Annex 1: RCVS Submission of Funding Estimate for the Initial Relevant Period

References in this document to Annexes refer to additional supporting materials provided by the RCVS to the CMA, the contents of which are reflected in the main body of the Notice.

RCVS submission of funding estimate for the initial relevant period

Background

1. Following an investigation into the Veterinary Services Market for Household Pets, the Competition and Markets Authority (CMA) published a report imposing a package of remedies. The package of remedies to be implemented by:

    a) the Veterinary Services Market Investigation (Funding) Order 2026.

    b) a separate order imposing substantive requirements on veterinary businesses (to be known as 'the Veterinary Services Market Investigation Order 2026'**)**.

    c) the Veterinary Services Market Investigation Royal College of Veterinary Surgeons (Funding) Undertakings 2026.

    d) separate undertakings entered into by the RCVS relating to the activities the RCVS will be performing, and which are described in paragraph [8] below (to be known as 'the Veterinary Services Market Investigation Royal College of Veterinary Surgeons Undertakings 2026); and

    e) recommendations to government, the RCVS and the Veterinary Medicines Directorate (VMD) as set out in the Final Report.

2. In the proposed undertakings, RCVS has to carry out certain activities, as described in para 2.1. The activities listed are:

    a) monitoring compliance by Veterinary Businesses with the Veterinary Services Market Investigation Order 2026 and the Veterinary Services Market Investigation (Funding) Order 2026.

    b) enhancing the functionality of the Find a Vet website and operating and maintaining it on an ongoing basis.

    c) collecting information from Veterinary Businesses to present on the Find a Vet website.

    d) sharing information from the Find a Vet website with approved third parties, including setting up the approval and sharing process.

    e) contracting with an approved ADR provider that offers mediation services to Veterinary Businesses.

f) producing, distributing to Veterinary Businesses, and publishing, standardised literature and information about the ability of pet owners to request written prescriptions.

g) publishing the level of the monetary threshold above which Veterinary Businesses will be required to ensure that pet owners are provided with a written estimate for treatments;

h) developing and publicising a decision tree to help pet owners navigate the different routes to redress when they have a complaint about a veterinary business;

i) collecting, analysing and publishing on an annual basis data and insights on complaints in the market for Veterinary Services for Household Pets;

j) providing independently assured estimates of the costs that it expects to incur in carrying out the RCVS Activities and operating and administering the system for collecting the Levy; and

k) any other activities which are reasonably necessary to put in place, operate and maintain the systems, mechanisms, arrangements and activities described in sub-paragraphs (a) to (j) above

3. The RCVS has to provide a funding estimate for the initial relevant period so that the CMA can set a Levy pursuant to the Veterinary Services Market Investigation (Funding) Order 2026.

4. In the proposed undertakings, RCVS Funding Estimate means the RCVS's written estimate of the costs it considers it will incur in performing the RCVS Activities in an Initial or Subsequent Relevant Period, as the case may be, and where that estimate:

    a. describes each of the activities the estimated costs will cover;

    b. includes:
        i. the total amount of those costs, plus a contingency amount of up to [15]% of that total; and

        ii. the amounts attributable to each of the activities in (a);

    c. for each activity, explains how the RCVS considers that the estimated costs attributable to that activity are reasonably necessary and represent reasonably efficiently incurred costs; and

    d. in the case of an estimate provided in respect of a Subsequent Relevant Period, carries forward from any previous period any reasonably estimated, or actual, surplus or shortfall in the funds for carrying out the RCVS Activities.

5. Each RCVS activity is described below. For activities where it is understood estimated costs can be recovered under the levy, the total amount of costs plus a contingency of up to 15% have been prepared.

6. A spreadsheet is attached (Annex A) showing the estimated cost per activity, which is believed to be recoverable under the levy, together with details as to why the estimated costs attributable to that activity are reasonably necessary and represent reasonably efficiently incurred costs.

