VETERINARY SERVICES FOR HOUSEHOLD PETS MARKET INVESTIGATION

Summary of responses to the consultation on the draft Funding Order, draft Explanatory Note to the Funding Order, draft RCVS Funding Undertakings, draft Funding Order Notice and draft Funding Undertakings Notice

Introduction

On 30 June 2026, the Competition and Markets Authority (**CMA**) consulted on the draft Funding Order,[1] Explanatory Note to the Funding Order (**Explanatory Note**), RCVS Funding Undertakings, Funding Order Notice and Funding Undertakings Notice relating to the mechanism for funding certain activities to be carried out by the RCVS as part of the package of remedies set out in the Final Report.

The consultation closed on 30 July 2026, and the final Funding Order, Explanatory Note, RCVS Funding Undertakings, Funding Order Notice and Funding Undertakings Notice were issued on 20 August 2026.

During the consultation, the CMA received 32 submissions relating to the draft documents. Non-confidential versions of 24 written responses have been published on the CMA's webpages.

The CMA took account of each response when preparing the final Funding Order, Explanatory Note, RCVS Funding Undertakings, Funding Order Notice and Funding Undertakings Notice. This document summarises the main points raised in response to the consultation and how the CMA has considered those responses. It does not seek to address every point considered by the CMA and, in particular, does not include detailed drafting points.

Where points raised in relation to one document, such as the draft Funding Order, were also relevant to other documents, such as the draft RCVS Funding Undertakings, the CMA has (a) considered those points in the context of all such

[1] Terms, like this one, that are defined in the Funding Order the CMA is making and in the RCVS Funding Undertakings the CMA has accepted have the same meaning in this document unless otherwise stated or the context requires otherwise.

documents;[2] and (b) made consequential amendments across the documents where appropriate.

Capitalised terms in this document have the same meaning as defined in the final Funding Order, Explanatory Note, RCVS Funding Undertakings, Funding Order Notice and Funding Undertakings Notice unless otherwise specified or the context requires otherwise.

Main points relating to the draft Funding Order

Part 1, Article 2 (Interpretation)

How the Levy applies to mixed veterinary practices

A small number of respondents asked for clarification about how the Levy applies to 'mixed' practices that provide Veterinary Services for different types of animals, such as farm and/or equine animals, as well as Household Pets.

A small minority of respondents suggested that Veterinary Businesses that provide care for only a limited number of Household Pets should not be required to pay the Levy.

CMA response:

- We have amended the definition of 'Household Pet' to clarify which types of animal are within scope.
- The revised definition now explicitly:
    - includes dogs, cats, rabbits, rodents, birds, reptiles, amphibians, fish, exotic pet animals and other non-farmed companion animals; and
    - excludes livestock, poultry, equines and animals kept primarily for commercial, agricultural, sporting or working purposes.
- Any Veterinary Business offering Veterinary Services to Household Pets is subject to the Funding Order, even if those services are limited compared with its services for non-Household Pets. This is because those businesses will also be required to comply with the Substantive Order when offering services to Pet Owners.

[2] Even though, below, we may only comment in the context of one of the documents.

- A specific threshold, such as turnover attributable to services provided to Household Pets, would be difficult to measure, impractical to administer and susceptible to manipulation.
- The definition of First Opinion Practices (**FOPs**) which are required to pay the Levy is those at which primary veterinary care is offered (rather than provided). In the Explanatory Note, we explain that where a Veterinary Business does not offer services for Household Pets (but where one of its vets may incidentally and occasionally treat a Household Pet) it will not be subject to the Funding Order.
- The position is consistent with the decisions in the Final Report.

Charities

One respondent suggested that the exemption for charities should be based on charities not competing in the market with commercial Veterinary Businesses, rather than on a “for profit” criterion.

CMA response:

- We have clarified that charities registered in any part of the UK are expressly excluded and removed the “for profit” criterion. As explained in the Final Report, charities are excluded from the CMA’s package of remedies because their services are not generally available to all Pet Owners and they therefore do not compete with Veterinary Businesses in the same way as those Veterinary Business do with each other when making their services generally available to all Pet Owners.

Meaning of FOP, OOH Centre and OOH Provider Services

A small group of respondents asked for clarification over how the obligation to pay a Levy applies where primary veterinary care is provided by more than one Veterinary Business at a site or premises, including outside of normal working hours.

