

COMPLETED ACQUISITIONS BY INDEPENDENT VETCARE LIMITED (IVC) OF MULTIPLE INDEPENDENT VETERINARY PRACTICES

NOTICE UNDER PARAGRAPH 2(1) OF SCHEDULE 10 TO THE ENTERPRISE ACT 2002 (THE ACT) – CONSULTATION ON PROPOSED UNDERTAKINGS IN LIEU OF REFERENCE PURSUANT TO SECTION 73 OF THE ACT.

ME/7026-7028/22 and ME/7030-7033 /22

Please note that [X] indicates figures or text which have been deleted at the request of the parties for reasons of commercial confidentiality.

INTRODUCTION

1. Between 16 September 2021 and 22 March 2022, Independent Vetcare Limited (**IVC**) acquired the following independent veterinary practices (the **Targets**):
 - (a) Penrose Veterinary Group Limited (**Penrose**);
 - (b) Kevin Castle (Pet Care) Limited (**Pet Care**);
 - (c) Swayne & Partners Topco Limited, including Swayne and Partners Holdings Limited and its wholly owned subsidiary Swayne and Partners Limited (**Swayne**);
 - (d) Treforest Vets (Holdings) Limited (**Treforest**);
 - (e) Mercer & Hughes Limited (**Mercer & Hughes**);
 - (f) Swaffham Veterinary Centre Limited (**Swaffham**);
 - (g) Anglesey Pet Clinic Ltd (**Anglesey**), and

- (h) Chiltern Equine Clinic, including Chiltern Veterinary Services Limited and Chiltern Bury Farm Limited (**Chiltern**).¹
2. Each of the Targets are independent veterinary practices located in areas across England and Wales. Together, the transactions listed above are referred to as the **Mergers**. With the exception of Chiltern and Swaffham, IVC and the other Targets overlap in the supply of first opinion veterinary care to small animals on a commercial basis during daytime hours (**standard small animal veterinary services**). IVC also overlaps with Swayne and Swaffham in the supply of out of hours (**OOH**) veterinary services to small animals provided on a business to consumer (**B2C**) basis. Lastly, IVC overlaps with Chiltern in the supply of first opinion equine veterinary services.
 3. On 17 February 2023, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Act that it is or may be the case that each of the Mergers constitutes a relevant merger situation² that has resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decisions**). The text of the SLC Decisions is available on the CMA webpage.³
 4. On 24 February 2023, IVC offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act in relation to each of the eight Mergers.
 5. On 3 March 2023, the CMA gave notice to IVC, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered in relation to each of the Mergers, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering IVC's offers (the **UIL Provisional Acceptance Decisions**).
 6. At this stage, the CMA is consulting only on the undertakings offered in relation to the Mergers listed in paragraph 1 (a), (b), (c), (e), (f), (g) and (h) above (the **First Set of Proposed Undertakings**; the Mergers to which these undertakings relate are referred to as the **Relevant Mergers**).
 7. The undertakings proposed in relation to the Treforest Merger are not being consulted on at this stage.

¹ In parallel, IVC also acquired eVetDrug Limited (**eVetDrug**), an online dispensary of equine medicine, from the same sellers as Chiltern. This acquisition was not within the scope of the CMA's phase 1 merger investigation.

² Pursuant to section 25(4) of the Act the four-month period mentioned in section 24 of the Act is extended while the CMA is seeking undertakings in lieu of reference.

³ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/independent-vetcare-limited-ivc-multiple-independent-veterinary-businesses-merger-inquiries).