Description of each of the RCVS activities in the initial relevant period

7. The RCVS activities are listed below –

(a) **monitoring compliance by Veterinary Businesses with the Veterinary Services Market Investigation Order 2026 and the Veterinary Services Market Investigation (Funding) Order 2026** –

- Creation and development of monitoring plan (See Annex B flowcharts)
- Preparation of RCVS monitoring policies
- Recruitment of staff to carry out monitoring activity
- Developing and verifying list of veterinary businesses and FOPs required to attest
- Receiving, processing and storing annual attestations
- Monitoring attestations against list of veterinary businesses and FOPs
- Spot checks to examine a sample of websites, premises and customer literature
- Contacting practices to provide support for compliance (up to three times)
- Receiving complaints and enquiries from veterinary businesses, veterinary professionals and members of the public
- Preparing compliance reports and meetings with CMA
- Supervision of monitoring team by a team leader
- Internal review and verification of investigation outcomes and reports
- Legal support for internal teams and any external debt recovery action
- Referral of non-compliant veterinary businesses to CMA

(b) **enhancing the functionality of the Find a Vet website and operating and maintaining it on an ongoing basis** – (Remedy 3)

- Operation and maintenance costs for Find a Vet website.
- Designing Find a Vet to incorporate new data to display within practice entries.
- Providing front-end functionality to access, navigate, filter, and search all information.
- Undertaking appropriate user testing to ensure ease of use.
- RCVS staff costs in developing specifications for third-party suppliers of information technology associated with these activities.
- RCVS staff costs in identifying potential third-party suppliers of information technology associated with these activities.
- RCVS staff costs and external legal costs associated with negotiating and agreeing contracts with third-party suppliers.

- RCVS staff costs associated with monitoring performance of / compliance with any contracts with third-party suppliers.
- Considering and developing additional functionalities, to include side-by-side FOP comparison and distance or travel time radius filters
- Continually evolving and quality assuring functionality of Find a Vet

(c) **collecting information from Veterinary Businesses to present on the Find a Vet website** – (Remedies 1, 2a, 2b, 2c, 2d, and 3, para 3.160)

- Processing, cleaning and storage of data for publication on Find a Vet.
- Providing user support to veterinary businesses and developing guidance for completing the web forms.
- Working with industry to support the development, and increase the awareness and use of, Find a Vet.
- Conducting activities to maximise pet owner uptake.
- RCVS staff time in responding to queries from veterinary businesses, veterinary professionals and members of the public in relation to information collected for and displayed on Find A Vet.

(d) **sharing information from the Find a Vet website with approved third parties, including setting up the approval and sharing process** – (Remedy 3, para 3.203)

- Storing processed data received from veterinary businesses under remedies 1, 2a, 2b, 2c, 2d and 3 in a format that can be shared with third parties.
- Developing criteria subject to CMA approval for making the data accessible to third parties who can meet standards of security, reliability, transparency and fair competition.
- Developing an approval process including requirements that preclude third parties using data in applications that show paid for or promoted rankings.
- Developing a technical solution overseen by the CMA to enable sharing with external parties to include one or more of the following:
  - (i) providing a secure API that allows approved third parties to request the Find a Vet data directly;
  - (ii) generating regular data extracts (e.g. CSV or JSON files) and sharing them via secure channels like SFTP316 or cloud storage;
  - (iii) sharing live datasets with third parties through governed access controls on data platforms;
  - (iv) provision of data through any existing channels or infrastructure that the RCVS already manages and maintains.
- Considering and developing possible alternative data transfer methods, to include
  - (i) Web scaping
  - (ii) API integration
  - (iii) CSV/Excel uploads
- RCVS staff costs in identifying potential third-party suppliers of technical solutions and data storage.
- RCVS staff costs and external legal costs associated with negotiating and agreeing contracts with third-party suppliers.
- RCVS staff costs associated with monitoring performance of any contracts with third-party suppliers.