CMA response:

- Each Qualifying Veterinary Business will be required to pay only one Levy per site, premises or location in which it offers primary veterinary care, whether that care is provided during or outside normal working hours, or both.

- Where two or more Qualifying Veterinary Businesses offer primary veterinary care at the same site, premises or location, each Qualifying Veterinary Business will be required to pay a Levy in respect of that site, premises or location.

- This position reflects that each Veterinary Business operating at a site or premises will be subject to obligations under the Substantive Order and its compliance with those obligations will be monitored by the RCVS. The decision is consistent with the Final Report.

- We have explained the definitions for 'FOP', 'OOH Centre' and 'OOH Provider Services' in more detail in the Explanatory Note and included two worked examples.

How the Levy applies to practices which offer Referral Services

A small minority of respondents suggested that Referral Centres (as defined in the Final Report) should also be subject to the Levy.

CMA response:

- Referral Centres that offer primary veterinary care for Household Pets, in addition to Referral Services, will be liable to pay the Levy.

- The CMA's Final Report identified adverse effects on competition (AECs) in the markets for:

    - the retail supply of veterinary services for Household Pets by First Opinion Practices in the UK; and

    - the supply of outsourced out-of-hours provision to First Opinion Practices in the UK.

- The CMA's package of remedies is directed at addressing those AECs, and the resulting customer detriment, by imposing remedies on First Opinion Practices and OOH Centres.

- Referral Centres which do not offer primary veterinary care for Household Pets do not operate in the markets in which the CMA has identified AECs. Such Referral Centres are not the focus of the remedies that the Levy will help deliver. Consistent with the decision in the Final Report, this type of service offered by a Veterinary Business is not within the scope of the Funding Order.

Procurement and selection of third parties

One respondent suggested that the RCVS should disclose its procurement processes and how it has managed conflicts of interest relating to third parties.

CMA response:

- We consider that there are sufficient safeguards over the RCVS's estimated and actual costs without this further disclosure requirement.
- The RCVS Funding Estimate must only include costs that are reasonably necessary to perform the RCVS Activities and reasonably efficiently incurred.
- The RCVS is accountable to veterinary professionals for the way it spends the fees they pay. This provides reassurance that its procurement processes seek to drive value and to result in costs that reflect competitive market rates.
- In addition, the RCVS must provide (and has provided) written assurance from a public accounting and consulting firm that the RCVS's costs model provides a reasonable and well-structured basis for estimating the costs expected to be incurred by the RCVS in carrying out the RCVS Activities.

Independent assurance over the RCVS's costs

A small minority of respondents suggested strengthening the provisions on independent assurance of the RCVS Funding Estimate, including by requiring any appointed auditor to be registered.

CMA response:

- We have amended the Funding Order so that any auditor must be registered in accordance with the requirements for registration as an auditor in the UK.

Part 2, Article 4 (RCVS Activities funding):

Flat levy based on the number of locations

Less than half of respondents considered that a flat levy based on the number of FOPs and OOH Centres was unfair. Several suggested that small, part-time and/or low-volume practices should be treated differently from larger or higher-volume sites.

One respondent suggested that satellite sites operated by the same Veterinary Surgeons as a central veterinary practice should not be obliged to pay the same amount.

Some stakeholders suggested that the Levy should reflect trading factors at each location, such as the number of Veterinary Surgeons, opening hours, turnover or profitability.

One stakeholder commented that the levy could be based on a hybrid fixed and variable charging structure that reflects the size of the Veterinary Business.

CMA response:

- The CMA decided in the Final Report that a flat fee per individual (FOP and OOH Centre) premises should be charged to each Veterinary Business. This reflects that the obligations in our package of substantive remedies apply in each such place. It ensures that such businesses' contributions to the costs of regulation correspond with their size (in terms of the number of FOP and OOH Centre premises they operate). The Funding Order and RCVS Funding Undertakings are, accordingly, consistent with the decisions made in the Final Report.

- Because the Levy is calculated by reference to each location at which primary veterinary care services are offered (ie at each FOP and OOH Centre) a Veterinary Business's total Levy payment increases in proportion to the number of FOPs and/or OOH Centres it operates.