THE UNDERTAKINGS OFFERED

8. As set out in the SLC Decisions, the CMA found that each of the Relevant Mergers gives rise to a realistic prospect of an SLC in one or more local areas in England and Wales (together, the **SLC Areas**) as a result of horizontal unilateral effects in relation to the supply of:
 - (a) standard small animal veterinary services for the Penrose, Pet Care, Swayne, Mercer & Hughes, and Anglesey Mergers;
 - (b) first opinion equine veterinary services for the Chiltern Merger;
 - (c) OOH small animal veterinary services for the Swaffham and Swayne Mergers.
9. The SLC Areas are listed in Annex 1.
10. As set out in the relevant UIL Provisional Acceptance Decisions, to address the SLCs identified by the CMA, IVC has offered undertakings to divest the Targets listed in paragraph 1 (a), (b), (c), (e), (f), (g), and (h) above as viable and standalone businesses (ie the First Set of Proposed Undertakings). More specifically, the relevant entities to be divested are as follows (the **Divestment Businesses (First Set)**):
 - (a) Penrose Veterinary Group Limited;⁴
 - (b) Kevin Castle (Pet Care) Limited;
 - (c) Swayne & Partners Limited;⁵
 - (d) Mercer & Hughes Limited;
 - (e) Swaffham Veterinary Centre Limited;
 - (f) Anglesey Pet Clinic Limited, [REDACTED]
 - (g) Chiltern Veterinary Services Ltd, Chiltern Bury Farm Limited, and eVetDrug Limited.

⁴ The proposed divestment of Penrose includes the option to acquire, in addition to the operating Colchester site, a site located in Stratford St Mary, which was closed by IVC (for reasons unrelated to the Penrose transaction) in July 2022.

⁵ The following entities will also be divested: (i) Swayne & Partners Holdings Limited (of which Swayne & Partners Limited is a wholly owned subsidiary) and/or (ii) Swayne & Partners Topco Limited (of which Swayne & Partners Holdings Limited is a wholly owned subsidiary).

11. The text of the seven undertakings is available on the CMA webpages.⁶ A full list of sites that would be divested under the First Set of Proposed Undertakings is included in Annex 2 below.
12. IVC offered to enter into transitional service arrangements (**TSAs**) (if required by the divestment purchasers) for up to [X] in order to ensure the continuity of the operations of the Divestment Businesses (First Set) post-divestiture. IVC submitted that only a relatively short transition period is likely to be required, as support services currently provided by IVC to the Divestment Businesses (First Set) (such as finance, IT and HR) are easily replicable within [X] by a suitable purchaser.
13. IVC has also offered to enter into an agreement for the sale and purchase of each of the Divestment Businesses (First Set) with an upfront buyer, before the CMA finally accepts the First Set of Proposed Undertakings. In particular, IVC has proposed:
 - (a) James Jonathan Rutter, former owner of Anglesey (**James Rutter**) as the upfront buyer of Anglesey.
 - (b) Helen Manning and Liam Manson, two of the three former owners of Swaffham (through HBS@Home Ltd) (**Helen Manning and Liam Manson**) as the upfront buyer of Swaffham.
 - (c) Nick Park, a veterinary surgeon who will be an ex-IVC employee (notice period ends on [X]) (through Chiltern Services Group Limited) (**Nick Park**) as the upfront buyer of Chiltern.
 - (d) Perwyn Advisors UK Limited, through Wick Bidco Limited (**Perwyn**) as the upfront buyer of Penrose, Pet Care, Swayne and Mercer & Hughes.
14. Each of these agreements will be conditional on acceptance by the CMA of the relevant Proposed Undertaking(s), including approval of the upfront buyers listed above as the buyers of the relevant Divestment Businesses (First Set).

CMA ASSESSMENT

15. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the First Set of Proposed Undertakings will resolve the SLCs identified in the relevant SLC Decisions in a clear-cut manner, ie the CMA currently does not have material doubts about the overall effectiveness of the First Set of Proposed Undertakings or concerns about their implementation.⁷ This is because the First Set of Proposed Undertakings would address the SLCs in all areas identified in the relevant SLC Decisions, and as such would restore the

⁶ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/independent-vetcare-limited-ivc-multiple-independent-veterinary-businesses-merger-inquiries).

⁷ [Merger remedies \(CMA87\)](#), December 2018, Chapter 3, paragraph 3.28.

competitive constraint provided by the Divestment Businesses (First Set) on IVC (and vice versa) that would otherwise have been lost as a result of the Relevant Mergers (including in relation to the supply of small animal OOH services, where relevant).