- RCVS staff costs in developing approval criteria and processing and administering applications by third parties to access processed data.
- Making decisions on applicants to the approval process
- Monitoring compliance by third parties with data sharing criteria and process

(e) **contracting with an approved ADR provider which offers mediation services to Veterinary Businesses** – (Remedy 14, para 8.64)

- RCVS staff costs associated with identifying potential Alternative Dispute Resolution (ADR) providers approved under the Alternative Dispute Resolution for Consumer Disputes Regulations 2015.
- Costs of tendering for ADR provider in 2027 - not provided for as after initial period.
- Negotiating and agreeing a contract between the RCVS and an approved ADR provider to deliver a mediation service to Veterinary Businesses that is free to consumers, to include:

(i) identifying any complaints for closure that are frivolous or vexatious and producing related guidance;

(ii) operating mediation alongside other forms of proceedings except court action or professional conduct investigations in certain circumstances and producing related guidance;

(iii) identifying any complaints for closure that have already been subject to ADR voluntarily by the consumer;

(iv) sharing monitoring and other data about mediated complaints with the RCVS.

- Instituting data sharing with the ADR provider of veterinary businesses complaints processes and data for an annual complaints report.
- RCVS staff costs and external legal costs associated with negotiating and executing the contract with the ADR provider.
- RCVS staff costs associated with monitoring performance of the ADR provider under the contract.

(f) **producing, distributing to Veterinary Businesses, and publishing, standardised literature and information about the ability of pet owners to request written prescriptions** – (Remedy 6, para 5.32)

- Designing digital documents to include:

(i) information about pet owners' ability to request a written prescription;

(ii) an overview of the written prescription process to explain it to pet owners, including a simple walk-through of the process of requesting, receiving and having it fulfilled;

(iii) the level of the written prescription fee and information on how often it may be charged;

(iv) information on the types of places that fulfil veterinary prescriptions; and

(v) in order to reassure pet owners that online pharmacies can be trusted, a clear explanation of what an authorised online pharmacy is and the checks and assurances that the Veterinary Medicines Directorate (VMD) undertakes to provide authorisation, as well as a link to the list of authorised pharmacies on the VMD website.

- Meeting requirements in CMA Order and specifications for standardised notices about written prescriptions in practice waiting and consultation rooms.
- Consultation with stakeholders, including the CMA and VMD, about digital documents.

- Publishing the digital documents and distributing them to Veterinary Businesses.
- Designing and hosting a webpage on the RCVS website providing information about the written prescription process and keeping updated.
- RCVS staff costs and external legal costs associated with this activity, including contracting with any necessary third-party suppliers.
- Third party supplier costs and staff costs associated with this activity.

(g) **publishing the level of the monetary threshold above which Veterinary Businesses will be required to ensure that pet owners are provided with a written estimate for treatments** – (Remedy 4a, para 4.33)

- Designing and hosting a webpage to communicate the monetary threshold set by the CMA and updating in accordance with the CPI.
- RCVS staff costs associated with this activity.
- RCVS staff time in responding to related queries from Veterinary Businesses, veterinary professionals and members of the public.

(h) **developing and publicising a decision tree to help pet owners navigate the different routes to redress when they have a complaint about a Veterinary Business** – (Remedy 15a, para 8.124)

- Develop a decision tree of pet owners' routes to redress in standard form for website, easy transplant into digital communications and print and display purposes
- Engage with key stakeholders on content
- Design and host webpage
- Publicity to consumers and distribution to veterinary businesses for inclusion in complaints handling process
- RCVS staff time
- Engaging third-party suppliers as necessary
- External legal cost in agreeing contracts with third-party suppliers as necessary.

(i) **collecting, analysing and publishing on an annual basis data and insights on complaints in the market for Veterinary Services for Household Pet**s – (Remedy 15b, para 8.128)

- Setting up IT systems for collection, processing and storage of complaints data.
- Negotiating and agreeing contract with third-party to initially receive complaints data.
- Analysis and research based on sample of complaints data.
- Drafting and designing annual report.
- Publication costs and hosting on RCVS website.

