Federation of Independent Veterinary Practices (FIVP) Response to the CMA Consultation on the Draft Funding Order and Draft Funding Undertakings

The Federation of Independent Veterinary Practices (FIVP) welcomes the opportunity to comment on the draft Funding Order and Funding Undertakings relating to the implementation of the remedies arising from the CMA Market Investigation into Veterinary Services for Household Pets.

FIVP has engaged constructively with the CMA throughout the investigation and continues to support measures that improve transparency, strengthen consumer confidence and reinforce trust in the veterinary profession. We recognise that effective implementation of the remedies requires appropriate oversight and that the Royal College of Veterinary Surgeons (RCVS) will require additional resources to undertake these responsibilities.

However, we believe it is essential that the funding mechanism is fair, proportionate and does not unintentionally disadvantage the independent veterinary sector.

Positive observations

FIVP welcomes:

- The decision to utilise the existing regulatory expertise of the RCVS rather than establishing an entirely new regulatory structure.
- The principle that funding should be transparent and subject to scrutiny by the CMA.
- Recognition that monitoring compliance will require dedicated resources rather than relying on existing RCVS funding.
- A levy methodology that is simple to understand and administer.

These measures should help provide clarity for veterinary businesses whilst ensuring the remedies can be effectively delivered.

Areas of concern

Despite these positives, FIVP has several concerns.

A disproportionate impact on independent practices

While the levy is calculated according to the number of first opinion small animal practices operated, this does not necessarily reflect a business's financial capacity or profitability.

Many independent practices operate on significantly tighter margins than large corporate groups and have far fewer central administrative resources. A flat per-practice levy therefore represents a proportionally greater financial burden on smaller businesses.

This risks creating an unintended consequence whereby independent practices, already operating in a challenging economic environment, bear a relatively higher cost of implementing remedies that were largely introduced in response to wider market concerns.

Cumulative regulatory burden

The levy should not be viewed in isolation.

Independent practices are simultaneously managing increasing regulatory requirements, workforce shortages, inflationary pressures, investment in technology, environmental obligations and wider compliance costs.

Whilst the individual levy may appear modest, it contributes to an increasing cumulative burden on practices that have limited capacity to absorb additional costs.

Communicating the impact to pet owners

FIVP believes it is equally important that pet owners understand why additional regulatory requirements are being introduced and where the associated costs originate. Veterinary practices should not be placed in the position of being perceived as independently increasing fees where additional costs arise directly from implementing the CMA's remedies. We would therefore encourage the CMA and the RCVS to communicate openly with the public about the purpose of these measures, the benefits they are intended to deliver, and the fact that the associated regulatory costs are a consequence of the market investigation and its implementation. Greater transparency will help maintain trust between veterinary practices and their clients while ensuring the rationale for these changes is clearly understood.

Need for transparency and accountability

FIVP believes veterinary businesses should have complete confidence that levy funds are being used efficiently.

We would therefore encourage:

- clear annual reporting of expenditure;
- publication of measurable outcomes achieved through the levy;
- regular review of the RCVS budget assumptions;
- opportunities for the profession to scrutinise future costs.

Transparency will be essential in maintaining confidence across the profession.

Future increases

We would welcome greater clarity regarding how future levy levels will be determined.

Practices should have confidence that costs will remain proportionate and that there will be appropriate consultation before any significant increases are introduced.

Drafting

Having reviewed the documentation, FIVP considers that the drafting broadly reflects the intentions set out within the Final Report and appears capable of delivering the funding mechanism required for implementation.

However, we encourage the CMA to ensure that the accompanying explanatory material clearly sets out:

- how costs have been calculated;
- how efficiency will be monitored over time;

- how veterinary businesses can challenge or query future levy calculations;
- what safeguards exist to prevent unnecessary growth in administration costs.

Conclusion

FIVP remains committed to supporting implementation of the CMA's remedies in a way that improves transparency and confidence for clients while maintaining a thriving and diverse veterinary profession.

Independent practices play a vital role in delivering local, relationship-based veterinary care across the UK. It is therefore essential that the ongoing costs of implementation remain proportionate and do not inadvertently weaken the independent sector.

We encourage the CMA to ensure that the levy is subject to ongoing review, robust financial transparency and appropriate consultation so that the funding arrangements continue to meet their intended objectives without imposing unnecessary burdens on smaller veterinary businesses.