Society of Practising Veterinary Surgeons (SPVS) response to the CMA draft Funding Order and Undertakings

1 Introduction

SPVS is a division of BVA and a member of the BVA Transparency and Choice working group.

SPVS Vision is to help create strong veterinary practice leadership teams for a sustainable future. Our primary role is to support veterinary practices through representation and continuing professional development in leadership, management and business development of veterinary practices.

This submission is designed to augment the BVA submission with a focus on the business impact of the proposed funding mechanism.

SPVS supports the principle that the RCVS must be properly resourced to undertake the additional activities required by the CMA remedies. It is also right that costs arising from the regulation of veterinary businesses should be met by those businesses, rather than being transferred to individual veterinary surgeons and veterinary nurses through professional registration fees.

This response has deliberately been narrowed to the matters that properly belong within the Funding Order and Undertakings: the levy base, proportionality, the distinction between implementation and ongoing costs, transparency and cost control, the treatment of referral, mixed, start-up and marginal practices, and several technical safeguards identified by the BVA.

SPVS will address the design of Find a Vet, the wider client information portal and the presentation of comparative information in its response to the Substantive Order.

SPVS recognises that a simple levy has practical advantages. We do not wish to advocate a complex collection system whose administrative cost, uncertainty or susceptibility to inconsistent declarations outweighs the redistribution achieved. Our principal concern is therefore not to replace the proposed model at any cost, but to ensure that the initial levy is evidence-based, that genuine anomalies are mitigated, and that first-year implementation expenditure does not become an unjustified permanent baseline.

2 Support for the funding principle

SPVS agrees that the additional RCVS work created by the CMA remedies should not ultimately be funded from the professional fees of individual registrants. Veterinary businesses should make a fair contribution to the central costs directly associated with implementation, monitoring and administration.
The BVA response records that the draft Notices require information on RCVS costs initially "funded from professional fees, which are to be refunded from the levy payable by veterinary businesses". SPVS supports that principle. Any initial expenditure from RCVS reserves or registrant-derived income should be separately identified, transparently reimbursed and reported.

Source¿BVA?Competition.and.Markets.Authority.investigation.into.veterinary.services.for.household.pets¿response.to.draft.Funding.Order.and.Undertakings?paragraph.78¡

The sector should nevertheless be able to see what it is funding. At minimum, the published initial estimate should identify the amount of any reserve-funded outlay and explain how that expenditure is divided between platform development, compliance monitoring, administration, communications and other activities. Independent scrutiny is valuable, but it should supplement rather than replace clear reporting to the businesses paying the levy.

This.reflects.the.BVA.request.for.disclosure.of.the.reserve_funded.outlay.and.its.breakdown¿BVA.response?paragraphs.78_79¡

3 The levy basis and proportionality

SPVS recognises that the proposed per-site levy is simple, readily understood and comparatively inexpensive to administer. It also provides a degree of scaling at business level: larger veterinary businesses commonly operate several branches and will therefore pay several site levies. The description of the levy as wholly flat can consequently be misleading, because a multi-site group will usually contribute more than a single-site practice.

The BVA states that it “broadly support[s] this simple approach to calculating the levy”, while asking the CMA to consider the effect on sole traders, limited-service providers and some remote or rural practices. SPVS broadly shares that pragmatic starting point. We accept that a more elaborate tiered system may be difficult to define, verify and enforce, particularly where staff work across several branches or where mixed-practice activity must be apportioned.

Source¿BVA.response?paragraph.❶?»Scope.and.calculation.of.the.levy‹¡

If an alternative measure of scale were required, veterinary FTE would appear more relevant and less commercially sensitive than turnover or profitability. It is still not straightforward. The method would need to define the treatment of locums, vacancies, parental leave, part-time work, vets rotating between sites and the proportion of mixed-practice work attributable to household pets. A self-declared banding system could also be applied inconsistently or deliberately structured to reduce liability. The cost of checking declarations could erode the benefit of the exercise.