16. Some of the Targets (Swayne, Chiltern, Mercer & Hughes, Penrose⁸) operate 'hub-and-spoke' models in which a larger practice (eg a hospital) (the hub) is linked with smaller surrounding practices (spokes). Each of the divestments includes the entire Target business, and as such the CMA believes the divestiture would restore competition in a clear-cut manner.
17. The CMA also considers that the First Set of Proposed Undertakings would be capable of ready implementation, because the Divestment Businesses (First Set) are each standalone businesses and include all assets that enabled each Divestment Business (First Set) to viably operate and compete with IVC prior to the Relevant Mergers and since the implementation of Initial Enforcement Orders on 17 November 2022.⁹ Although the relevant Targets currently require IVC to provide support functions (such as finance, IT and HR services), the available evidence indicates that the Divestment Businesses (First Set) can be sold as standalone businesses, as these support functions can be replicated by a suitable purchaser(s) and key operational decisions are made locally (ie at Target level).
18. The Upfront Buyer Condition means that, in relation to each Relevant Merger, the CMA would only accept the Proposed Undertakings after IVC has entered into an agreement with a nominated buyer that the CMA considers to be suitable. The CMA considers that an Upfront Buyer Condition is necessary for each of the Divestment Businesses (First Set) because of certain risks relating to the proposed divestiture packages, including the fact that the Relevant Mergers have been completed for a significant period of time and the Divestment Businesses (First Set), though capable of being separated, are currently integrated into the IVC business.
19. The evidence available to the CMA indicates that each of the upfront buyers listed at paragraph 11 above has sufficient resources and expertise to provide the necessary management support to enable the relevant Divestment Businesses (First Set) to operate as a competitor to IVC immediately.

⁸ As explained in the SLC Decisions (paragraphs 30(a) and 93) Penrose was originally a two-site practice with the hub operating in Colchester and the spoke located in Stratford St Mary, which was closed by IVC in July 2022. As explained in footnote 4 above, proposed divestment of Penrose includes the option to acquire both the Colchester and the Stratford St Mary sites.

⁹ The divestment of Swaffham includes all its existing assets. However, as noted at paragraph 89 of the SLC Decisions, due to vet shortages, Swaffham was unable to continue to offer small animal OOH services and currently outsources those services. Accordingly, resuming the 'in-house' provision of OOH services at Swaffham will require recruitment of additional staff, which the CMA understands a purchaser would be able to implement in a relatively short period of time.

Suitability of the proposed purchasers

20. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition. The CMA therefore seeks to ensure that:
- (a) the acquisition by the purchaser remedies, mitigates or prevents the SLC concerned and any adverse effect resulting from it;
 - (b) the proposed purchaser is independent of and unconnected to the merging parties;
 - (c) the proposed purchaser has the necessary financial resources, expertise, incentive and intention to maintain and operate the divested business as an effective competitor in the marketplace;
 - (d) the proposed purchaser is reasonably expected to obtain all necessary approvals, licences and consents from any regulatory or other authority; and
 - (e) the acquisition by the proposed purchaser does not itself create an SLC within any market or markets in the UK.¹⁰
21. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 11 above, the CMA currently considers each of the upfront buyers listed at paragraph 11 above (the **Upfront Buyers**) to be a suitable purchaser of the relevant Divestment Businesses (First Set) for the following reasons:
- a) The CMA currently considers that the acquisition by the Upfront Buyers of the Divestment Businesses (First Set) would in each case remedy, mitigate or prevent the SLC(s) concerned and any adverse effect resulting from them, achieving as comprehensive solution as is reasonable and practicable. This is because it would allow the Divestment Businesses (First Set) to continue competing against IVC in the same way it did before the Relevant Mergers.
 - b) The evidence available to the CMA indicates that the Upfront Buyers and all other related entities are independent of IVC and do not appear to have any significant connection to IVC that may compromise its incentives to compete with IVC if it were to acquire the Divestment Businesses. While Nick Park will be an ex-IVC employee (notice period ends on [X]) and [X], the CMA is satisfied with Nick Park's ability and incentive to compete independently with IVC.

