

Written submission to the Senedd Cymru Petitions Committee (P-06-1291: Hold an enquiry into the corporate takeover of the veterinary profession in Wales)

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We welcome the opportunity to make this submission ahead of the Petitions Committee's next scheduled discussion of Petition P-06-1291 on 14 October 2024, and wish to convey our appreciation for the valuable work the Committee has undertaken to date on this issue. We have read, with interest, the information the Committee has received via evidence sessions and written submissions from a range of stakeholders. These contributions raise salient issues regarding the potential impact of corporate ownership of veterinary services, in addition to shining a light on broader concerns within the profession and adjacent industries/sectors. We note the petition itself pre-empts a number of preliminary concerns that have since been raised by the Competition and Markets Authority (CMA) as part of its investigation into the UK market for veterinary services for household pets. We consider the petition and the work of the Committee to be an important complement to the CMA's investigation, especially given certain vulnerabilities faced by pet owners in Cymru, which may fall outside of the scope of the CMA's current focus.

Our interest in this area originates from the operative term in the title of this petition: 'corporate takeovers'. As has been noted in various sources, including research by the Senedd accompanying this petition,¹ the veterinary services market in the UK has borne witness to notable structural change over the past decade, driven by the acquisition of a significant number of independent service providers by a select few corporate entities. We note, in particular, an apparent strategy of 'industry roll-up'—adopted by some corporate entities—whereby a corporate has succeeded in obtaining a position of potential market dominance in a particular region via the acquisition of multiple independent providers in a geographic

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¹ Senedd Cymru, [Research Petition Briefing P-06-1291](#) (Ref: SR22/3596-4, 17 October 2022), 2.

radius.² Prior to launching its market investigation, the CMA deemed it necessary to reverse several of these roll-up acquisitions on the basis of competition concerns, most notably potential risks associated with the exercise of unilateral power in markets that are more concentrated than they once were.³ While the CMA has indicated its intentions to subject acquisitions in the veterinary services market to closer scrutiny going forward,⁴ the nature of roll-up acquisitions—which have a heightened tendency to fly “below the radar” of merger control thresholds—means there has likely been a degree of underenforcement of these acquisitions in jurisdictions across the world.

In this context, where localised market concentration already appears entrenched, the function of market investigations—and enquiries of the nature proposed by the petition—become even more pivotal. As with the CMA, our research is ongoing, and we are not yet in a position to comment on the precise nature of any failures within the market, nor the degree to which—if any—market concentration, (inhibited) market forces, and/or corporate ownership may be contributing to these failures.⁵ We do, however, wish to highlight to the Committee an issue of particular concern to us, which we believe stands to be of nuanced importance to pet owners in Cymru. The early intuition to arise from our research is that certain categories of vulnerable consumers may be particularly exposed to—and/or stand to be disproportionately disadvantaged by—potential failures of the market.

We observe and foresee circumstances where vulnerable consumers—namely, those who are chronically sick, disabled, of pensionable age, on low incomes, and/or residing in rural areas—will struggle to engage with the market effectively and, in some cases, may be unable to access veterinary services at all. For example, vulnerable consumers stand to be disproportionately impacted by the closure of local veterinary practices (which we have observed to arise in the aftermath of several corporate roll-up strategies), particularly those pet owners who live in remote or isolated regions of the UK. While it is likely that the majority of pet owners are in a position to manage the *inconvenience* of local closures, vulnerable pet owners may not have the practical means or capabilities to travel further afield to access veterinary services.⁶

² David Reader and Scott Summers, ‘[Paws for Thought: Putting UK vet acquisitions on a tightened leash](#)’ (2024) Jun-II, CPI Antitrust Chronicle.

³ *ibid* 5-8.

⁴ *ibid* 6, and Sarah Cardell (Chief Executive, CMA), [Remarks at the 2023 Annual Antitrust Enforcers Summit: Challenges in Merger Review Panel](#) (27 March 2023), from 1:05:04.

⁵ Here, we refer to market failures in the broad sense, as market characteristics, external events, regulatory issues and/or conduct by market participants that result in sub-optimal outcomes for consumers.

⁶ While anecdotal, one of the authors has learned of concerns for elderly pet owners, stemming from the recent closure of his local first opinion practice. As a result of the closure, a round trip of 2.4mi to the nearest vet has been extended to 10.2mi. A combination of issues—including limited options for public transport, and no public footpath permitting access between neighbouring towns—means private travel (e.g. by car or taxi) remains the only viable option in many cases.

Moreover, we have preliminary anecdotal evidence indicating that certain categories of vulnerable consumers are less likely to have access to private transport (or are less inclined/able to drive longer distances), meaning longer journeys—arising from the closure of local practices—may need to be made using public transport. This is impractical or unfeasible for many pet owners, especially where veterinary services are sought in emergency situations. The timing, reliability, and calling points of public transport in remote areas may render it unviable for owners seeking to take their pet to their nearest practice. The cost of public transport may also be prohibitive, as may the prospect of taking distressed or severely ill pets on to buses/trains/etc. Private taxi services may be considered as an alternative but, again, costs and other factors may limit this option for some vulnerable groups, especially if taxis can only be booked in advance (a trait of rural taxi operators), and a pet owner is faced with an emergency situation.

We anticipate that pet owners residing in rural areas of Cymru are particularly exposed to: (i) the consequences arising from the closure of local veterinary practices, and (ii) as a matter of associated concern, a ‘security of supply’ risk, where the insolvency of a single corporate entity calls into question the economic viability of most—if not all—veterinary practices in an entire geographic region. We invite the Committee to consider the pertinence of these risks to the devolved competences the Senedd possesses in relation to animal welfare, which may be compromised by highly-concentrated ownership in local markets.

We have made submissions to the CMA Inquiry Group, recommending the explicit consideration of regional variances in access to veterinary services across the UK, as well as probing the specific experience of vulnerable consumers when engaging with the market.⁷ While we have confidence that the remit of the CMA’s investigation is capable of extending to the consideration of these issues,⁸ the current Issues Statement is silent on the scope that will be afforded to particular categories of vulnerable consumers and to regional nuances. This, we feel, accentuates the importance of the petition before the Committee, which lays the foundations for a deeper-dive into the granular effects of market concentration and corporate ownership in this context, and its potential implications for the welfare of animals (including services provided by charitable bodies) and—to the extent it is possible under the Senedd’s devolved powers—vulnerable citizens.

We thank the Committee for its consideration of this submission, and welcome any requests for clarification or elaboration on the points we have raised.

⁷ David Reader and Scott Summers, ‘[Response to CMA market investigation into veterinary services for household pets: Issues Statement](#)’ (*Consultation response*, 30 July 2024), paras 1.1–1.6.

⁸ In particular, we are hopeful that the CMA’s forthcoming consumer survey will gather valuable data to analyse these variations.