SPVS therefore does not ask the CMA to introduce a complex tiered model before implementation. Instead, we ask the CMA to publish sufficient modelling to show how the proposed levy is distributed by business size and number of sites, and to commit to reviewing the collection basis after the first relevant period. That review should consider whether the per-site mechanism produced material anomalies, whether a simple FTE-based adjustment would improve fairness, and whether any redistribution would justify the additional administrative burden.

3.1 Targeted mitigation for genuine anomalies

The strongest case for intervention is not a wholesale restructuring of the levy, but targeted treatment of businesses for which the fixed payment is genuinely disproportionate. This may include a new start-up before it has established a stable caseload, a very small or limited-service provider, a remote or community-dependent practice, or a mixed practice in which household-pet work represents only a small part of the business.

SPVS asks the CMA and RCVS to consider practical mitigations such as payment by instalments, time-limited start-up relief, a narrowly defined hardship mechanism and proportionate treatment where a mixed practice undertakes only incidental household-pet work. Such measures would address the clearest inequities without imposing a complex annual assessment on every veterinary business.

3.2 Referral practices and the levy base

SPVS supports the BVA position that the exclusion of referral practices requires further justification. Referral providers are subject to a number of the substantive remedies and may generate costs for data collection, publication, compliance monitoring and administration. Where those costs are recovered only from first-opinion practices and out-of-hours centres, the result may be an avoidable cross-subsidy.

The BVA describes the exclusion as a “significant oversight” which creates a “grey area” and a “significant loophole which may be exploited”. SPVS agrees that the boundary between a referral centre and a first-opinion practice is not always clear: many first-opinion practices offer referral-level services, while some referral centres also provide elements of first-opinion or emergency care.

Source¿BVA.response?paragraph.0?»Scope.and.calculation.of.the.levy‹¡

The Funding Order should therefore define the relevant business categories consistently and require any veterinary business that gives rise to material remedy-related RCVS costs to make an appropriate contribution. If referral-only centres remain excluded, the CMA should publish the reason, quantify the cost attributed to them and demonstrate that first-opinion practices are not subsidising their inclusion within Find a Vet or the compliance framework.

4 Implementation costs, future efficiencies and the level of the levy

SPVS accepts that the first relevant period will include substantial one-off costs. These may include platform development, data architecture, compliance processes, guidance, communications, levy administration and the establishment of reporting and audit arrangements. The initial levy should therefore be described and treated as an implementation levy rather than as evidence of the long-term annual cost.

Once the platform, submission routes and monitoring systems are established, ongoing expenditure should fall. Data transfer should become increasingly automated or semi-automated as practice management systems, middleware providers and larger veterinary groups develop suitable integrations. Routine administration, support and update costs should not be assumed to remain at implementation levels.

SPVS asks for a formal reset of the levy after the first relevant period, based on actual expenditure, identified efficiencies, under-spend and a fresh assessment of the activities that remain reasonably necessary. The original implementation budget must not become the default recurring demand merely because the systems were built at that level of expenditure.

Future estimates should distinguish clearly between capital or one-off development, recurring operational expenditure, contingency and new discretionary work. Any proposal to maintain or increase the levy should explain why expected efficiencies have not reduced the cost.

5 The levy is only part of the cost to practices

The central levy is not the only financial consequence of implementing the remedies. Practices will also incur staff time, training, website and data-maintenance costs, changes to prescription and billing workflows, practice management system development and, in many cases, fees paid to middleware or other technology providers. Larger groups may be able to develop integrations internally, whereas smaller businesses are more likely to purchase an external solution.

The design of the RCVS systems should therefore minimise the hidden cost of compliance. There should be one clear submission route, proportionate update requirements, validation before publication, straightforward correction of errors and a practical route to PMS or API integration. Duplicate entry and repeated manual updating would transfer a material cost from the RCVS budget to practices, without making that cost visible in the levy.

These requirements are relevant to the Funding Order because they determine whether the expenditure represents value for money and whether future central costs can reduce. The wider purpose and client-facing design of Find a Vet will be addressed separately in the response to the Substantive Order.

6 Transparency, audit and cost control

SPVS welcomes the requirement that costs should be reasonably necessary and reasonably efficiently incurred. We also welcome the provision for independent scrutiny and the BVA-supported requirement that the RCVS consult representative bodies and qualifying businesses on future funding estimates.