¹⁰ [CMA87](#), paragraph 5.21.

- c) The evidence available to the CMA indicates that the Upfront Buyers have both the capabilities and access to appropriate financial resources to acquire and operate the Divestment Businesses (First Set) as effective competitors. In particular, each upfront buyer has provided evidence of relevant managerial, operational and technical expertise, including (for Nick Park, James Rutter, Helen Manning and Liam Manson) past experience of owning and operating a veterinary business. While Perwyn does not have this past experience, the CMA is satisfied that it has already identified a management team with extensive experience in running a veterinary business.

22. In addition, each Upfront Buyer has provided evidence of the necessary financial resources to acquire and operate the relevant Divestment Business (First Set), including that it has existing cashflows capable of financing the acquisition and supporting the ongoing development of the relevant Divestment Business (First Set) and its existing business from its projected turnover.

- d) Each Upfront Buyer discussed its plans for the Divestment Businesses (First Set) with the CMA and provided supporting material including financial projections. The CMA considers these projections to be reasonable and competitive. Each Upfront Buyer separately provided the CMA with details of its management plans and operational strategy, including the separation of the Divestment Businesses (First Set) from IVC. The plans, financial projections, management plans and overall strategy indicate that the Upfront Buyers have the necessary understanding of the Divestment Businesses' (First Set's) operational dynamics and are committed to operating the Target sites as a viable competitor (including in OOH services, where relevant) to IVC and other competitors in each of the SLC areas.
- e) The evidence available to the CMA indicates that the acquisition of the Divestment Businesses (First Set) by the Upfront Buyers should not, in each case, create a realistic prospect of further competition concerns. None of the Upfront Buyers have any existing practices and as such there is no local overlap between the Upfront Buyers and the divested sites. As such, the CMA believes there is no possibility of an SLC as a result of horizontal unilateral effects in any of the local areas. Nor are there any vertical links between the Upfront Buyers and IVC that could give rise to competition concerns.

23. Therefore, subject to responses to this consultation, the CMA currently considers each of the Upfront Buyers to be suitable purchasers of the Divestment Businesses (First Set), as relevant.

Proposed decision and next steps

24. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of (i) Anglesey by James Rutter, (ii) Swaffham by Helen Manning and Liam Manson, (iii) Chiltern by Nick Park, and (iv) Penrose, Pet Care, Swayne and Mercer & Hughes by Perwyn are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the relevant SLC Decisions and form as comprehensive a solution to these concerns as is reasonable and practicable.
25. The CMA therefore gives notice that it proposes to accept the First Set of Proposed Undertakings in lieu of a reference of the Relevant Mergers for a phase 2 investigation. The text of the proposed undertakings in relation to each of these Relevant Mergers is available on the CMA web page.¹¹
26. Before reaching a decision as to whether to accept the First Set of Proposed Undertakings in relation to any or all of the Relevant Mergers, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the First Set of Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to any of the First Set of Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.¹²
27. Representations should be made in writing to the CMA, preferably by email, and be addressed to:

Davide Canzano

Email: Davide.Canzano@cma.gov.uk

Deadline for comments: Monday 12 June 2023

¹¹ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](#).

¹² Under paragraph 2(4) of Schedule 10 to the Act.