- This is straightforward to calculate and administer and accounts for Veterinary Businesses opening, closing or changing ownership over time. If the CMA were to adopt a calculation which took into account location-specific trading factors at each FOP or OOH, this would add complexity as these factors change over time.

- For example, Veterinary Surgeons may join or leave a location, opening hours may change, and profitability may be affected by a range of factors which could change over time, including medicine rebates. In our view, that complexity would be burdensome to administer and would be likely to result in costs that are disproportionate to the size of the Levy.

Proportionality

One respondent commented that the Levy has not been taken into account by the CMA when considering the cumulative impact of the remedies.

CMA response:

- At paragraph 11.141 of the Final Report, the CMA set out its assessment that the cumulative set of costs on Veterinary Businesses imposed by the remedies in the Final Report, including an industry levy on Veterinary Businesses to fund the RCVS Activities are proportionate to the harm we have found and the benefits our package of remedies will produce.

ADR mediation

Two respondents asked for clarification of the interaction between the alternative dispute resolution (ADR) mediation requirement and existing arrangements, including the Veterinary Client Mediation Service (VCMS).

CMA response:

The VCMS is currently funded by the RCVS through fees paid by veterinary professionals. As a consequence of the CMA's remedies, the ADR provider contracted by the RCVS will in future obtain funding by Veterinary Businesses paying the Levy: the Levy will fund the ADR provider's costs which relate to complaints about Veterinary Businesses which operate FOPs or OOH Centres, and which provide services to Household Pets. It is open to the RCVS to fund the ADR provider for a broader group of animal owners if it wishes to do so. Veterinary Businesses may select a different ADR provider outside the arrangement operated by the RCVS but, if they choose this option, they will have to pay for that provider in addition to their obligation to pay the Levy.

Sufficiency of the information provided regarding the RCVS's estimate

A small minority of respondents requested that the CMA disclose information (referred to in Annex 1 to the Funding Undertakings Notice) which the RCVS has provided to the CMA relating to the RCVS Funding Estimate.

CMA response:

- The information disclosed as part of the consultation was sufficient to allow parties to comment meaningfully on the CMA's provisional conclusion that the RCVS Funding Estimate should be approved as reflecting the RCVS's reasonably necessary and reasonably efficiently incurred costs of performing the RCVS Activities.
- The contents of the Funding Undertakings Notice, together with the information provided in Annex 1 to that Notice, provided an accurate and sufficiently detailed summary of the information provided to the CMA by RCVS. Those contents and that information provided sufficient justification for the estimated costs attributable to the RCVS Activities in the Initial Relevant Period and for the CMA's provisional view that those costs should be approved. The large majority of respondents provided detailed comments or did not comment. Only a small minority contended that they were unable to comment in a meaningful way.
- No further information required disclosure. We note in any event that some of the information provided to the CMA by the RCVS contains sensitive confidential information that is prohibited from disclosure under Part 9 of the Enterprise Act 2002, for example, staff salary information.
- Other mechanisms provide further assurance that the RCVS Funding Estimate represents reasonably necessary and reasonably efficiently incurred costs:
    - It was (for the Initial Relevant Period) subject to the audit process and assurance referred to above. The same will apply to estimates for Subsequent Relevant Periods.
    - If there is a surplus or shortfall in a particular period, it shall be carried forward to the next period.
    - The RCVS's actual costs must be reviewed by a Registered Auditor or another suitably skilled, qualified and experienced third party approved by the CMA.
    - If the Registered Auditor or non-auditor third party approved by the CMA considers that the RCVS's costs have not been reasonably necessary and reasonably efficiently incurred, the relevant amount will be deducted from the amount payable in the next period, as if it were a surplus.

Publication of total levy receipts

One respondent suggested that the RCVS should publish its total levy receipts.

CMA response:

- The RCVS may wish to publish its total levy receipts. However, there may be legitimate reasons for it not to do so, including debt recovery or non-payment risks.
- The RCVS will be held to account by the audit processes referred to above, the obligation to consult on its costs estimates for Subsequent Relevant Periods and the carry-forward and truing-up mechanisms that will apply in respect of those periods.
- We therefore consider that a mandatory disclosure requirement would not be appropriate, with the decision on whether to disclose being at the discretion of the RCVS.

