

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

DECISIONS ON ACCEPTANCE OF UNDERTAKINGS IN LIEU OF REFERENCE

ME/7026-7033/22

The CMA's decision to accept undertakings in lieu of reference under section 73(2) of the Enterprise Act 2002 given on 30 June 2023. Full text of the decision published on 17 August 2023.

Please note that [§] indicates figures or text which have been deleted or replaced in ranges 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**

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.

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 constitute a relevant merger situation 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**).
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. The CMA gave notice to IVC on 3 March 2023, pursuant to section 73A(2)(b) of the Act, that it considered that there were 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 was considering IVC's offers (the **UILs Provisional Acceptance Decisions**).
5. The text of the SLC Decisions and the UILs Provisional Acceptance Decisions are available on the CMA webpages.²

The undertakings offered

6. As set out in the SLC Decisions, the CMA found that each of the 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, Treforest, Mercer & Hughes, and Anglesey Mergers;
 - (b) first opinion equine veterinary services for the Chiltern Merger; and
 - (c) OOH small animal veterinary services for the Swaffham and Swayne Mergers.
7. As set out in the UIL Provisional Acceptance Decisions, to address the SLCs identified by the CMA, IVC has offered undertakings to divest each of the Targets listed in paragraph 1 above (the **Proposed Undertakings**) as viable and standalone businesses. More specifically, the relevant entities to be divested are as follows (the **Divestment Businesses**):
 - (a) Penrose Veterinary Group Limited;³
 - (b) Kevin Castle (Pet Care) Limited;
 - (c) Swayne & Partners Limited;⁴
 - (d) Treforest Vets (Holdings) Limited, [✂];
 - (e) Mercer & Hughes Limited;

² See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk).

³ 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.

⁴ 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).

- (f) Swaffham Veterinary Centre Limited;
 - (g) Anglesey Pet Clinic Limited, [REDACTED];
 - (h) Chiltern Veterinary Services Ltd, Chiltern Bury Farm Limited, and eVetDrug Limited.
8. The proposed undertakings are set out in more detail in the text of the consultations on the CMA webpages⁵ (the **UILs**).
 9. IVC also offered to enter into agreements for the sale and purchase of each of the Divestment Businesses with upfront buyers, before the CMA finally accepts the Proposed Undertakings. In particular, IVC proposed:
 - (a) James Jonathan Rutter, former owner of Anglesey (**James Rutter**) as the upfront buyer of Anglesey;
 - (b) Andrew O'Donnell, former owner of Treforest (**Andrew O'Donnell**) as the upfront buyer of Treforest;
 - (c) 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;
 - (d) Nick Park, a veterinary surgeon who is an ex-IVC employee through Chiltern Services Group Limited (**Nick Park**) as the upfront buyer of Chiltern; and
 - (e) Perwyn Advisors UK Limited, through Wick Bidco Limited (**Perwyn**) as the upfront buyer of Penrose, Pet Care, Swayne and Mercer & Hughes.
 10. Following the CMA's UILs Provisional Acceptance Decisions, IVC proposed to reduce the scope of its UILs offer in relation to Swayne by removing Swayne's Newmarket site from the scope of that divestment business.⁶ The CMA did not identify a realistic prospect of an SLC in relation to IVC's acquisition of Swayne's Newmarket site in the relevant SLC Decision and the site was included in IVC's UILs offer in relation to Swayne because it is part of a hub-and-spoke network (with Newmarket being one of the spokes).
 11. IVC proposed that the Newmarket site⁷ could be retained by IVC to enable a proposed purchaser for which the acquisition of the Newmarket site would have raised possible competition concerns to acquire the remainder of the Swayne practices, alongside a number of the other Targets.⁸
 12. After the CMA has concluded that a UILs offer might be acceptable, in principle, as a suitable remedy, the CMA is typically unlikely to agree to a narrowing of the scope of that remedies package on the basis that certain aspects of that package might result in a merger party's preferred purchaser raising competition concerns. In any event, the CMA considered that the evidence provided by IVC (which was only submitted at a relatively advanced stage of the CMA's consideration of the UILs offered) was insufficient to rule out that material composition risks would

⁵ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

⁶ IVC's Submission on Swayne Newmarket site, 27 April 2023.

⁷ The Maltings, Fordham Road, Newmarket, Suffolk.