ANNEX 1 – SLC AREAS

Underlying Target	Site name	Site owner	Market(s)
Anglesey	Aran Vet Clinic	IVC	Small animal
Mercer & Hughes	Mercer & Hughes Stansted	Mercer & Hughes	Small animal
Mercer & Hughes	Mercer and Hughes Bocking Braintree	Mercer & Hughes	Small animal
Mercer & Hughes	Apollo Vets Black Notley	IVC	Small animal
Mercer & Hughes	Spring Lodge Veterinary Centre	IVC	Small animal
Mercer & Hughes	Walton Lodge Veterinary Group	IVC	Small animal
Penrose	Penrose Veterinary Group Brinkley Lane	Penrose	Small animal
Petcare	Pet Care Veterinary Surgery	Petcare	Small animal
Petcare	Oval Pet Centre Welling	IVC	Small animal
Petcare	Oval Pet Centre Sidcup	IVC	Small animal
Petcare	Parkvets Veterinary Clinic Belvedere	IVC	Small animal
Petcare	Easipetcare Ltd Dartford	IVC	Small animal
Swayne	Swayne & Partners Sudbury	Swayne	Small animal
Swayne	Swayne & Partners Bury St. Edmunds	Swayne	Small animal, OOH
Swayne	Swayne & Partners Haverhill	Swayne	Small animal
Swayne	Catley Cross Veterinary Clinic	IVC	Small animal
Swayne	Mulberry Court Veterinary Surgery	IVC	Small animal
Swayne	Mulberry Vets Henny	IVC	Small animal
Swayne	Haughley Veterinary Centre	IVC	Small animal
Swayne	Hawkedon and Homefield Vets - Homefield	IVC	Small animal
Swayne	Hawkedon and Homefield Vets - Hawkedon	IVC	Small animal, OOH
Chiltern	Chiltern Equine Clinic - Blueberry Farm	Chiltern	Equine
Chiltern	Chiltern Equine Clinic - Model Farm	Chiltern	Equine
Chiltern	Chiltern Equine Clinic - Widmer Farm	Chiltern	Equine
Chiltern	Wendover Heights Vets Aylesbury	IVC	Equine
Swaffham	Swaffham Veterinary Centre	Swaffham	OOH
Swaffham	Summerhill Veterinary Centre (Norfolk)	IVC	OOH

ANNEX 2 – DIVESTMENT SITES

Target	Site name and address
Anglesey	Anglesey Pet Clinic (Cyttir Road, Holyhead, Gwynedd LL652SY)
Mercer & Hughes	Mercer & Hughes Great Dunmow Veterinary Surgery (Units 5-6, Great Dunmow, Essex CM61HD)
Mercer & Hughes	Mercer & Hughes Saffron Walden Veterinary Hospital (14 Radwinter Road, Saffron Walden, Essex CB113JB)
Mercer & Hughes	Mercer & Hughes Stansted Veterinary Surgery (80 Cambridge Road, Stansted, Essex CM248DA)
Mercer & Hughes	Mercer and Hughes Bocking Braintree Veterinary Surgery (175-179 Church Lane, Braintree, Essex CM75SG)
Penrose	Penrose Veterinary Group Ltd (70 Brinkley Lane, Colchester, Essex CO49XE)
Penrose	Penrose Veterinary Group Ltd (Peelers End, Upper Street, Stratford St Mary, Essex, CO7 6LW) ¹³
Petcare	Pet Care Veterinary Surgery (355 Bexley Road, Erith, Kent DA83EZ)
Swayne	Swayne & Partners Limited (84 Hamlet Road, Haverhill, Suffolk CB98QQ)
Swayne	Swayne & Partners Limited (Little St. Marys, Sudbury, Suffolk CO109HY)
Swayne	Swayne & Partners Limited (The Dairy, Bury St. Edmunds, Suffolk IP333SP)
Swayne	Swayne & Partners Limited (The Maltings, Newmarket, Suffolk CB87AA)
Chiltern	Chiltern Equine Clinic (Blueberry Farm, Warfield, Berkshire RG426JL)
Chiltern	Chiltern Equine Clinic (Bury Farm, Slapton, Bedfordshire LU79BT)
Chiltern	Chiltern Equine Clinic (Model Farm, Chalfont St Giles, Buckinghamshire HP84AB)
Chiltern	Chiltern Equine Clinic (Widmer Farm, Princes Risborough, Buckinghamshire HP270PG)
Swaffham	Swaffham Veterinary Centre (Unit 3, Tower Meadows, Swaffham, Norfolk PE377LT)

¹³ As explained in footnote 4 above, the acquisition of this site is optional.