Part 3, Article 5 (Information required by the RCVS from veterinary businesses):

Compliance contact details

One respondent requested clarification of whether individuals whose contact details are provided to the RCVS as authorised representatives of a Veterinary Business would be held personally responsible to the RCVS for the Veterinary Business's compliance with the Order.

CMA response:

- While an individual with authority to act on behalf of a Veterinary Business may make Attestations, that individual will not be personally responsible to the RCVS for the Veterinary Business's compliance with the Order. The binding obligations created by the Order apply to those businesses.

Part 4, Article 7 (Compliance information):

Reporting of breaches

One respondent suggested that Qualifying Veterinary Businesses should be required to report to the CMA and the RCVS only where they are in breach of any requirement of the Order, rather than when they are likely to become non-compliant.

CMA response:

- We have amended the Order so that it is consistent with the CMA's CMA3 Guidance on CMA market reviews, market studies, market investigations and the monitoring and review of market remedies.
- Paragraph 9.19 of the CMA3 Guidance states: 'Where a party becomes aware that it will breach undertakings or an order in the near future and this cannot be avoided, the CMA would also encourage the party to contact the CMA as soon as it is aware of this possibility, to explain the circumstances surrounding this and to explore with the CMA what actions the party can take to mitigate the duration and the effects of the breach.'

Main points relating to the draft RCVS Funding Undertakings

Paragraph 2 (Interpretation):

Contingency amounts

Two respondents suggested that further restrictions should apply to the RCVS's ability to include contingency amounts in its estimate of the costs it expects to incur in performing the RCVS Activities during a Relevant Period.

CMA response:

- We do not consider that further restrictions should apply to the RCVS's ability to include contingency amounts in its RCVS Funding Estimate. The RCVS Funding Undertakings state that the RCVS can include a contingency amount of up to 15% of the cost of particular components, depending on the level of uncertainty associated with those components.
- The inclusion of a contingency reflects the elements of uncertainty that necessarily apply in compiling estimates, particularly of large scale IT projects. All RCVS costs must be reasonably necessary and reasonably efficiently incurred and underspends will be carried forward to future periods. These are important safeguards.

Paragraph 3 (RCVS Funding Estimates):

Explanation of the RCVS's reasons for not accepting points made in individual consultation responses

One respondent suggested that the RCVS should record and explain its reasons for not accepting individual consultation submissions on RCVS Funding Estimates in respect of Subsequent Relevant Periods.

CMA response:

- We do not consider it necessary to introduce an additional requirement for the RCVS to record and explain its reasons for accepting or not accepting individual consultation submissions.
- The RCVS Funding Undertakings already require the RCVS to provide the CMA with a written statement explaining how it has consulted Qualifying Veterinary Businesses and professional representative bodies and how it has taken representations received through that consultation into account, including any representations that the RCVS has not accepted.
- The RCVS may have legitimate reasons for not accepting particular submissions. For example, it may reasonably take a different view on the most appropriate way to carry out the RCVS Activities, or where consultees do not have access to the same information about the RCVS's systems, processes and operational requirements that is available to the RCVS.
- The CMA will have a duty to act reasonably in deciding whether to approve future RCVS Funding Estimates.

The RCVS's use of surplus funds

One respondent suggested that the RCVS should not retain any surplus arising from the Levy exceeding the costs of carrying out the RCVS Activities.

CMA response:

- If there is a surplus in a Relevant Period, the RCVS Funding Undertakings require the RCVS to carry it forward into the calculation of the RCVS Funding Estimate for a Subsequent Relevant Period. This means that any surplus will not be retained indefinitely by the RCVS. It will be used only to meet the reasonably necessary and reasonably efficiently incurred future costs of the RCVS's performance of the RCVS Activities.

Costs which are not reasonably necessary and reasonably efficiently incurred

One respondent suggested that, where an auditor finds that some of the RCVS's costs were not reasonably necessary or reasonably efficiently incurred, Veterinary Businesses should have 30 days to ask the CMA to investigate, and the CMA should be able to require the RCVS to repay any excess costs.