⁸ See Merger Remedies Guidance, paragraph 5.27. The CMA will approve a divestment purchaser only where it is confident that the acquisition does not itself create a realistic prospect of an SLC and the CMA would not expect to investigate this transaction, regardless of whether or not the transaction constitutes a relevant merger situation under the Act. Based on the methodology for identifying catchment areas and estimating shares relied on by the CMA in the SLC decisions, this proposed purchaser's acquisition of the Swayne Newmarket site would have resulted in a combined share of [30-40%] in the relevant catchment area centred on the Swayne site.

have been introduced by the proposed amendment to the divestment business (which would have been a materially different, and more limited, business than that operated at present).

13. On this basis, the CMA did not accept IVC's request to narrow the scope of the Swayne divestment business and consulted on the basis of the package initially proposed by IVC.

Consultation

14. On 26 May 2023, pursuant to paragraph 2(1) of Schedule 10 to the Act, the CMA published the UILs in relation to Penrose, Pet Care, Swayne, Mercer & Hughes, Swaffham, Anglesey, and Chiltern (the **First Set of Proposed Undertakings**), inviting interested parties to give their views on the UILs.
15. Subsequently, on 31 May 2023, pursuant to paragraph 2(1) of Schedule 10 to the Act, the CMA published the UILs in relation to Treforest (the **Treforest Proposed Undertakings**).
16. The relevant text from the consultations is set out in Annex A and Annex B of this decision.⁹
17. For the reasons set out in the consultations, the CMA's preliminary view was that the UILs offered in relation to each of the Mergers would resolve the SLCs identified in the SLC decisions (as relevant) in a clear-cut manner, ie without giving rise to material doubts about the overall effectiveness of the UILs or concerns about their implementation.¹⁰

Consultation responses

- Chiltern

18. The CMA received two submissions during the consultation period in relation to the Chiltern Merger.
19. Both respondents raised concerns about the suitability of Nick Park as the proposed upfront buyer of Chiltern related to Nick Park's incentive and ability to compete independently with IVC because of his previous employment with IVC, the fact that he [redacted] IVC, and his links to MWI Animal Health, [redacted]. One respondent also expressed doubts about Nick Park's experience and understanding of managing a first opinion equine veterinary practice as well as in relation to the level of financial resources available to him.
20. The CMA has carefully assessed the concerns raised during the consultation and, based on the available evidence, considers that:
 - (a) Nick Park has the required capability and expertise to operate Chiltern because of his previous clinical and non-clinical work experience, and that he has the necessary financial resources to operate Chiltern effectively.
 - (b) While Nick Park will continue to [redacted] IVC, the [redacted] nature of this [redacted] means that it would not be expected to affect his incentive and intention to maintain and operate the divested business to compete with IVC (or on IVC's incentive and intention to compete with Chiltern post-divestment).
 - (c) Nick Park is currently co-chairing the MWI Animal Health Clinical Board.¹¹ MWI Animal Health is one of the main wholesalers of pharmaceuticals and consumables in the UK veterinary industry ([redacted]). While IVC is a customer of MWI Animal Health, the CMA understands that IVC

⁹ The full consultation texts was published on [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).

¹⁰ [Merger remedies, \(CMA87\), December 2018](#), Chapter 3, in particular paragraphs 3.27, 3.28 and 3.30.

¹¹ Paragraph 20(a) has been corrected from the decision sent to the Parties which said 'chairing' in error.

has no influence over MWI Animal Health's operations, and the CMA does not otherwise consider that Nick Park's position in MWI Animal Health will affect his independence from IVC going forward.