(j) **providing independently assured estimates of the costs that it expects to incur in carrying out the RCVS Activities and operating and administering the system for collecting the Levy** – (no specific Remedy, Undertakings requirements)

- RCVS staff time in requesting and gathering cost estimates from third-party suppliers.
- RCVS staff time in forecasting likely costs and resources against previous experience and CMA requirements (where sufficiently detailed).
- RCVS staff time in meeting with CMA to discuss details of RCVS activity in order to produce estimates.

- RCVS staff time in identifying potential independent third-party suppliers to provide written assurance that estimated costs are reasonably necessary for, and would represent the reasonably efficiently incurred costs of, the RCVS's performance of the RCVS Activities.
- RCVS staff time and external legal costs of negotiating and executing contract with third party supplier of independent written assurance.
- Amending and updating accounts systems to allow for Levy collection from veterinary businesses.
- Receiving, storing and processing notifications from Qualifying Veterinary Businesses.
- Identification of Qualifying Veterinary Businesses including investigation and reasonable enquiries.
- Issuing invoices for annual and pro-rated amounts.
- Issuing refunds.
- Recording payments made by each veterinary business and details of FOPs included.
- Recording veterinary businesses that cease to operate or changes to number and location of FOPs.
- Instituting credit control processes.
- Demanding overdue Levy payments.
- Instituting legal proceedings to recover unpaid Ley payments.
- Separate accounting for Levy funds and expenditure.
- Cost of independent assurance of estimate.

(k) **any other activities which are reasonably necessary to put in place, operate and maintain the systems, mechanisms, arrangements and activities described in sub-paragraphs (a) to (j) above** – (no specific Remedy, Undertakings requirements)

- Creation of standardised secure online web forms for submission of data by veterinary businesses relating to remedies 1, 2a, 2b, 2c and 2d.
- Creation or modification of digital services, portals, CRM capabilities and supporting integrations to allow veterinary businesses to provide data to the RCVS in real time and to allow comparison with annual attestations for monitoring purposes.
- Implementing the mechanisms, workflows and system capabilities, including CRM configuration where required, to receive and manage annual attestations from veterinary businesses
- Recruitment of staff to manage or oversee delivery of RCVS Activities
- Recruitment of governance manager.

Evidence to support costings

8. The approach proposed by the College to monitoring the remedies was settled upon following a consideration of potential models, including one that included more on-the-ground assessment of compliance, using the Practice Standards Team, which was discounted by the College as disproportionate to the needs of the CMA. The model proposed aims to balance the consumer interest with what is proportionate, justifiable and sustainable for veterinary practices.

9. The amount of staff time for activities has, where possible, been based on time spent at RCVS on similar activities in the Practice Standards Team and maintaining the Register of Veterinary Practice Premises.

10. Staff salaries, used in the estimates, have been based on current RCVS salaries, which are benchmarked against external criteria by independent consultants using various external benchmarking surveys.

11. The IT development costs have been obtained from our current suppliers, who were appointed after full tender exercises had been carried out. The rates used are the same or similar to those under the original contracts.

Other matters

12. All non-staff costs include VAT. RCVS has been advised that anything that is provided under statute (obligated to carry out) will be outside the scope of UK VAT, and VAT will not be recoverable on costs incurred.

13. All costs expected to be incurred in the initial period have been included in full and not spread over several years.

14. It has been assumed that the costs for annual API/Access fee are recoverable by the levy and therefore are included in this costing model.

15. Figures on the spreadsheets have been rounded to the nearest pound.

Summary - estimate of costs for the initial relevant period

16. Detailed costings are attached at Annex A. The summary tab shows the overall costs, with a tab for each RCVS activity. The total estimated costs for the initial relevant period come to £1, 574,554, including contingency provisions.