CMA response:

- The RCVS Funding Undertakings require that the RCVS spend the Levy monies only on the reasonably necessary and reasonably efficiently incurred costs of its performance of the RCVS Activities. If it does not do so, the CMA may take enforcement action using its statutory powers.
- The RCVS Funding Undertakings state that, if the Registered Auditor or independent third party finds that funds collected in a previous period were used by the RCVS to pay for costs that were not reasonably necessary or reasonably efficiently incurred carrying out the RCVS Activities, the RCVS is required to meet such part or part of the costs from its own reserves. Any surplus funds will be carried over into future RCVS Funding Estimates and used to reduce future Levy payments.

Publication of the independent assurance reports

One respondent suggested that the auditor or independent third party's report should be published.

CMA response:

- The RCVS Funding Undertakings require that the RCVS must publish an independent review of its actual costs within four months of the end of each Relevant Period. The review must be carried out by a Registered Auditor or another suitably qualified third party approved by the CMA and must assess whether anything suggests that the costs allocated to each RCVS Activity were not necessary or were not efficiently incurred.

Reconciling reports

One respondent suggested that the RCVS should publish an annual report showing the total levy collected, the number and type of premises or businesses charged, expenditure against each approved category, significant differences between estimated and actual expenditure, the outcomes delivered, any funds carried forward, and any savings achieved.

CMA response:

- The RCVS will be required to publish a breakdown of the actual costs it incurred in each Relevant Period, with the same level of detail and format as the RCVS Funding Estimate it produced for that period.
- The RCVS will also be required to publish information in the course of carrying out its consultations on its RCVS Funding Estimates for Subsequent Relevant Periods. We would expect this type of information to be included to the extent necessary to enable interested parties meaningfully to comment (eg as to amounts of under and overspend included in such estimates).

Suitability of the auditor or third party

One respondent suggested that the RCVS should publish the identity of the proposed auditor or third party on its website and invite Qualifying Veterinary Businesses to make representations on their suitability.

CMA response:

- We consider that it is sufficient that the independent assurance is carried out by a Registered Auditor or by another suitably skilled, qualified and experienced third party approved by the CMA. Any such expert will be subject to professional duties and competence requirements.

Paragraph 4 (Collection of funds from Qualifying Veterinary Businesses):

Pro-rated refunds

One respondent suggested that the pro-rated mechanism for refunding Veterinary Businesses when they cease operating a FOP or OOH Centre should mirror the pro-rated mechanism for charging Veterinary Businesses when they begin to operate FOPs and/or OOH Centres.

Another respondent suggested that where Veterinary Businesses cease operating a FOP or OOH Centre, they should be able to choose between a refund payment or applying the amount as credit against future Levy liabilities.

CMA response:

- Having discussed different potential approaches with the RCVS, including the possibilities raised in these responses, we consider that requiring the

RCVS to offer, process and account for either a refund payment or credit against any future Levy on a monthly basis and within the 30-day time frame would impose a significant administrative burden on it. That burden (and the extra costs involved) needs to be balanced with the need for fairness to individual Veterinary Businesses.

- Accordingly, the RCVS Funding Undertakings provide that, if a Qualifying Veterinary Business gives the RCVS the required notification before 30 September in any year, the RCVS must either refund 50% of the Levy paid for each FOP or OOH Centre that the business no longer operates, or apply the same amount as a credit against its future Levy liabilities. This, in our judgement, strikes the right balance between supporting the Veterinary Business's cash flow and avoiding a disproportionate burden on the RCVS.

Appendix 1: Respondents to the consultation on the draft Funding Order, draft Explanatory Note to the Funding Order, draft RCVS Funding Undertakings, draft Funding Order Notice and draft Funding Undertakings Notice

The CMA received 32 responses. Non-confidential versions of 24 written responses have been published. These were from:

1. Blythman and Partners Veterinary Surgeons
2. British Equine Veterinary Association
3. BVA BSAVA SPVS BVNA VMG
4. CVS
5. FIVP
6. Four Seasons Holistic Veterinary Care
7. Happy Paws Spay-Neuter
8. Hook Norton Veterinary Group
9. IVC
10. Kimbolton Vets
11. Linnaeus
12. Medivet
13. PDSA
14. Pets at Home
15. RCVS
16. SPVS
17. Stroud Road vets
18. VetPartners
19. VetsCompared
20. XL Vets

21. Anonymous Respondent 1

22. Anonymous Respondent 2

23. Anonymous Respondent 3

24. Anonymous Respondent 4

Non-confidential versions of these responses can be found on the veterinary services for household pets market investigation case page.