- Mercer & Hughes and Swayne

21. The CMA received one submission during the consultation period in relation to the UILs offered by IVC in relation to Mercer & Hughes and Swayne.
22. The consultation respondent raised concerns that the divestment of Mercer & Hughes and Swayne to the same purchaser would reduce competition in small animal referral care in the East Anglia region. According to the respondent, both of these Targets offer (non-registered specialist) referral care (as advertised on their websites) in a geographic area where there are few other alternatives available to customers.
23. The CMA has carefully assessed the concerns raised during the consultation and, based on the available evidence, considers that:
 - (a) Consistent with the approach taken in previous cases,¹² the CMA considers 'referral services' (as distinct from a first opinion service) to be those offered by an RCVS specialist (which is a protected term) often using specific equipment and generally not available without a prior referral from a first opinion practitioner. Neither Mercer & Hughes nor Swayne offer 'referral services' as defined in this way.
 - (b) The CMA recognises that there is not always a clear-cut distinction between small animal (specialist) referral care and first opinion care, because certain vets or practices are able to take cases from other first opinion practices (for example because of enhanced skills or knowledge in a particular discipline or because they have additional and more advanced equipment).
 - (c) In any event, whilst some of the Mercer and Hughes and Swayne vets and sites are able to accept some 'non-specialist' referrals, the disciplines in which Mercer and Hughes and Swayne are able to do so do not overlap,¹³ and therefore the sale of both Targets to the same purchaser would, in any case, not be expected to create competition concerns on any plausible basis.
- CMA conclusion on consultation responses
24. Accordingly, these third-party submissions did not cause the CMA to change its preliminary view that the UILs offered in relation to the Chiltern, Mercer & Hughes and Swayne Mergers would be acceptable (and the CMA has not otherwise become aware of any information that might cause a change in this view).
25. The CMA received no substantive submissions in relation to the Penrose, Pet Care, Swaffham, Treforest and Anglesey Mergers, and has not changed its preliminary view that the UILs offered in relation to these Mergers would be acceptable.
26. The CMA therefore considers that the UILs offered by IVC in relation to each of the Mergers are clear-cut and appropriate to remedy, mitigate or prevent the competition concerns identified in the

¹² See for example [CMA Decision in Completed Acquisition by VetPartners Limited of Goddard Holdco Limited](#), 28 April 2022, paragraphs 68-71.

¹³ Mercer and Hughes advertises that it can accept referrals for i) emergency and critical care, ii) surgery, and iii) endoscopy. Swayne advertises that it can accept referrals for 'veterinary cardiology'.

SLC Decision, and that James Rutter, Andrew O'Donnell, Helen Manning and Liam Manson, Nick Park, and Perwyn are suitable purchasers of the Divestment Businesses.

Decisions

27. For the reasons set out above, the CMA considers that the UILs provided by IVC in relation to each of the Mergers are as comprehensive a solution as is reasonable and practicable and remedy, mitigate or prevent the SLC identified in the SLC Decision and any adverse effects resulting from it. The CMA has therefore decided to accept the UILs offered by IVC in relation to each of the Mergers pursuant to section 73 of the Act. The Mergers will therefore not be referred for phase 2 investigations.
28. The undertakings, which have been signed by IVC and will be published on the CMA webpages, will come into effect from the date of these decisions.

Colin Raftery
Senior Director, Mergers
Competition and Markets Authority
30 June 2023

ANNEX A: 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**).¹⁴
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 situation¹⁵ that has resulted or may be expected to result in a substantial lessening of competition

¹⁴ 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.

¹⁵ 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.

(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.¹⁶

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.

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;¹⁷
 - (b) Kevin Castle (Pet Care) Limited;
 - (c) Swayne & Partners Limited;¹⁸
 - (d) Mercer & Hughes Limited;

¹⁶ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk).

¹⁷ 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.

¹⁸ 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).

- (e) Swaffham Veterinary Centre Limited;
 - (f) Anglesey Pet Clinic Limited, [REDACTED]
 - (g) Chiltern Veterinary Services Ltd, Chiltern Bury Farm Limited, and eVetDrug Limited.
11. The text of the seven undertakings is available on the CMA webpages.¹⁹ 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 [REDACTED] 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 [REDACTED] 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 [REDACTED]) (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.²⁰ 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 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).

¹⁹ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk).

²⁰ [Merger remedies \(CMA87\)](#), December 2018, Chapter 3, paragraph 3.28.

16. Some of the Targets (Swayne, Chiltern, Mercer & Hughes, Penrose²¹) 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 2022.²² 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.

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;

²¹ 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 17 above, proposed divestment of Penrose includes the option to acquire both the Colchester and the Stratford St Mary sites.

²² 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.

- (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.²³

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 [redacted]) and [redacted], the CMA is satisfied with Nick Park's ability and incentive to compete independently with IVC.
- 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

²³ [CMA87](#), paragraph 5.21.

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.²⁴
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.²⁵
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

²⁴ 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).

²⁵ Under paragraph 2(4) of Schedule 10 to the Act.

