not incorporate a time-limit, and we maintain the view that thirty days would be appropriate as it mirrors the timeframe within which Qualifying Veterinary Businesses are required to pay the levy to the RCVS.

Draft Funding Order Notice and Undertakings Notice

13. We are broadly supportive of the content of the two Notices which appear largely identical in content. We note that page 9 of both documents state that the RCVS initial estimate will require information on costs incurred by RCVS and funded from professional fees, which are to be refunded from the levy payable by veterinary businesses. Having repeatedly flagged our concern that funding for remedies must not come at the expense of individual vets and RVNs through spending existing RCVS reserves and must be recouped in the event of any initial outlay, we warmly welcome this explicit requirement. However, as the detail of the initial funding estimate has not been published, beyond the broad costs for the main components as set out in the Notice, we are not yet entirely reassured. At the very least we would ask that a figure for the outlay from reserves, and detail on how that breaks down across the set-up of the various RCVS activities, is shared with us as the representative body if it is not appropriate to publish more widely.

Annex 1

14. We understand that this is an RCVS submission to the CMA of the funding estimate for the initial review period. The full detail of the estimate is referred to as contained in Annex A to the document and has not been published as part of the consultation. We are satisfied the CMA's scrutiny of the estimate, alongside assurance from independent audit is appropriate and proportionate. The expectation remains that we will be consulted on all future funding estimates, with RCVS required to ring-fence funds, declare and carry over underspends, and formally report on the detail.

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