The.BVA.welcomes.consultation.on.subsequent.estimates.and.an.auditor.opinion.on.necessity.and.efficiency¿BVA. response?paragraphs.❺76¡

The funding arrangements should require annual publication of the total levy collected, budgeted and actual expenditure by activity, contingency use, variances, outputs delivered and the treatment of under-spend or over-spend. Broad headings such as programme delivery, IT, administration or other activities should be supported by enough detail to allow the profession to understand what was delivered.
Any under-spend should be ring-fenced, carried forward and offset against future levy demands. Material over-spend should be explained and consulted upon before being passed back to veterinary businesses, except where immediate expenditure was clearly unavoidable and within an agreed contingency. The review should also confirm whether costs that were reasonable during implementation remain necessary once the system is operational.

6.1 Repayment or release of monies

SPVS supports the BVA request for a clear time limit where an Undertaking is released, so that monies owed are not held indefinitely. A 30-day period is reasonable and mirrors the period within which qualifying veterinary businesses are required to pay the levy.

Source¿BVA.response?paragraph.77?»Draft.Undertakings‹¡

7 Definitions and mixed-practice scope

Practices must be able to determine confidently whether they fall within the Funding Order and the substantive remedies. SPVS therefore supports the BVA request for further refinement of the definition of “Household pet”, particularly for mixed practices and providers treating non-traditional pets.

The BVA recommends the formulation “small mammal, bird, reptile or fish, or other ‘exotic’ pet animal” rather than relying on an incomplete list of named species. SPVS supports this approach. The final wording should also clarify the position of farm species kept as pets, working dogs and other animals traditionally treated by a mixed practice but not necessarily residing in a household dwelling.

Source¿BVA.response⁈paragraphs.❷_❸⁈»Definitions‹¡

The same clarity is required for a farm-only practice that provides occasional care for a client’s farm dog or pet poultry. Incidental activity should not unexpectedly bring the whole site within the levy without a clear and proportionate basis.

8 Overall position

SPVS supports the principle of a business-funded mechanism for the additional RCVS activities required by the CMA remedies. We recognise the practical advantages of a per-site levy and accept that it already creates some scaling for multi-site businesses. We are not seeking a complex tiered collection system unless evidence shows that the present approach creates material and persistent inequity.

The priority should be to ensure that the levy base is complete, that genuine outliers can be treated proportionately, that first-year implementation costs are not embedded permanently, and that the profession receives transparent evidence of expenditure, outputs and future efficiencies. The levy must also be viewed alongside the direct technology and administration costs that practices will carry themselves.

With these safeguards, SPVS could support a simple initial collection mechanism while retaining the ability to seek change following evidence from the first relevant period.

8.1 Requested amendments or assurances

1. Publish modelling showing how the proposed per-site levy is distributed by business size and number of sites.
2. Treat the first levy expressly as an implementation levy and conduct a formal review of the collection basis and levy level after the first relevant period.
3. At that review, consider whether a simple veterinary-FTE adjustment would materially improve fairness without creating disproportionate verification and administration costs.
4. Provide targeted mitigation through instalments, time-limited start-up relief, hardship provisions and proportionate treatment of mixed practices with only incidental household-pet activity.
5. Include referral businesses within the levy base where they give rise to remedy-related RCVS costs, or publish a clear justification and cost analysis for their exclusion.
6. Separate one-off development expenditure from recurring operational costs and demonstrate the efficiencies achieved through automation, PMS integration and established systems.
7. Publish annual levy income, expenditure by activity, contingency use, variances, outputs, under-spend and over-spend.
8. Carry forward and offset under-spend against future levy demands, and consult before material over-spend is recovered from businesses.
9. Disclose any initial RCVS expenditure funded from professional fees or reserves and show how it is reimbursed from the levy.
10. Include a 30-day time limit for repayment or release of monies if an Undertaking is released.
11. Refine the definitions of “Household pet”, qualifying veterinary business and referral activity so that mixed and limited-service providers can determine their obligations with confidence.
12. Design the funded systems to minimise duplicate entry, manual updating and avoidable practice-level technology and administration costs.