ANNEX A – 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) ²⁶
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)

²⁶ As explained in footnote 17 above, the acquisition of this site is optional.

ANNEX B: 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/7029/22

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**).²⁷
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 situation²⁸ that has resulted or may be expected to result in a substantial lessening of competition

²⁷ 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.

²⁸ 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.

(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.²⁹

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. On 26 May 2023, the CMA issued a consultation on the undertakings offered by IVC in relation to the Penrose, Pet Care, Swayne, Mercer & Hughes, Swaffham, Anglesey, and Chiltern Mergers (the **First Set of Proposed Undertakings**).³⁰ The CMA is now consulting on the undertakings offered in relation to the Merger listed in paragraph 1(d) above (the **Treforest Merger**).

THE UNDERTAKINGS OFFERED

7. As set out in the SLC Decisions, the CMA found that the Treforest Merger gives rise to a realistic prospect of an SLC in two local areas in Wales (together, the **Treforest SLC Areas**) as a result of horizontal unilateral effects in relation to the supply of standard small animal veterinary services.
8. The Treforest SLC Areas are listed in Annex 1.
9. As set out in the relevant UIL Provisional Acceptance Decision, to address the SLCs identified by the CMA, IVC has offered undertakings to divest Treforest as a viable and standalone business (the **Treforest Proposed Undertakings**). More specifically, the relevant entity to be divested is Treforest Vets (Holdings) Limited [X] (the **Treforest Divestment Business**).
10. The text of the Treforest Proposed Undertakings is available on the CMA webpage.³¹ A full list of sites that would be divested under the Treforest Proposed Undertakings is included in Annex 2 below.
11. IVC offered to enter into transitional service arrangements (**TSAs**) (if required by the divestment purchaser) for up to [X] in order to ensure the continuity of the operations of the Treforest Divestment Business 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 Treforest Divestment Business (such as finance, IT and HR) are easily replicable within [X] by a suitable purchaser.
12. IVC has also offered to enter into an agreement for the sale and purchase of the Treforest Divestment Business with an upfront buyer, before the CMA finally accepts the Treforest Proposed Undertakings. In particular, IVC has proposed Andrew O'Donnell, former owner of Treforest (**Andrew O'Donnell**) as the upfront buyer of Treforest.
13. The agreement with Andrew O'Donnell will be conditional on acceptance by the CMA of the Treforest Proposed Undertaking(s), including approval of Andrew O'Donnell as the buyer of the Treforest Divestment Business.

²⁹ 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).

³⁰ See [Notice of consultation \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/notice-of-consultation-publishing-service-gov-uk).

³¹ 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).

CMA ASSESSMENT

14. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Treforest Proposed Undertakings will remedy the SLCs identified in the relevant SLC Decision in a clear-cut manner, ie the CMA currently does not have material doubts about the overall effectiveness of the Treforest Proposed Undertakings or concerns about their implementation.³² In this regard, the CMA notes that one of the Treforest sites (Tonypandy Veterinary Clinic) overlaps with a now closed IVC site (IVC Tonypandy, formerly Budget Vets). The CMA believes that the divestiture of Treforest, as the only asset owned by IVC in the local area that remains in operation, mitigates the SLCs identified by the CMA in relation to this merger, with IVC retaining the option to re-establish its presence in the area.
15. Treforest operates a 'hub-and-spoke' model in which a larger practice (the hub) is linked with a smaller surrounding practice (the spoke). The Treforest Divestment Business includes the entire Target business (ie both the Tonypandy Veterinary Clinic and Treforest Veterinary Clinic sites), and as such the CMA believes the divestiture would restore competition in a clear-cut manner.
16. The CMA also considers that the Treforest Proposed Undertakings would be capable of ready implementation, because the Treforest Divestment Business is a standalone business and includes all assets that enabled the Treforest Divestment Business to viably operate and compete with IVC prior to the Treforest Merger and since the implementation of Initial Enforcement Orders on 17 November 2022. Although Treforest currently requires IVC to provide support functions (such as finance, IT and HR services), the available evidence indicates that the Treforest Divestment Business can be sold as a standalone business, as these support functions can be replicated by a suitable purchaser and key operational decisions are made locally.
17. The Upfront Buyer Condition means that, in relation to the Treforest 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 the Treforest Divestment Business because of certain risks relating to the proposed divestiture package, including the fact that the Treforest Merger has been completed for a significant period of time and the Treforest Divestment Business, though capable of being separated, is currently integrated into the IVC business.
18. The evidence available to the CMA indicates that the upfront buyer listed at paragraph 12 above has sufficient resources and expertise to provide the necessary management support to enable the Treforest Divestment Business to operate as a competitor to IVC immediately.

Suitability of the proposed purchaser

19. 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;

³² [Merger remedies \(CMA87\)](#), December 2018, Chapter 3, paragraph 3.28.

- (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.³³

20. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 19 above, the CMA currently considers Andrew O'Donnell to be a suitable purchaser of the Treforest Divestment Business for the following reasons:

- f) The CMA currently considers that the acquisition by Andrew O'Donnell of the Treforest Divestment Business would 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 Treforest Divestment Business to operate independently from IVC and compete in the relevant local areas in the same way it did before the Treforest Merger.
- g) The evidence available to the CMA indicates that Andrew O'Donnell (and any related entities) are independent of IVC and do not appear to have any significant connection to IVC that may compromise the incentive to compete with IVC if Andrew O'Donnell were to acquire the Treforest Divestment Business.
- h) The evidence available to the CMA indicates that Andrew O'Donnell has both the capabilities and access to appropriate financial resources to acquire and operate the Treforest Divestment Business as an effective competitor. In particular, Andrew O'Donnell has provided evidence of relevant managerial, operational and technical expertise, including past experience of owning and operating a veterinary business.
- i) In addition, Andrew O'Donnell has provided evidence of the necessary financial resources to acquire and operate the Treforest Divestment Business, including that he has existing cashflows capable of financing the acquisition and supporting the ongoing development of the Treforest Divestment Business from its projected turnover.
- j) Andrew O'Donnell discussed his plans for the Treforest Divestment Business with the CMA and provided supporting material including financial projections. The CMA considers these projections to be reasonable and competitive. Andrew O'Donnell also provided the CMA with details of management plans and operational strategy, including the separation of the Treforest Divestment Business from IVC. The plans, financial projections, management plans and overall strategy indicate that Andrew O'Donnell has the necessary understanding of the Treforest Divestment Business' operational dynamics and is committed to operating Treforest as a viable competitor to IVC and other competitors in each of the SLC areas.
- k) The evidence available to the CMA indicates that the acquisition of the Treforest Divestment Business by Andrew O'Donnell should not create a realistic prospect of further competition concerns. Andrew O'Donnell does not have any existing practices and as such there is no local overlap between Andrew O'Donnell and the divested sites. As such, the CMA believes there is no possibility of an SLC as a result of horizontal unilateral effects in

³³ [CMA87](#), paragraph 5.21.

any of the local areas. Nor are there any vertical relationships that could give rise to competition concerns.

21. Therefore, subject to responses to this consultation, the CMA currently considers Andrew O'Donnell to be a suitable purchaser of the Treforest Divestment Business.

Proposed decision and next steps

22. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of the Treforest Divestment Business by Andrew O'Donnell 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.
23. The CMA therefore gives notice that it proposes to accept the Treforest Proposed Undertakings in lieu of a reference of the Treforest Merger for a phase 2 investigation. The text of the proposed undertakings in relation to the Treforest Merger is available on the CMA web page.³⁴
24. Before reaching a decision as to whether to accept the Treforest Proposed Undertakings in relation to the Treforest Merger, 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 Treforest Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to any of the Treforest Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.³⁵
25. 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: Wednesday 14 June 2023

³⁴ See [Independent Vetcare Limited \(IVC\) / multiple independent veterinary businesses merger inquiries - GOV.UK \(www.gov.uk\)](https://www.gov.uk) .

³⁵ Under paragraph 2(4) of Schedule 10 to the Act.

ANNEX 1 – SLC AREAS

Underlying Target	Site name	Site owner	Market(s)
Treforest	Tonypandy Veterinary Clinic	Treforest	Small animal
Treforest	South Wales Vets	IVC	Small animal

ANNEX 2 – DIVESTMENT SITES

Target	Site name and address
Treforest	Treforest Veterinary Clinic (16 River Street, Treforest, Pontypridd, CF37 1TD)
Treforest	Tonypandy Veterinary Clinic (2 and 3 De Winton Street, Tonypandy, CF40 2QZ)